Rule 2 47 | Form 2 24B(CH)

The Insolvency Act 1986

Administrators' progress report

Name of Company	Company number
Aero Inventory plc	02887038

In the	Court case number
High Court of Justice [full name of court]	20693 of 2009

(a) Insert full name(s) and address(es) of administrator(s)

I/We (a)

James Robert Tucker
KPMG LLP
15 Canada Square
Canary Wharf
London
E14 5GL

Richard Heis
KPMG LLP
15 Canada Square
Canary Wharf
London
E14 5GL

Allan Watson Graham
KPMG LLP
15 Canada Square
Canary Wharf
London
E14 5GL

Joint Administrators of the above company attach a progress report for the period

(b) Insert dates

from	to
(b) 23 February 2016	(b) 22 August 2016

Signed J. Tucker

Joint Administrator

Dated 21 September 2016

Contact Details.

You do not have to give any contact information in the box opposite but if you do, it will help Companies House to contact you if there is a query on the form The contact information that you give will be visible to searchers of the public record

Lyndsay Burch
KPMG LLP
15 Canada Square
London E14 5GL
United Kingdom

Tel 0118 9642268

When you have completed and signed this form, please send it to the Registrar of Companies at -

Companies House, Crown Way, Cardiff CF14 3UZ **DX 33050 Cardiff**

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Aero Inventory (UK) Limited and Aero Inventory Plc - both in administration)

Joint Administrators' extension and progress report for the period 23 February 2016 to 22 August 2016

21 September 2016

Notice: about this Report

This Report has been prepared by James Tucker and Richard Heis and Allan Watson Graham, the Joint Administrators of Aero Inventory (UK) Limited and Aero Inventory Plc, solely to comply with their statutory duty to report to creditors under the Insolvency Rules 1986 on the progress of the administration, and for no other purpose It is not suitable to be relied upon by any other person, or for any other purpose, or in any other context

This Report has not been prepared in contemplation of it being used, and is not suitable to be used, to inform any investment decision in relation to the debt of or any financial interest in Aero Inventory (UK) Limited and Aero Inventory Plc or any other companies in the same group

Any estimated outcomes for creditors included in this Report are illustrative only and cannot be relied upon as guidance as to the actual outcomes for creditors Any person that chooses to rely on this Report for any purpose or in any context other than under the Insolvency Rules 1986 does so at its own risk To the fullest extent permitted by law, the Joint Administrators do not assume any responsibility and will not accept any liability in respect of this Report to any such person

James Tucker, Richard Heis and Allan Watson Graham are authorised to act as insolvency practitioners by the Institute of Chartered Accountants in England and Wales We are bound by the Insolvency Code of Ethics

The Joint Administrators act as agents for Aero Inventory (UK) Limited and Aero Inventory Plc and contract without personal liability The appointments of the Joint Administrators are personal to them and, to the fullest extent permitted by law, KPMG LLP does not assume any responsibility and will not accept any liability to any person in respect of this Report or the conduct of the administration

Glossary of terms

Act	The Insolvency Act 1986 (as amended)
Administration Orders	The Administration Orders granted on the Companies, Royal Courts of Justice, Nos 20692 and 20693 of 2009
Administrations	The discharge of the Administration Orders
Administrators	James Tucker, Richard Heis and Allan Graham
Aero	The business of the Companies and (where relevant) their subsidiaries
AIPLC	Aero Inventory Plc Company registered number 02887038
AIUK	Aero Inventory (UK) Limited Company registered number 02904862
BIA	Bankruptcy and Insolvency Act (Canada)
Company and the Companies	AIUK and/or AIPLC and together
Directors	Directors of the Companies
Group	The Companies and subsidiaries
HMRC	Her Majesty's Revenue and Customs
ICC	Informal Creditors' Committee
KPMG	KPMG LLP
Lenders or the Secured Lenders	Participants in a syndicate of Lenders in a $500 million Revolving Facilities Agreement dated 15 February 2008 with Lloyds TSB Commercial Finance Limited as Agent and Security Trustee
Prescribed Part	A pool of assets set aside for unsecured creditors out of floating charge assets of a company, to a maximum of £600,000
Proposals	Statement of Administrators' proposals to creditors
Purchaser or DAI	Diversified Aero Inventory 1 LLC, a Diversified Aero Services Inc group company Diversified Aero Inventory I LLC is a company formed under the laws of Delaware, United States registered with number 5309173 whose address is 11920 SW 128th Street, Miami, Florida 33186
Rules	The Insolvency Rules 1986 (as amended)
the Trustee	KPMG Inc , a Canadian registered company, in its capacity as trustee in bankruptcy of AIUK and AIPLC

Contents

Executive summary

- James Tucker, Richard Heis and Allan Graham of KPMG LLP were appointed as Administrators of AIUK and AIPLC on 11 November 2009 On 14 October 2014, we sought and obtained an extension of the Administrations for 24 months to 10 November 2016
- We have prepared this report to seek the consent of the Court to an extension of the Administrations for 9 months until 10 August 2017 Whilst we would expect to exit the Administrations before this date, the extension is primarily to finalise matters in relation to (but is not limited to) a small shipment of stock being delivered to the Purchaser, Canadian and UK Tax and taking steps for Nick Brearton, the Trustee in Bankruptcy/Information Officer in Canada, to apply to Court to obtain his discharge
- This report will also serve as a progress report to all known creditors, and covers the six month period from 23 February 2016 to 22 August 2016
- During this reporting period, Allan Graham retired from KPMG and arrangements are being made to apply to Court for his discharge The remaining two Administrators do not intend to make arrangements to replace Mr Graham
- Statutory information is attached at Appendix 1 An abstract of the Administrators' receipts and payments account for the period 23 February 2016 to 22 August 2016 is attached at Appendix 2 The figures are shown net of VAT, unless otherwise stated
- It remains our opinion that there will continue to be a shortfall to Secured Lenders, in line with our initial assessment
- We have consulted with the Informal Creditors' Committee and Secured Lenders regularly on all matters affecting overall strategy
- During the period of this report distributions were made to unsecured creditors, further information can be found under the creditors' section of this report

J. Tucker

Joint Administrator

Administrators' proposals and progress of the Administrations

Summary of progress to date

- As set out in previous reports the Administrations posed several significant challenges in order to generate realisations Aero had sole supplier contracts with four key customers It owned approximately 40 million aircraft parts across 500,000 different part lines The aircraft parts were primarily located at customer premises in twelve separate countries, each of whom was claiming substantial damage to their business as a result of the Company's insolvency The customers did not wish to purchase significant volumes of stock and there was no readily available channel to realise the remainder
- Since our appointment as Administrators on 11 November 2009, we have worked to maximise realisations for creditors by
  - Validating the inventory assets owned by the Companies,
  - Developing and implementing a realisation strategy for the inventory which involved working to create a stable trading platform which complied with aviation industry requirements, enabling the business and assets to be marketed for sale as a going concern, and
  - Investigating any potential claims against third parties which may benefit the estate

Sale of business

- The Administrators have worked to finalise matters associated with the sale of the business A small balance due to/from the purchaser may remain and is being reconciled

Canada

- All inventory has now been realised A small parcel of remaining stock is in the process of being shipped to the Purchaser following a final stock reconciliation Once completed, the Trustee in Bankruptcy/Information Officer, Nick Brearton, shall take steps to obtain his discharge

Overseas entities

- Currently, the Australian, Canadian, Hong Kong and Swiss entities are in local insolvency processes (with local KPMG insolvency practitioners appointed as office holders in all cases except Switzerland where it is a court appointed officer) The office holders are looking to finalise the processes and wind up the entities

Indirect tax

- Subsequent to the cessation of trading, the Administrators continue to work together with the KPMG Indirect Tax team to comply with local sales tax requirements
- The Administrators have closed out the Companies' sales tax registrations around the world that are no longer required

Corporation Tax

- The KPMG Tax team have received clearance from HMRC with respect to AIUK and AIPLC's UK Corporation Tax affairs

Employees

- No employees remain employed by Aero

Creditors

Secured creditors

- Substantially all of the Companies' assets are secured in favour of a syndicate of lenders with Lloyds TSB Commercial Finance Limited as Agent and Security Trustee ('the Secured Lenders') The Administrators consider that the Secured Lenders will face a shortfall in their claims

Preferential creditors

- On 23 December 2010, AIUK settled in full preferential claims totalling £127,155 in respect of outstanding wage arrears and holiday pay
- AIPLC has no preferential creditors

Unsecured creditors

- In their Statement of Affairs, the Directors estimated that claims from the unsecured creditors would total £58,571,804
- A dividend to the unsecured creditors of AIUK was paid in June 2016 (see below Prescribed Part section for further details)
- It is unlikely that any further funds will become available to the unsecured creditors in excess of the Prescribed Part
- There was no Prescribed Part dividend in respect of AIPLC as there are no floating charge assets

Prescribed Part

- The unsecured creditors' claims were agreed at £14,209,436
- The net property was greater than £3,000,000 and therefore the Prescribed Part was calculated to be the maximum, £600,000 less costs
- 'A first and final dividend to unsecured creditors of 3 6p in the £ was declared on 8 June 2016 and paid during the period

Future strategy

Future strategy and extensions of the Administrations

- We propose that we will continue to manage the affairs, business and assets of the Companies in order to achieve the purpose of the Administrations This will include the following
  - distributing further fixed and floating charge monies to the Secured Lenders,
  - finalising the affairs of the Administrations including completion of VAT returns and settlement of any liabilities,
  - payment of expenses of the Administrations, including our remuneration, and
  - dealing with statutory reporting and compliance obligations
- In October 2014, the Administrators obtained a 2 year extension to their period of office, through to 10 November 2016 With that deadline approaching, and the current status of the administrations, it is the intention of the Administrators to apply to Court for a further short (and what should be final) 9 month extension Certain issues need to finalised in both the UK and in Canada Predominantly, these relate to shipping the final stock from the warehouse in Canada to the US, dealing with outstanding tax issues and taking steps for Nick Brearton, the Trustee in Bankruptcy/Information Officer in Canada to apply to Court to obtain his discharge
- We are working towards completing the wind down of the Administrations by August 2017
- Once all outstanding issues have been resolved, we consider that it will be appropriate to file notices under Paragraph 84(1) with the Registrar of Companies to dissolve the Companies

Future reporting

- We will issue our next report within one month of 22 February 2017 or earlier if the Administrations have been completed prior to that time

Costs of the Administrations

- The statutory provisions relating to remuneration are set out in Rule 2 106 The Association of Business Recovery Professional's Statement of Insolvency Practice No 9 requires the Administrators to provide a full detailed analysis of time spent, and charge out rates, for each grade of staff for the various areas of work carried out Therefore, attached as Appendix 3, is a detailed analysis of time spent and charge out rates for each grade of staff, for work carried out from 23 February 2016 to 22 August 2016
- Under Rule 2 106, as the Administrators made a statement in accordance with Paragraph 52(1)(b), because the Companies had insufficient property to enable a distribution to be made to its unsecured creditors, other than potentially by virtue of section 176A(2)(a), the Prescribed Part, and as a distribution has been made to preferential creditors it was for the secured and preferential creditors to approve the basis of the Administrators' remuneration in accordance with R2 106(5A)
- The Administrators have obtained a resolution from both the Companies' preferential creditors (in the case of Aero Inventory (UK) Ltd) and Secured Lenders in favour of their remuneration by reference to time properly given by the Administrators and their staff in attending to matters arising in the Administrations
  - At a meeting of Secured Lenders held on 11 February 2010 it was resolved to form an ICC, for the purpose of assisting the Administrators in discharging their functions and for such other purposes as may, from time to time, be agreed between the ICC and the Administrators and/or delegated to the ICC by the Majority Lenders (as defined in the Aero Facility Agreement) The Secured Lenders resolved to delegate all powers to fix and approve the remuneration, costs and expenses (including legal expenses) of the Administrators of the Companies to the ICC As of August 2015, the ICC had approved KPMG fees and Category 2 disbursements up to and including 30 June 2011, and certain fees and Category 2 disbursements
  - Notwithstanding the analysis provided on pages 18-21 of this report, time costs relating to the legal actions incurred up to and including 30 June 2015 were approved by the ICC in January 2016, and subsequently drawn by the Administrators Time costs to complete the litigation against Air Canada are in the process of being drawn The Administrators do not currently propose to recover any further time costs incurred after 30 June 2011, unless approved by the ICC
  - In accordance with Insolvency Rule 2 106 the Administrators of Aero Inventory (UK) Ltd have sought and obtained the approval of more than 50% of the preferential creditors to fix their remuneration by reference to time properly given by the Administrators and their staff in attending to matters arising in the Administrations, allowing them to draw fees in line with ICC approvals
- As described to the Secured Lenders and set out in our report to all creditors of 30 December 2009, KPMG overseas offices are assisting the Administrators in realising assets in each of the major jurisdictions, as well as acting for certain of the local entities in both advisory and formal appointment capacities
- One of the approved Proposals provides that " the costs of KPMG overseas firms incurred in respect of assisting the Administrators in maximising realisations for the benefit of the Companies' creditors be paid as an administration expense of the Company"
- Paragraph 6 6 of SIP 9 provides that "Payments to outside parties in which the office holder or his firm or any associate (as defined by section 435 of the Insolvency Act 1986) has an interest should be treated as a category 2 disbursement "
- KPMG is an international network of separate member firms and the relationships described in section 435 of the Insolvency Act 1986 do not apply to our relationship with other KPMG member firms However, for the purposes of obtaining fee approvals, the Administrators have incorporated the provisions of Paragraph 6 6 of SIP 9 and sought the Approving Bodies' approval of KPMG overseas fees as category 2 disbursements as set out by SIP 9
- All fees submitted to the ICC, the requisite approval body, have been approved

Appendices

1. Statutory information
2. Receipts and payments accounts
3. Administrators' time and cost analysis for the period 23 February 2016 to 22 August 201 including schedule of charge out rates

Appendix 1

Statutory information

Company name	Aero Inventory (UK) Limited – in Administration
Company number	02904862
Date of incorporation	4 March 1994
Registered office	15 Canada Square, London, E14 5GL
Previous address	30 Lancaster Road, New Barnet, Hertfordshire, EN4 8AD
Court	High Court of Justice
Court reference	20692 of 2009
EU regulation	The EU regulation applies and these proceedings are main proceedings as defined therein
EC Regulation	EC regulation will apply and these proceedings will be the main proceedings as defined in Article 3 of the EC Regulations The centre of main interest of the Companies is in England within the EC
Administrators	James Tucker, Richard Heis and Allan Graham
Date of appointment	11 November 2009
Appointer	Directors
Para 100(2) statement	In accordance with paragraph 100 (2) of Schedule B1 to the Insolvency Act 1986, the Directors of the company state that all functions or acts to be carried out by the Administrators are to be exercised by all or any one or more of the persons for the time being holding that office
Directors	Collin Trupp, Kay Crush, Hugh Bevan, Paul Rupert Lewin, Martin Webster, Colin Arthurs, Martin Dodge, John Harper (resigned 30 November 2006), Sarah Pardington (resigned 30 April 2008), Andrew Matthews (resigned 30 November 2007), Iain Osborne-Patterson (resigned 23 August 2007), Stuart Nathan (resigned 31 March 2008), David Pinnell (resigned 21 January2007), Andrew Jackson (resigned 30 November 2007), and Paul Docker (resigned 27 April 2009), Graham Mitchell (resigned 1 April 2011)
Secretary	MJ Webster FCIS

Appendix 1

Statutory information (cont.)

Company name	Aero Inventory Plc – in Administration
Company number	02887038
Date of incorporation	12 January 1994
Registered office	15 Canada Square, London, E14 5GL
Previous address	30 Lancaster Road, New Barnet, Hertfordshire, EN4 8AD
Court	High Court of Justice
Court reference	20693 of 2009
EU regulation	The EU regulation applies and these proceedings are main proceedings as defined therein
EC Regulation	EC regulation will apply and these proceedings will be the main proceedings as defined in Article 3 of the EC Regulations The centre of main interest of the Companies is in England within the EC
Administrators	James Tucker, Richard Heis and Allan Graham
Date of appointment	11 November 2009
Appointer	Directors
Para 100(2) statement	In accordance with paragraph 100 (2) of Schedule B1 to the Insolvency Act 1986, the Directors of the company state that all functions or acts to be carried out by the Administrators are to be exercised by all or any one or more of the persons for the time being holding that office
Directors	Henry McCorkell (83,009 – personal shareholding)[a], Roger Davis (1,008,681 – personal shareholding)[a], Paul Rupert Lewin, Collin Trupp (15,000 – personal shareholding)[a], Martin Dodge (315,225 – personal shareholding)[a], Hugh Bevan (83,957 – personal shareholding)[a], Frank Turner, Laurence Heyworth (10,000 – personal shareholding)[a], Martin Webster (74,967 – personal shareholding)[a], Paul Docker (resigned 27 April 2009) (13,979 – personal shareholding)[a], and Timothy Davey (resigned 7 December 2007)
Secretary	MJ Webster FCIS (74,967 – personal shareholding)[a]

Appendix 2

Aero Inventory (UK) Limited – Receipts and payments account

Commentary on the nature of the costs and realisations in the period are set out on page 18

Aero Inventory (UK) Limited- period account to 22 August 2016

	Statement of affairs (£)	11 Nov 2009 to 22 Feb 2016 (Total £ or £ equivalent)	23 Feb 2016 - 22 Aug 2016 (Total £ or £ equivalent)	11 Nov 2009 to 22 Aug 2016 (Total £ or £ equivalent)
Receipts				
Sales	147,618,175	63,655,255	-	63,655,255
Furniture & equipment		41,198	-	41,198
Plant & machinery		2	-	2
Stock		17,384,444	-	17,384,444
Shares and investments	50,000	1	-	1
Property rights/Patents	-	1	-	1
Goodwill	3,211,922	1	-	1
Motor vehicles	-	31,433	-	31,433
Book debts	-	6,518,363	-	6,518,363
Book debts - CT refund	-	15,255,601	-	15,255,601
Cash at bank	-	62,941	-	62,941
License to occupy fee	-	17,794	-	17,794
Service charges due to AIUK	-	417,907	-	417,907
Post Completion DAI sales	-	12,450	-	12,450
Contribution to Administrators' fees	-	4,673,335	2,232,760	6,906,095
Other funding	-	10,323	-	10,323
Miscellaneous income	-	10,323	-	10,323
Floating ch VAT received	-	185,617	-	185,617
Floating ch VAT control	-	7,616,185	(5,473)	7,610,712
Floating charge GST received	-	3,501,504	-	3,501,504
Floating charge GST control	-	600,893	18,806	619,699
Floating charge HST received	-	1	-	1
Floating charge QST received	-	135,511	483	135,994
Bank Interest	-	73,453	8,247	81,700
Sundry refunds	-	45,611	-	45,611
Facility – Funding (1)	-	-	-	-
Total Receipts in Period	**150,880,097**	**120,250,149**	**2,254,822**	**122,504,971**

Notes (1) During the administration, the Administrators drew a total of $6 5m from the facility Upon receipt of the sale of business proceeds the facility of $6 5m was repaid in full

Aero Inventory (UK) Limited – Receipts and payments account (cont.)

Aero Inventory (UK) Limited- period account to 22 August 2016 (cont.)

	11 Nov 2009 to 22 Feb 2016 (Total £ or £ equivalent)	23 Feb 2016 to 22 Aug 2016 (Total £ or £ equivalent)	11 Nov 2009 to 22 Aug 2016 (Total £ or £ equivalent)
Payments			
Overseas funding			
US Funding	756,275	-	756,275
Australia funding	2,404,998	-	2,404,998
Canada funding	3,693,416	-	3,693,416
Hong Kong funding(1)	2,314,053	-	2,314,053
Indonesia funding	436,706	-	436,706
Japan funding	3,184,330	-	3,184,330
Singapore funding	1,199,108	-	1,199,108
Other funding	108,776	23,817	132,593
Total Overseas funding	**14,097,662**	**23,817**	**14,121,479**
Other costs			
Direct expenses	719,450	-	719,450
Sub contractors	7,707,967	-	7,707,967
Payroll Costs	11,921,114	-	11,921,114
Rent	970,084	-	970,084
Rates	376,085	-	376,085
Water rates	15,150	-	15,150
Heat & light	188,807	-	188,807
FX Movement	211,806	-	211,806
Sales and Marketing	2,106,912	-	2,106,912
ERP payments	734,582	-	734,582
DHL payments	8,448,230	-	8,448,230
Canada - uplift	831,650	-	831,650
Travel	1,327,328	-	1,327,328
Telephone/networks/fax	2,748,056	-	2,748,056
Carriage	351,313	-	351,313
Insurance	2,876,058	-	2,876,058
Professional fees	1,920,389	-	1,920,389

Notes (1) A an amount of £1,470 was received from Hong Kong in the prior period but not captured in that period s R&P The brought forward balance has been updated to include this receipt

Aero Inventory (UK) Limited – Receipts and payments account (cont.)

Aero Inventory (UK) Limited- period account to 22 August 2016 (cont.)

	11 Nov 2009 to 22 Feb 2016 (Total £ or £ equivalent)	23 Feb 2016 to 22 Aug 2016 (Total £ or £ equivalent)	11 Nov 2009 to 22 Aug 2016 (Total £ or £ equivalent)
Other costs (cont.)			
Bank charges & interest	855,619	356	855,975
Hire of equipment	54,378	-	54,378
Repairs and maintenance	95,653	-	95,653
Sundry expenses	686,581	-	686,581
Stationery & postage	39,059	-	39,059
RoT settlements	137,366	-	137,366
Legal fees	8,627,528	1,102,706	9,730,234
Transfer to/from Aero Inventory plc	92,564	-	92,564
Advertising	61,619	-	61,619
Statutory Advertising	137	964	1,101
Book debts	41	-	41
Subrogated EP(C)A claim	14,466	-	14,466
Floating charge dividend	1,136,585	-	1,136,585
Employees' wage arrears	114,423	1	114,424
National insurance contributions	69,819	-	69,819
Trade incentive payments	68,405	-	68,405
Sales Agents' Commission	158,227	-	158,227
Entrustment Partners' Commission	486,250	-	486,250
Storage costs	377,127	76,129	453,256
Facility commitment fees	201,664	-	201,664
Facility - Interest Charges	126,506	-	126,506
Facility - Other fees and charges	131,457	-	131,457
Corporation tax	2,445	-	2,445
Debtor book sweep to DAI	21,485	-	21,485
Canada Completion Tax Holdback	193,237	-	193,237
Pre appointment costs	20,784	-	20,784
Petitioners expenses	13,570	-	13,570
Statement of affairs work	10,000	-	10,000
Bank interest, net of tax	400	-	400
Distribution to Secured Lenders	1,775,820	(2,295,175)	(519,354)
Administrators' fees	28,566,638	-	28,566,638
Administrators' expenses	716,660	-	716,660
Irrecoverable VAT	26,172	-	26,172

Appendix 2

Aero Inventory (UK) Limited – Receipts and payments account (cont.)

Prescribed Part to unsecured creditors

	11 Nov 2009 to 22 Feb 2016 (Total £ or £ equivalent)	23 Feb 2016 to 22 Aug 2016 (Total £ or £ equivalent)	11 Nov 2009 to 22 Aug 2016 (Total £ or £ equivalent)
Other costs (cont)			
Customs Duty	26,233	-	26,233
Floating charge GST payable	3,959,944	2,322	3,962,266
Floating charge VAT payable	9,210,523	6,135	9,216,658
Floating charge HST payable	179,414	1,720	181,134
Floating charge QST control	54,300	-	54,300
Floating charge QST payable	117,778	4,633	122,411
Total other payments	**101,885,856**	**(1,100,208)**	**100,785,648**
Distributions			
Distributions to Secured Lenders	1,389,323	2,524,692	3,914,015
Prescribed Part to unsecured creditors	-	509,999	509,999
Total Distributions	**1,389,323**	**2,524,692**	**3,914,015**
Total payments in period	**117,372,842**	**1,448,301**	**118,821,143**
Net receipts/(payments) in period	**2,877,308**	**806,521**	**3,683,829**
Movements during the period 23 February 2016 to 22 August 2016			
Opening balance as at 22 February 2016			2,877,308
Net receipts/(payments) in the period			806,521
Closing balance as at 22 August 2016 prior to FX movements			**3,683,829**
Foreign exchange movements			(1,060,219)
Closing balance as at 22 August 2016 after FX movements			**2,623,609**

Source Joint Administrators' records

Appendix 2

Aero Inventory Plc – Receipts and payments account

Aero Inventory Plc – period account to 22 August 2016	11 Nov 2009 to 22 Feb 2016 (Total £ or £ equivalent)	23 Feb 2016 to 22 Aug 2016 (Total £ or £ equivalent)	11 Nov 2009 to 22 Aug 2016 (Total £ or £ equivalent)
Receipts			
Sundry refunds	65,165	4,934	70,099
Transfer from Aero Inventory UK	106,115	-	106,115
Floating charge VAT Control	13,550	8,021	21,571
	184,830	**12,955**	**197,785**
Payments			
Bank charges and interest	2,513	82	2,595
Administrators' fees	141,931	-	141,931
Transfer to Aero Inventory UK	13,550	-	13,550
Floating charge VAT payable	26,451	-	26,451
	184,445	**82**	**184,526**
Net receipts/(payments) in period	**385**	**12,874**	**13,259**
Balance in hand	**385**		**13,259**

Source Joint Administrators' records

Administrators' abstract of receipts and payments as at 22 August 2016

To give context to the preceding receipts and payments accounts, the following key aspects should be considered:

Notes:	
General	■ The revised SIP 7 has been considered in producing the receipts and payments account and has been applied where applicable ■ The above receipts and payments account shows a consolidated picture of the receipt and payments from the Aero Inventory (UK) Limited estate and funding transfers between bank accounts have been eliminated ■ Foreign exchange rates used for the period to 22 August 2015 are historic (£1 $1 47911 for the period 10 Nov 2009 to 10 May 2010, £1 $1 55525 for the period 11 May 2010 to 10 Nov 2010, £1 $1 63690 for the period 11 Nov 2010 to 10 May 2011, £1 $1 60287 for the period 11 May 2011 to 10 Nov 2011, £1 $1 61322 for the period 11 Nov 2011 to 10 May 2012, £1 $1 5957 for the period 11 May 2012 to 10 Nov 2012, for the period 11 November 2012 to 10 May 2013 an exchange rate of £1 $1 5525, for the period 11 May 2013 to 10 November 2013 an exchange rate of £1 $1 60072, for the period 11 November 2013 to 10 May 2014 an exchange rate of £1 $1 68936, for the period 11 May 2014 to 22 August 2014 £1 $1 65865, for the period 23 August 2014 to 22 February 2015 an exchange rate of £1 $1 5388), for the period 23 February 2015 to 22 August 2015 an exchange rate of 1 5692 has been used, for the period 23 August 2015 to 22 February 2016 an exchange rate of £1 $1 43955 has been used), for the period 23 February 2016 to 22 August 2016 an exchange rate of £1 $1 30709 has been used This means that receipts and payments account will differ to that produced for filing at Companies House ■ The foreign exchange movements of £1,060,219 noted in Appendix 2 (page 15) is a non-cash movement only and is a result of the historic translation rates being applied
Receipts	
Litigation	■ The Trustee in Bankruptcy has forwarded £2 2 million in funds under his control connected to the litigation in Canada ■ The Security Trustee repaid a loan of $3 0 million provided to fund legal costs associated with progressing the legal actions in Canada (£2 3 million) net of legal costs incurred of £1 1 million (all Canadian legal actions now being settled)
Payments	
Legal fees	■ The majority of legal fees paid during the period were to Norton Rose (Canada), CMS Cameron McKenna and Thornton Grout Finnegan
Canada	■ Storage costs incurred relate to the storage of the remaining parcel of stock in Canada
Distribution to Secured Lenders	■ Under the terms of a "Waterfall" fee resolution passed by the ICC, £2 5 million ($3 3 million) was distributed to the Secured Lenders
Prescribed Part	■ The Administrators have paid £0 5 million in respect of the Prescribed Part distribution noted on page 6

Appendix 3

Aero Inventory (UK) Limited – Administrators' time and cost analysis

Aero Inventory (UK) Limited SIP 9 Analysis (23February 2016 to 22 August 2016)							
Consolidated time spent by grade	**Partner / Director**	**Manager**	**Administrator**	**Support**	**Total hours**	**Time cost**	**Average hourly rate**
Cashiering							
General (Cashiering)		29 5	28 9		58 4	£23,567	£ 404
Reconciliations (& IPS accounting reviews)		3 9	2 8		6 7	£2,846	£ 425
General							
Share registers			1 2		1 2	£426	£ 355
Books and records			9 8		9 8	£3,309	£ 338
Statutory and compliance							
Checklist & reviews		3 7	6 0	1 3	11 0	£3,966	£ 362
Reports to debenture holders	7 4	40 6	25 0		73 0	£33,986	£ 466
Statutory receipts and payments accounts		5 9			5 9	£2,891	£ 490
Strategy documents	39 2	49 6	8 1	2 0	98 9	£55,135	£ 557
Tax							
Post appointment corporation tax	2 5	41 3	6 7		50 5	£24,327	£ 482
Post appointment overseas tax		3 6	1 1		4 7	£2,061	£ 439
Post appointment PAYE			7 5		7 5	£2,663	£ 355
Post appointment VAT		10 3	53 8		64 1	£21,948	£ 343
Creditors and claims							
Agreement of unsecured claims		0 3	39 5		39 8	£14,170	£ 356
General correspondence		0 5	20 6		21 1	£6,491	£ 308
Payment of dividends		9 8	2 6		12 4	£5,788	£ 467
ROT Claims			0 4		0 4	£142	£ 355
Secured creditors			1 5		1 5	£405	£ 270
Statutory reports		15 0	38 4		53 4	£20,923	£ 392
Prescribed part agreement*		9 5	547 4		556 9	£179,037	£ 321
Realisation of assets							
Cash and investments			0 4		0 4	£142	£ 355
Stock and WIP		14 1			14 1	£8,659	£ 614
Purchases and trading costs		2 3			2 3	£1,127	£ 490
Employee correspondence							
Correspondence		2 3			2 3	£1,127	
Total in period	49.1	242 2	801 6	3 3	1,096	£ 415,132	£ 379
Total in period					$	£ 545,265	

* Whilst the Joint Administrators recorded timecosts of approximately £180 000 in undertaking the prescribed part distribution and adjudication of unsecured creditors' claims as noted on page 6, the Joint Administrators have agreed that fees in respect of the prescribed part distribution would be capped at £89,250

- As discussed in the report, the Administrators provide the above analysis for information only, and may only seek approval from the ICC for specific time costs incurred in the period relating to the legal actions taken against Air Canada

Aero Inventory (UK) Limited – Administrators' time and cost analysis (cont.)

Hours/costs to date

	Total hours	Time cost (£)	Average hourly rate (£)
b/f (up to 22 August 2016)	177,796	49,869,139	423
In the period	1,097	414,334	378
c/f	**178,893**	**50,283,473**	**281**

SIP 9 - Disbursements

	Category 1				
Disbursements	Paid (£)	Unpaid (£)	Paid (£)	Unpaid (£)	**Totals (£)**
Accommodation	177 66	0 00	0 00	0 00	**177 66**
Travel	382 40	0 00	0 00	0 00	**382 40**
Total	**560 06**	**0.00**	**0 00**	**0.00**	**560 06**

Note In addition to the fees reported above, the sum of £342,326 in fees have been paid which relate specifically to work undertaken prior to the commencement of the administration These fees have been reported separately in our receipts and payments under the line item 'Floating charge dividend' (the total of this line item in our receipts and payments is £1,136,585 prior to this reporting period, the balance of which represents legal fees incurred pre-appointment)

Appendix 3

Aero Inventory Plc – Administrators' time and cost analysis

Aero Inventory Plc SIP 9 Analysis (23 February 2016 to 22 August 2016)							
Consolidated time spent by grade	Partner / Director	Manager	Administrator	Support	Total hours	Time cost	Average hourly rate
Cashiering							
General (Cashiering)			0 10		0 10	£27 00	£ 270
Share registers			0 40		0 40	£142 00	£ 355
Reconciliations (& IPS accounting reviews)			0 60		0 60	£179 00	£ 298
General							
Fees and WIP							
Statutory and compliance							
Checklist & reviews		3 40	16 80		20 20	£7,621 50	£ 377
Statutory advertising		2 00			2 00	£980 00	£ 490
Strategy documents			1 10		1 10	£390 50	£ 355
Tax							
Post appointment corporation tax	12 00		4 20		16 20	£9,951 00	£ 614
Post appointment PAYE	1 50				1 50	£1,057 50	£ 705
Post appointment VAT	3 00	0 50	10 95		14 45	£5,597 25	£ 387
Creditors and claims							
Agreement of unsecured claims		23 50			23 50	£11,515 00	£ 490
Statutory reports			4 70		4 70	£1,626 00	£ 346
Trading							
Purchases and Trading costs		0 2			0 2	£ 98	£ 490
Total in period	**16 5**	**29 6**	**38 9**	**-**	**85 0**	**£ 39,185**	**£ 461**
Total in period						**$ 51,468**	

Hours/costs to date			
	Total hours	Time cost (£)	Average hourly rate (£)
b/f (up to 22 August 2016)	893	283,704	318
In the period	85	39,185	513
c/f	978	322,889	330

Disbursements					
	Category 1		Category 2		
Disbursements	Paid (£)	Unpaid (£)	Paid (£)	Unpaid (£)	Totals (£)
Total		NIL		NIL	NIL

Appendix 3

KPMG charge out rates applicable to this assignment

Charge out rates (£ or £ equivalent)			
Grade	UK	Indonesia	Canada
Partner/Director			
Partner	795	406	725
Director	705	-	-
Manager			
Senior manager	615	266	438
Manager	490	-	313
Administrator			
Assistant manager	355	146	193
Trainee	270	-	-
Support			
Support staff	135	-	121

Note As of 1 October 2014, KPMG UK charge out rates increased to the levels set out above KPMG overseas firm charge out rates increase at different times of the year

Exchange rates	US ($)	Indonesia (USD)	Canada (CAD)	UK (GBP)
To GBP	0 765	0 765	0 588	1 000
To USD	1 000	1 000	0 773	1 307

Note Rates as at 22 August 2016 These rates are applied throughout the document unless otherwise stated

KPMG Restructuring charging and disbursements policy

Joint Administrators' charging policy

The time charged to the administration is by reference to the time properly given by us and our staff in attending to matters arising in the administration This includes work undertaken in respect of tax, VAT, employee, pensions and health and safety advice from KPMG in-house specialists

Our policy is to delegate tasks in the administration to appropriate members of staff considering their level of experience and requisite specialist knowledge, supervised accordingly, so as to maximise the cost effectiveness of the work performed Matters of particular complexity or significance requiring more exceptional responsibility are dealt with by senior staff or us

A copy of "A Creditors' Guide to Joint Administrators' Fees" from Statement of Insolvency Practice 9 ('SIP 9') produced by the Association of Business Recovery Professionals is available at https //www r3 org uk/media/documents/publications/professional/Guide_to_Administrators_Fees_Oct_2015 pdf

If you are unable to access this guide and would like a copy, please contact Lyndsay Burch on 0118 9642268

Hourly rates

Set out above are the relevant charge-out rates per hour worked for the grades of our staff actually or likely to be involved on this administration Time is charged by reference to actual work carried out on the administration, using a minimum time unit of six minutes

All staff who have worked on the administration, including cashiers and secretarial staff, have charged time directly to the administration and are included in the analysis of time spent The cost of staff employed in central administration functions is not charged directly to the administration but is reflected in the general level of charge-out rates

Policy for the recovery of disbursements

Where funds permit the officeholders will seek to recover both Category 1 and Category 2 disbursements from the estate For the avoidance of doubt, such expenses are defined within SIP 9 as follows

Category 1 disbursements These are costs where there is specific expenditure directly referable to both the appointment in question and a payment to an independent third party These may include, for example, advertising, room hire, storage, postage, telephone charges, travel expenses and equivalent costs reimbursed to the office-holder or his or her staff

Category 2 disbursements These are costs that are directly referable to the appointment in question but not to a payment to an independent third party These may include shared or allocated costs that may be allocated to the appointment on a proper and reasonable basis, for example, business mileage

Appendix 3

KPMG Restructuring charging and disbursements policy

Joint Administrators' disbursements policy continued

Category 2 disbursements charged by KPMG Restructuring include mileage This is calculated as follows

- Use of privately-owned vehicle or car cash alternative – 45p per mile
- Use of company car – 60p per mile
- Use of partner's car – 60p per mile

For all of the above car types, when carrying KPMG passengers, an additional 5p per mile per passenger will also be charged where appropriate

We have the authority to pay Category 1 disbursements without the need for any prior approval from the creditors of the Company

Category 2 disbursements have been approved in the same manner as our remuneration

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