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

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

(b) Insert dates

from	to
(b) 23 February 2015	(b) 22 August 2015

Signed J. Tucker

Joint Administrator

Dated 18 September 2015

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

KPMG

cutting through complexity™

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

Report to Creditors pursuant to Rule 2.47 of the Insolvency Rules 1986

KPMG LLP

18 September 2015

Notice: about this Report

This Report has been prepared by James Tucker, Richard Heis and Allan Graham, the 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 Administrations, 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 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 their own risk To the fullest extent permitted by law, the 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 Graham are authorised to act as insolvency practitioners by the Institute of Chartered Accountants in England and Wales

The Administrators act as agents for Aero Inventory (UK) Limited and Aero Inventory Plc and contract without personal liability The appointments of the 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) its 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
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 ("Aero" or "the Companies") on 11 November 2009 On 14 October 2014, we sought and obtained an extension of the Administrations for 24 months to 10 November 2016
- This report covers the six month period from 23 February 2015 to 22 August 2015 Since the last report we have continued to progress the Administrations in line with our Proposals and progress reports
- Statutory information as required under Rule 2 47 is attached at Appendix 1 An abstract of the Administrators' receipts and payments account for the period to 22 August 2015 is attached at Appendix 2 The figures are shown net of VAT, unless otherwise stated
- Aero was a complex international operation, which was sold in 2013 A number of residual matters remain to be concluded We have addressed ad hoc issues as they have arisen, as well as continued to close out the Company's worldwide tax affairs with the relevant authorities Certain legal actions remain ongoing
- Settlement has been reached with Air Canada in respect of amounts due to AIUK on account of post-administration use of Aero's aircraft parts The terms of the settlement are currently confidential
- Aero has been able to resolve a specific stock issue in Canada As a result, the Purchaser of Aero's business has paid contingent consideration totalling $1 0 million due under the sale of business agreement entered into in April 2013 All inventory has now been realised
- 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
- The AIUK preferential creditors were paid in full on 23 December 2010 Based on the expected level of realisations and creditors, we estimate (from creditor information provided to date) a dividend to unsecured creditors of AIUK of approximately 0 9p in the pound (excluding accounting for a contingent creditor), before costs, based entirely on their share of the Prescribed Part However, the ultimate dividend will not be known until all creditors have proven their claims during the distribution process
- As at the date of this report, we have not paid a Prescribed Part in respect of AIUK It is anticipated that unsecured creditors shall receive further information on any Prescribed Part distribution once the outcome of a contingent claim is determined There will be no Prescribed Part in respect of AIPLC as there are no floating charge assets

J. Tucker

JR Tucker
Joint Administrator

Administrators' proposals and progress of the Administrations

Administrators' proposals

- Our proposals were circulated to all known members and creditors and were deemed approved without modification

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 been working 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
- As previously reported, we completed the sale of Aero's business and assets, including aeroinv com, in April 2013
- Since our last report significant progress in executing the strategy has been made, principally in relation to advancing the legal actions
- A number of residual issues remain to be concluded

Progress of the Administrations to date (cont.)

Sale of business

- As previously reported, the Administrators concluded a sale of the business in April 2013 The business and assets, including aeroinv com, were sold during April 2013 to Diversified Aero Inventory I LLC (the Purchaser)
- The Administrators have worked to finalise matters associated with the sale of the business including apportionment of post sale receipts, supplier cut-off, and book debt collection A small balance due to/from the purchaser may remain and is being reconciled

Canada

- Certain legal actions remain ongoing In connection with the legal actions, the Trustee has taken steps to comply with its duties under the BIA to regularise the bankruptcy proceedings for both AIUK and AIPLC
- Settlement has been reached with Air Canada in respect of amounts due to AIUK on account of post-administration consumption The terms of the settlement are currently confidential
- A small parcel of parts remained warehoused at a third party facility in Montreal, Canada This inventory was subject to a legal dispute with Air Canada in respect to the ownership of the parts Aero and Air Canada have resolved this dispute, and the Purchaser has paid AIUK contingent consideration totalling $1 0 million due under the sale of business agreement entered into in April 2013 All inventory has now been realised
- The Purchaser has substantially completed the uplift of stock from Montreal We shall fully close down the remaining warehouse in Canada once this is completed

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*
- These entities do not have an independent income stream or assets to fund their insolvency processes (where relevant), so funding from the UK is required in order to maximise realisations for the benefit of the Companies' creditors
- Subsequent to the sale of the business, Aero is not expected to receive any material local entity funding requests, but will consider meeting minor requests where they are considered to be in the best interests of the Companies' creditors

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 Joint Administrators disputed a claim for sales tax from Revenu Quebec valued in aggregate at $600,000 Aresolution has now been successfully reached, the result being the substantial withdrawal by Revenu Quebec of its claim The Administrators have closed out the Companies' sales tax registrations around the world that are no longer required

Employees

- No employees remain employed by Aero, although the Administrators have made arrangements with the Purchaser to retain access to key staff members as required in support of their ongoing investigations and any relevant actions

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 will total £58,571,804
- A dividend to the unsecured creditors of AIUK is anticipated, as a result of the application of the provisions of the Act relating to the Prescribed Part (see below section for further details) The Prescribed Part will be paid in full, once a contingent claim identified in early 2014 is resolved
- It is unlikely that any further funds will become available to the unsecured creditors in excess of the Prescribed Part
- There will be no Prescribed Part dividend in respect of AIPLC as there are no floating charge assets

Prescribed Part

- The Prescribed Part provisions of S 176A of the Act entitle unsecured creditors to a percentage share of realisations from net floating charge assets, after the costs of realisation and settlement of preferential claims The percentage is calculated on a sliding scale up to a maximum amount of £600,000 subject to costs Based on the expected level of realisations and the amounts owed to the Secured Lenders, there is little prospect of funds otherwise being available for unsecured creditors
- The Prescribed Part funds for AIUK are likely to be the maximum amount, less costs, prescribed under S 176A of the Act and will enable the payment of a dividend of approximately 0 9p in the pound (excluding accounting for the contingent creditor referenced above), before costs
- The Administrators made an application to the Court for an order inter alia, seeking authority to allow the Administrators to pay a Prescribed Part dividend to the unsecured creditors The application was approved on 20 October 2010 However, the Prescribed Part will not be paid until the outcome of the contingent claim is determined
- Once the outcome of the contingent claim has been determined, the unsecured creditors shall receive further information with regard to the agreement of unsecured claims, and declaration and payment of a dividend

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 theAdministrations This will include the following
  - advancing ongoing legal actions,
  - distributing further fixed and floating charge monies to the Secured Lenders,
  - making a distribution to the unsecured creditors by way of the Prescribed Part,
  - finalising the affairs of the Administrations including completion of corporation tax and VAT returns and settlement of any liabilities,
  - payment of expenses of the Administrations, including our remuneration, and
  - dealing with statutory reporting and compliance obligations.
- We envisage that the Administrations will be completed by 10 November 2016 In the event that this is not possible we will apply to Court for a further extension to the period of the Administrations
- 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
- Should it come to our attention that there are matters which would be more appropriate for a liquidator to deal with then we may place the Companies into a voluntary liquidation process or petition for the liquidation of the Companies, in accordance with the proposals as approved by the Companies' creditors
- The rationale for adopting the appropriate exit route will be determined by the availability of longer term asset realisations which will be required to be managed in a cost effective manner

Future reporting

- We will issue our next progress report in March 2016

Costs of the Administrations

- The statutory provisions relating to remuneration are set out in Rule 2 106 Further information is available in the association of Business recovery Professional's publication, "a creditors' guide to fees" which can be found at http://www.r3.org.uk/media/documents/publications/professional/Guide_to_Administrators_Fees_Nov2011.pdf However, if you are unable to access this guide and would like a copy please contact us on 0118 964 2268
- 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 2015 to 22 August 2015
- 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 theAdministrations
  - 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 To date the ICC has approved KPMG fees and Category 2 disbursements up to and including 30 June 2011
  - Notwithstanding the analysis provided on pages 19-23 of this report, and a small number of specific time costs approved by the ICC, the Administrators may seek to draw an additional small number of specific time costs, principally incurred in connection with the ongoing legal actions Any costs drawn will be first approved by the ICC, and presented in our next progress report
  - 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 2015 to 22 August 2015 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]

Aero Inventory (UK) Limited – Receipts and payments account

Commentary on the nature of the costs and realisations in the period are set out on page18

Aero Inventory (UK) Limited- period account to 22 August 2015

	Statement of affairs (£)	11 Nov 2009 to 22 Feb 2015 (Total £ or £ equivalent)	23 Feb 2015 to 22 Aug 2015 (Total £ or £ equivalent)	11 Nov 2009 to 22 Aug 2015 (Total £ or £ equivalent)
Receipts				
Sales	147,618,175	63,684,083	-	63,684,083
Furniture & equipment		41,198	-	41,198
Plant & machinery	50,000	2	-	2
Stock	-	16,747,177	637,267	17,384,444
Shares and investments	3,211,922	1	-	1
Property rights/Patents	-	1	-	1
Goodwill	-	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
Miscellaneous income	-	10,323	-	10,323
Floating ch VAT received	-	185,617	-	185,617
Floating ch VAT control	-	7,606,721	-	7,606,721
Floating charge GST received	-	3,501,504	-	3,501,504
Floating charge GST control	-	605,998	(5,992)	600,006
Floating charge HST received	-	1	-	1
Floating charge QST received	-	134,762	-	134,762
Bank Interest	-	57,937	6,936	64,873
Sundry refunds	-	45,611	-	45,611
Facility – Funding (1)	-	-	-	-
Total Receipts in Period	**150,880,097**	**114,937,429**	**638,211**	**115,575,640**

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

Appendix 2

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

Aero Inventory (UK) Limited- period account to 22 August 2015 (cont.)

	11 Nov 2009 to 22 Feb 2015 (Total £ or £ equivalent)	23 Feb 2015 to 22 Aug 2015 (Total £ or £ equivalent)	11 Nov 2009 to 22 Aug 2015 (Total £ or £ equivalent)
Payments			
Overseas funding			
US Funding	756,275	-	756,275
Australia funding	2,454,237	(51,491)	2,402,746
Canada funding	3,693,416	-	3,693,416
Hong Kong funding	2,315,523	-	2,315,523
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	-	108,776
Total Overseas funding	**14,148,371**	**(51,491)**	**14,096,880**
Other costs			
Direct expenses	719,450	-	719,450
Sub contractors	7,706,720	-	7,706,720
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	192,472	19,334	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	2,744,438	3,618	2,748,056
Carriage	351,313	-	351,313
Insurance	2,876,058	-	2,876,058
Professional fees	1,917,971	2,418	1,920,389

Appendix 2

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

Aero Inventory (UK) Limited- period account to 22 August2015 (cont.)

	11 Nov 2009 to 22 Feb 2015 (Total £ or £ equivalent)	23 Feb 2015 to 22 Aug 2015 (Total £ or £ equivalent)	11 Nov 2009 to 22 Aug 2015 (Total £ or £ equivalent)
Other costs (cont.)			
Bank charges & interest	854,721	367	855,089
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	8,475,683	14,539	8,490,222
Transfer to/from Aero Inventory plc	79,064	100	79,164
Advertising	61,619	-	61,619
Statutory Advertising	137	-	137
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	-	114,423
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	338,710	23,016	361,727
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	-	1,775,820
Administrators' fees	21,592,630	-	21,592,630
Administrators' expenses	650,670	-	650,670
Irrecoverable VAT	26,172	-	26,172

Appendix 2
Aero Inventory (UK) Limited – Receipts and payments account (cont.)

Aero Inventory (UK) Limited- period account to 22 August 2015 (cont.)

	11 Nov 2009 to 22 Feb 2015 (Total £ or £ equivalent)	23 Feb 2015 to 22 Aug 2015 (Total £ or £ equivalent)	11 Nov 2009 to 22 Aug 2015 (Total £ or £ equivalent)
Other costs (cont.)			
Customs Duty	26,233	-	26,233
Floating charge GST payable	3,957,486	1,946	3,959,432
Floating charge VAT payable	7,898,430	868	7,899,298
Floating charge HST payable	151,009	2,060	153,069
Floating charge QST control	54,300	-	54,300
Floating charge QST payable	115,305	1,501	116,805
Total other payments	**93,269,154**	**69,767**	**93,338,921**
Total payments in period	**107,417,525**	**18,276**	**107,435,801**
Net receipts/(payments) in period	**7,519,904**	**619,935**	**8,139,839**
Movements during the period 11 November 2009 to 22 August 2015			
Opening balance as at 23 February 2015			7,519,904
Net receipts/(payments) in the period			619,935
Closing balance as at 22 August 2015 prior to FX movements			**8,139,839**
Foreign exchange movements			(1,294,937)
Closing balance as at 22 August 2015			**6,844,902**

Appendix 2

Aero Inventory Plc – Receipts and payments account

Aero Inventory Plc – period account to 22 August 2015	11 Nov 2009 to 22 Feb 2015 (Total £ or £ equivalent)	23 Feb 2015 to 22 Aug 2015 (Total £ or £ equivalent)	11 Nov 2009 to 22 Aug 2015 (Total £ or £ equivalent)
Receipts			
Sundry refunds	662		662
Transfer from Aero Inventory UK	92,615	100	92,715
Floating charge VAT Control	13,550		13,550
	106,827	**100**	**106,927**
Payments			
Bank charges and interest	2,269	102	2,371
Administrators' fees	77,428		77,428
Transfer to Aero Inventory UK	13,550		13,550
Floating charge VAT payable	13,550		13,550
	106,797	**102**	**106,899**
Net receipts/(payments) in period	**30**	**(2)**	**28**
Balance in hand	**30**		**28**

Appendix 2

Administrators' abstract of receipts and payments as at 22 August 2015

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 August2014 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 63690for 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 May2013 to 10 November 2013 an exchange rate of £1 $1 60072, for the period 11 November2013 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 5692has been used This means that receipts and payments account will differ to that produced for filing at Companies House ■ The foreign exchange movements of £1,294,937 noted in Appendix 2 (page 16) is a non-cash movement only and is a result of the historic translation rates being applied
Receipts	
Sale of Business	■ As detailed on page 6, the Purchaser has paid contingent consideration totalling $1 0 million (£0 6 million) due under the sale of business agreement entered into in April 2013
Miscellaneous	■ As part of the wind down of Aero's Australian subsidiary, surplus funding has been returned to AIUK ■ *A small number of receipts in relation to recovered indirect tax and bank interest earned have been posted in the period*
Payments	
Legal fees	■ The majority of legal fees paid during the period were to Norton Rose (Canada)
Canada	■ Storage costs incurred relate to the storage of the remaining parcel of stock in Canada

Appendix 3

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

Aero Inventory (UK) Limited SIP 9 Analysis (23 February 2015 to 22 August 2015)

Consolidated time spent by grade	Partner / Director	Manager	Administrator	Support	Total hours	Time cost	Average hourly rate
Cashiering							
General (Cashiering)		18 4	27 3		45 7	£17,968	£393
Reconciliations (& IPS accounting reviews)			2 0		2 0	£625	£313
General							
Books and records		6 2	1 1		7 3	£3,395	£465
Fees and WIP		1 5			1 5	£735	£490
Statutory and compliance							
Checklist & reviews	19 0	0 3	2 1		21 4	£14,245	£666
Reports to debenture holders	17 5	69 9			87 4	£46,589	£533
Statutory receipts and payments accounts				0 6	0 6	£81	£135
Strategy documents	16 0				16 0	£11,297	£706
Tax							
Post appointment corporation tax			6 9		6 9	£1,940	£281
Post appointment overseas tax		15 9	6 8		22 7	£9,784	£432
Post appointment VAT		3 4	7 3		10 7	£3,896	£366
Creditors and claims							
General correspondence		0 3	13 2		13 5	£3,847	£285
Statutory reports		7 8	14 9	8 5	31 2	£9,860	£316
Investigations							
Correspondence re investigations	13 0	2 0			15 0	£10,145	£676
Review of pre-appt transactions	22 0				22 0	£15,510	£705
Asset Realisation							
Open cover insurance		0 3	1 1		1 4	£538	£384
Stock and WIP		18 0			18 0	£11,070	£615
Total in period	**87 5**	**144 0**	**82 6**	**9 1**	**323 2**	**£161,522**	**£500**
Total in period $						**$253,460**	

- As discussed in the report, the Administrators may seek to draw an additional small number of specific time costs, principally incurred in connection with the ongoing legal actions Any costs drawn will be first approved by the ICC, and presented in our next progress report

Appendix 3

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 February 2015)	116,852	49,570,347	424
In the period	323 2	161,522	500
c/f	**117,175**	**49,731,869**	**424**

Disbursements

Disbursements	Category 1		Category 2		Totals (£)
	Paid (£)	Unpaid (£)	Paid (£)	Unpaid (£)	
Meals	62 49	-	-	-	62 49
Travel	568 40	-	-	-	568 40
Total	**£630 89**	-	-	-	**£630 89**

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 2015 to 22 August 2015)							
Consolidated time spent by grade	**Partner / Director**	**Manager**	**Administrator**	**Support**	**Total hours**	**Time cost**	**Average hourly rate**
Cashiering							
General (Cashiering)			1 4		1 4	£497	£355
General							
Share registers			2 9		2 9	£1,030	£355
Statutory and compliance							
Checklist & reviews			2 4		2 4	£784	£327
Statutory receipts and payments accounts			2 0	0 4	2 4	£751	£313
Strategy documents	5 0				5 0	£3,975	£795
Tax							
Post appointment overseas tax			4 3		4 3	£1,527	£355
Post appointment VAT	4 0	1 2	3 5		8 7	£4,540	£522
Creditors and claims							
General correspondence		1 2	5 1		6 3	£2,327	£369
Legal claims	1 4				1 4	£1,113	£795
Statutory reports		0 8	8 3		9 1	£3,339	£367
Total in period	10 4	3 2	29 9	0 4	**43 9**	**£19,881**	**£453**
Total in period $						**$31,197**	

Hours/costs to date			
	Total hours	**Time cost (£)**	**Average hourly rate (£)**
b/f (up to 22 February 2015)	672	192,945	287
In the period	43 9	19,881	453
c/f	**716**	**212,826**	**297**

Disbursements					
	Category 1		Category 2		
Disbursements	Paid (£)	Unpaid (£)	Paid (£)	Unpaid (£)	**Totals (£)**
Travel	3,807 86	-	-	-	3,807 86
Total	3,807 86	-	-	-	3,807 86

Appendix 3

KPMG charge out rates applicable to this assignment

Charge out rates (£ or £ equivalent)			
Grade	**UK**	**Indonesia**	**Canada**
Partner/Director			
Partner	795	406	548
Director	705	-	476
Manager			
Senior manager	615	266	464
Manager	490	-	305
Administrator			
Assistant manager	355	146	205
Trainee	270	-	-
Support			
Support staff	135	-	176

Note As of 1 October 2014 KPMG UK charge ou' 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 6372	0 6372	0 4860	1 0
To USD	1 0	1 0	0 7627	1 5692

Note Rates as at 22 August 2015 These ratus are applied throughout the document unless otherwise stated

Appendix 3
KPMG Restructuring policy for the recovery of disbursements

Where funds permit the officeholder will look 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 both to 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 officeholder 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 They may include shared or allocated costs that can be allocated to the appointment on a proper and reasonable basis, for example, business mileage

Any disbursements paid from the estate are disclosed within the attached summary of disbursements

The only Category 2 disbursements that KPMG Restructuring currently charges in the UK is mileage, this is calculated as follows

Mileage claims fall into three categories

- 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 passengers an additional 5p per mile per passenger will also be charged where appropriate

KPMG

cutting through complexity™