

The Insolvency Act 1986

**2.24B****Administrators' progress report**

Name of Company

Menzies Hotels Intermediary Holdings Limited

Company number

05302708

In the High Court of Justice, Chancery Division,  
Companies Court

[full name of court]

Court case number  
5561 of 2011

We

Jane Bronwen Moriarty  
KPMG LLP  
8 Salisbury Square  
London  
EC4Y 8BBRichard Dixon Fleming  
KPMG LLP  
8 Salisbury Square  
London  
EC4Y 8BB

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

from

1 February 2014

to

31 July 2014

Signed

*Jane Moriarty*

Joint Administrator

Dated

27 August 2014

**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.

Sharon Turner  
KPMG LLP  
Arlington Business Park  
Theale  
Reading  
RG7 4SD  
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DX Exchange

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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COMPANIES HOUSE



**Menzies Hotels Intermediary  
Holdings Limited  
(in administration)**

**Progress report**  
Pursuant to Rule 2.47 of the Insolvency Act  
1986

KPMG LLP  
27 August 2014

DLB/SAT/MB628E0156/1F



## **Notice: About this report**

- This report has been prepared by Jane Moriarty and Richard Fleming, the Joint Administrators of Menzies Hotels Intermediary Holdings Limited, 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 Menzies Hotels Intermediary Holdings Limited 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 who 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 Joint Administrators do not assume any responsibility and will not accept any liability in respect of this report to any such person
- Jane Bronwen Moriarty is authorised to act as an insolvency practitioner by the Institute of Chartered Accountants in Ireland.
- Richard Dixon Fleming is authorised to act as an insolvency practitioner by the Insolvency Practitioners Association
- The Joint Administrators act as agents for Menzies Hotels Intermediary Holdings Limited 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

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## **Glossary**

Administration appointment	High Court of Justice, Chancery Division, Companies Court Court case number: 5561 of 2011
Administrators	Jane Bronwen Moriarty and Richard Dixon Fleming of KPMG LLP
Bank/Secured creditor	Bank of Scotland plc
Company/MHIHL	Menzies Hotels Intermediary Holdings Limited
Director	Timothy John Penter
KPMG	KPMG LLP
PH2	Piccadilly Hotels 2 Limited (in receivership)

The references in this Report to Sections, Paragraphs or Rules are to the Insolvency Act 1986, Schedule B1 of the Insolvency Act 1986 and the Insolvency Rules 1986 (all as amended).

## **1 Introduction**

Creditors have previously been advised that David Crawshaw and Richard Fleming of KPMG were appointed as Administrators of MHIHL on 28 June 2011 by the Company

On 25 September 2013 an order was made in the High Court appointing Jane Moriarty as Joint Administrator of the Company in place of David Crawshaw, following Mr Crawshaw's retirement from KPMG. In accordance with the Order, creditors and members were given notice of the Order by advertisement in the London Gazette on 3 October 2013

This report has been prepared in accordance with Rule 2.47 and covers the period from 1 February 2014 to 31 July 2014

Statutory information as required under Rule 2.47 is attached at Appendix 1. An abstract of the Administrators' receipts and payments account and schedule of expenses for the period to 31 July 2014 are attached at Appendix 2 and 4 respectively. The figures are shown net of VAT

### **1.1 Administrators' proposals**

The Administrators' proposals were circulated to all known members and creditors on 1 August 2011 and were deemed approved without modification on 18 August 2011

The initial period of this administration was extended to 27 December 2012 with the consent of the Secured creditor

A further extension to 27 March 2014 was granted by the Court on 28 November 2012

A further extension to 27 March 2015 was granted by the Court on 7 March 2014

### **1.2 Purpose of the administration**

The Administrators concluded that the objective of achieving a better result for the Company's creditors as a whole than would be likely if the Company were wound up, (without first being in administration), was the most viable. It is envisaged that it will be appropriate to move the Company to dissolution on completion of the administration

## **2 Progress of the administration**

### **2.1 Asset realisations**

#### **2.1.1 Investments**

The directors of the subsidiary companies have now completed the disposals of the various assets held in each subsidiary. No surplus was available for MHIHL as the parent company

## **2.1.2 Tax losses**

Total consideration for tax loss sales amounts to £340,306. An initial payment of £112,337 was received in August 2013 and a further £227,969 was received in May 2014.

## **2.1.3 Other realisations**

Bank interest of £388 was refunded during this reporting period.

# **3 Costs of realisations**

Payments made in this period are set out in the attached receipts and payments account (see Appendix 2). The figures in this account are shown net of VAT.

The schedule of expenses attached as Appendix 4 details the costs incurred, whether paid or unpaid, relating specifically to this reporting period only.

Under Rule 2.48A, creditors are advised that, within 21 days of receipt of this report, a creditor may request additional information about the Administrators' remuneration and expenses as set out in this report. A request must be in writing, and may be made either by a secured creditor or by an unsecured creditor with the concurrence of at least 5% in value of unsecured creditors (including himself) or the permission of the Court.

In addition, under Rule 2.109, any secured creditor or any unsecured creditor with either the concurrence of at least 10% in value of creditors, or with the permission of the Court, may apply to the Court to challenge the remuneration charged, the basis of remuneration or the expenses incurred by the Administrators. Any such application must be made no later than eight weeks after receipt of the first report which reports the charging of the remuneration or the incurring of expenses in question.

The full text of Rules 2.48A and 2.109 can be provided on request by writing to the Administrators at KPMG LLP, Arlington Business Park, Theale, Reading RG7 4SD.

## **3.1 Administrators' remuneration**

The statutory provisions relating to remuneration are set out in Rule 2.106. Further information is given in the Association of Business Recovery Professionals' publication *A Creditors' Guide to Administrators' Fees*, a copy of which can be obtained at [http://www.r3.org.uk/media/documents/publications/professional/Guide\\_to\\_Administrators\\_Fees\\_Nov2011.pdf](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 Sharon Turner on +44(0)118 373 1411.

The Association of Business Recovery Professionals' 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 1 February 2014 to 31 July 2014

In this reporting period, the Administrators have incurred time costs of £18,554 representing 56 hours at an average hourly rate of £331. This includes work undertaken in respect of tax advice from KPMG in-house specialists. This brings total time spent to 909 hours at a cost of £379,343.

The Administrators agreed the basis of their remuneration with the Secured creditor which was fixed by reference to time properly given by the Administrators and their staff in dealing with matters arising in the administration of the Companies, at KPMG's charge out rates that reflect the complexity of the assignment.

In this period the Administrators have drawn remuneration of £46,568, a further fee will be drawn in due course.

### **3.2 Legal fees**

Costs for general legal advice of £6,017 have been paid in this period.

### **3.3 Other costs**

MHIHL, as shareholder of several subsidiary companies, has paid £2,400 in costs for a number of these to be liquidated in this period. Prior to the realisations from tax losses, MHIHL's insolvency process was funded by a contribution to costs from a parent company, Piccadilly Hotels 2 Limited (PH2). Following the recovery of the tax losses, MHIHL has repaid the majority of PH2's funding. A small balance of £5,737 is still to be repaid.

## **4 Estimated outcome for creditors**

### **4.1 Secured creditor**

As previously advised, at the date of Administrators' appointment, the Bank was owed approximately £277 million which is secured by a debenture dated 10 October 2006. Allen & Overy LLP have confirmed that the Bank's security is valid.

It is anticipated that there will be a significant shortfall to the Bank.

### **4.2 Preferential creditors**

There are no preferential creditor claims to consider in this matter.

#### **4.2.1 Unsecured creditors and the prescribed part**

According to the Director the Company owes £92.8 million to intercompany unsecured creditors.





Based on current estimates, there will not be a distribution, per the prescribed part or otherwise, to the unsecured creditors of the Company. This is due to the ongoing costs of the administration.

## **5 Future strategy**

### **5.1 Extension of the administration**

The Administrators will continue to manage the affairs, business and assets of the Company in order to achieve the purpose of the administration. This will include

- payment of administration expenses, including Administrators' remuneration,
- finalising the tax affairs including completion of corporation tax and VAT returns and settlement of any liabilities relating to the administration period

### **5.2 Exit from administration**

When the administration has been completed, we intend to move the Company into dissolution in accordance with Paragraph 84(1). We have sought and received approval, from the Secured creditor, for the discharge from liability under Paragraph 98(1) which will be effective upon the filing of the receipts and payments account with the Registrar of Companies.

### **5.3 Future reporting**

In accordance with Rule 2.47, the Administrators will provide a further progress report within one month of 31 January 2015 or earlier if necessary.

Jane Moriarty  
Joint Administrator

## Appendix 1 Statutory information

Company name and Trading style	Menzies Hotels Intermediary Holdings Limited
Administration appointment	High Court of Justice, Chancery Division, Companies Court, No 5561 of 2011
Date of appointment	28 June 2011
Present Administrators' details	<p>Jane Bronwen Moriarty is authorised to act as an insolvency practitioner by the Institute of Chartered Accountants in Ireland</p> <p>Richard Dixon Fleming is authorised to act as an insolvency practitioner by the Insolvency Practitioners Association</p>
Functions	The functions of the Administrators are being exercised by either or both of them in accordance with Paragraph 100(2) of Schedule B1
Application of EC regulations	EC regulations apply and these proceedings will be the Main Proceedings as defined in Article 3 of the EC regulations
Company Director	Timothy John Penter
Company Secretaries	Joseph O'Callaghan and Robert William Grainger
Date of incorporation	2 December 2004
Company registration number	05302708
Previous registered office	Bakum House, Etwall Road, Mickleover, Derby, DE3 0DL
Present registered office	KPMG LLP, Arlington Business Park, Theale, Reading RG7 4SD
Trading address	n/a
Authorised share capital	100,000 ordinary shares of £1each
Issued share capital	80,377 ordinary shares of £1each
Shareholder	Menzies Hotels Holdings Limited



*Menzies Hotels Intermediary Holdings Limited  
(in administration)  
Progress report  
KPMG LLP  
27 August 2014*

## **Appendix 2**

**Administrators' receipts and payments account for the period  
from 1 February 2014 to 31 July 2014**

**Menzies Hotels Intermediary Holdings Limited**  
**(In Administration)**  
**Administrators' Abstract of Receipts & Payments**

Statement of Affairs	From 01/02/2014 To 31/07/2014	From 28/06/2011 To 31/07/2014
<b>FIXED CHARGE ASSETS</b>		
1 00 Shares - MHOL	NIL	1 00
1 00 Shares - MHGL	NIL	1 00
Shares - RPB	NIL	1 00
	<u>NIL</u>	<u>3 00</u>
<b>FIXED CHARGE CREDITORS</b>		
Fixed charge creditor	NIL	3 00
	<u>NIL</u>	<u>(3 00)</u>
<b>ASSET REALISATIONS</b>		
Sale of tax losses	227,969 34	340,306 34
	<u>227,969 34</u>	<u>340,306 34</u>
<b>OTHER REALISATIONS</b>		
Contribution from PH2	NIL	124,315 50
Sundry refunds	388 09	388 09
	<u>388 09</u>	<u>124,703 59</u>
<b>COST OF REALISATIONS</b>		
Administrators' fees	46,567 75	220,785 75
Administrators' expenses	NIL	17,227 53
Contribution to costs re non-core liqs	2,400 00	10,400 00
Repayment of contribution from PH2 Ltd	118,578 60	118,578 60
Legal fees	6,017 00	23,437 70
JP Morgan escrow fees	NIL	800 00
Bank charges	NIL	60 00
	<u>(173,563 35)</u>	<u>(391,289 58)</u>
<b>2.00</b>	<u><b>54,794.08</b></u>	<u><b>73,720.35</b></u>
<b>REPRESENTED BY</b>		
Fixed charge current		63,217 40
Floating ch VAT control		10,502 95
		<u><b>73,720.35</b></u>

## Appendix 3

### Analysis of Administrators' time costs and schedule of rates of charging

	14 March 2012 to 30 Sep 2012	1 Oct 2012 to 30 Sept 2013	1 October 2013 to present
Partner/director	£460 - £535	£485 - £565	£485-£565
Management	£345 - £425	£365 - £450	£385-£475
Administrators	£175 - £240	£185 - £250	£195-£265
Support	£110	£115	£120

#### 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 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 KPMG passengers an additional 5p per mile per passenger will also be charged where appropriate.

## Menzies Hotels Intermediary Holdings Limited (in administration)

Joint Administrators time costs from 1 February 2014 to 31 July 2014

	Partner / Director	Manager	Administrator	Support	Total hours	Time cost	Average hourly rate
<b>Administration &amp; planning</b>							
<b>Cashiering</b>							
General (Cashiering)			4 60		4 60	£904 00	£196 52
Reconciliations (& IPS accounting reviews)		0 30	2 60		2 90	£713 50	£246 03
<b>General</b>							
Books and records			0 50		0 50	£132 50	£265 00
Fees and WIP		5 10	3 00		8 10	£2,590 50	£319 81
<b>Statutory and compliance</b>							
Checklist & reviews		0 40	1 60		2 00	£578 00	£289 00
Reports to debenture holders		2 40	0 10		2 50	£950 50	£380 20
Strategy documents		1 00			1 00	£385 00	£385 00
<b>Tax</b>							
Post appointment corporation tax	0 70	4 10	8 90	2 20	15 90	£6,201 00	£390 00
Post appointment VAT		0 40	1 90		2 30	£657 50	£285 87
<b>Creditors</b>							
<b>Creditors and claims</b>							
General correspondence		5 20			5 20	£2,002 00	£385 00
Statutory reports		3 70	6 90		10 60	£3,307 00	£311 98
<b>Realisation of assets</b>							
<b>Asset Realisation</b>							
Other assets			0 50		0 50	£132 50	£265 00
<b>Total in period</b>					<b>56 10</b>	<b>£18,554 00</b>	<b>£330 73</b>
Brought forward time as at 31 January 2014					852 60	£360,788 50	£423 16
Time in this period					56 10	£18,554 00	£330 73
Carry forward time					908 70	£379,342 50	£417 46

### Disbursements

There are no Category 1 or Category 2 disbursements in this reporting period

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



## **Appendix 4**

### **Schedule of expenses for the period 1 February 2014 to 31 July 2014**

	<b>Paid</b>	<b>Accrued</b>	<b>Total for period</b>
	<b>£</b>	<b>£</b>	<b>£</b>
<b>Costs of realisation</b>			
Administrators remuneration		18,554	18,554
<b>Total</b>		<b>18,554</b>	<b>18,554</b>

Creditors are reminded that the basis upon which Administrators' remuneration has been charged has been agreed with the Secured creditor in accordance with Rule 2 106. However, to determine if the quantum of the remuneration to be taken is reasonable the analysis included at Appendix 3 should be reviewed along with section 3 1 of this report.

Any additional information regarding remuneration or expenses charged for the period is available from the Administrators upon request by any secured creditor or any unsecured creditor(s) with at least 5% in value of the unsecured debt in accordance with Rule 2 48A. This request must be made within 21 days of receipt of the report. In addition creditors are reminded that the quantum can be challenged by any secured creditor or any unsecured creditor(s) with at least 10% in value (including that creditor's claim) of the unsecured debt by making an application to Court in accordance with Rule 2 109 within eight weeks of receipt of this report. The full text of these Rules can be provided upon request.