

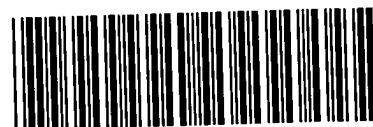
AM03

Notice of administrator's proposals



Companies House

TUESDAY



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11/08/2020

#32

COMPANIES HOUSE

1 Company details

Company number 0 5 6 9 9 1 1 0

Company name in full Kasterlee UK Limited

→ Filling in this form

Please complete in typescript or in
bold black capitals.

2 Administrator's name

Full forename(s) James Robert

Surname Bennett

3 Administrator's address

Building name/number 15 Canada Square

Street Canary Wharf

Post town London

County/Region

Postcode E 1 4 5 G L

Country

4 Administrator's name

Full forename(s) Stephen John

Surname Absolom

① Other administrator

Use this section to tell us about
another administrator.

5 Administrator's address

Building name/number 15 Canada Square

Street Canary Wharf

Post town London

County/Region

Postcode E 1 4 5 G L


Country

② Other administrator

Use this section to tell us about
another administrator.

AM03

Notice of Administrator's Proposals

6	Statement of proposals	
	<input checked="" type="checkbox"/> I attach a copy of the statement of proposals	
7	Sign and date	
Administrator's Signature	<div>Signature</div> <div>×</div> <div></div> <div>×</div>	
Signature date	<div>d</div> 1 <div>d</div> 0 <div>m</div> 0 <div>m</div> 8 <div>y</div> 2 <div>y</div> 0 <div>y</div> 2 <div>y</div> 0	

AM03 Notice of Administrator's Proposals



Presenter information

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

Contact name **Kerry O'Sullivan**

Company name **KPMG LLP**

Address **15 Canada Square
Canary Wharf**

Post town **London**

County/Region

Postcode **E 1 4 5 G L**

Country

DX

Telephone **Tel +44 (0) 20 7311 1000**



Checklist

We may return forms completed incorrectly or with information missing.

Please make sure you have remembered the following:

- ☐ The company name and number match the information held on the public Register.
- ☐ You have attached the required documents.
- ☐ You have signed and dated the form.



Important information

All information on this form will appear on the public record.



Where to send

You may return this form to any Companies House address, however for expediency we advise you to return it to the address below:

The Registrar of Companies, Companies House,
Crown Way, Cardiff, Wales, CF14 3UZ.
DX 33050 Cardiff.



Further information

For further information please see the guidance notes on the website at www.gov.uk/companieshouse or email enquiries@companieshouse.gov.uk

This form is available in an alternative format. Please visit the forms page on the website at www.gov.uk/companieshouse



Joint Administrators' proposals

Kasterlee UK Limited - in
Administration

10 August 2020

Deemed delivered: 10 August
2020

Notice to creditors

We have made this document available to you to set out the purpose of the administration and to explain how we propose to achieve it.

We have also explained why the Company entered administration and how likely it is that we will be able to pay each class of creditor.

You will find other important information in the document such as the proposed basis of our remuneration.

A glossary of the abbreviations used throughout this document is attached (Appendix 7).

Finally, we have provided answers to frequently asked questions and a glossary of insolvency terms on the following website, <http://www.insolvency-kpmg.co.uk/case+KPMG+CK605E3126.html>. We hope this is helpful to you.

Please also note that an important legal notice about this statement of proposals is attached (Appendix 8).



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1 Executive summary

- The Company operated a 211 room hotel in Croydon, South London and, at the date of appointment, employed 92 members of staff. The Company endured financial difficulties over the last 18 months, driven primarily by high property costs. The situation was exacerbated by the forced closure of all UK hotels as a result of Covid-19.
- The directors were introduced to KPMG by the Company's auditors, Grant Thornton LLP. The directors appointed - James Bennett and Steve Absolom - as Joint Administrators of the Company on 16 June 2020 (Section 2 - Background and events leading to the administration).
- In advance of, and following our appointment, discussions were held with the landlord regarding potential options. Our talks with the landlord explored:
 - i) Continuing to trade. The landlord had also been the sole customer of the hotel (as Croydon council was using the property to shelter those shielding from COVID)
 - ii) Confirm any revised lease terms that could be put to the market
 - iii) Confirm that the landlord would not charge rent during the admin
 - iv) Confirm payment of the outstanding amount due for the use of the hotel during COVID 19

The landlord was unable to promptly confirm their position or provide certainty on improved lease terms. Without this required support the Administrators couldn't continue to trade while exploring options to realise value from the lease. As such the lease was surrendered.

- The period from appointment to surrender was utilised to realise assets within the administration (Section 3 - Strategy and progress of the administration to date).
- We are not aware of any secured creditors of the Company (Section 4 - Dividend prospects).
- Based on current estimates, we anticipate that preferential creditors should receive a dividend. We have yet to determine the quantum to be distributed (Section 4 - Dividend prospects).
- There are not expected to be sufficient funds to enable a distribution to the unsecured creditors (Section 4 - Dividend prospects).
- We will seek approval of our proposals by deemed consent (Section 6 - Approval of proposals).
- We propose that our remuneration will be drawn on the basis of time properly given by us and the various grades of our staff in accordance with the fees estimate and charge-out rates provided (Section 7 - Joint Administrators' remuneration, disbursements and pre-administration costs).
- We anticipate the most likely exit route will be dissolution (Section 5 - Ending the administration).
- This document in its entirety is our statement of proposals. A summary list of the proposals is shown in Section 8 together with all relevant statutory information included

by way of appendices. Unless stated otherwise, all amounts in the proposals and appendices are stated net of VAT.

A handwritten signature in black ink, appearing to read "James Bennett", with a long horizontal flourish extending to the right.

James Bennett
Joint Administrator

2 Background and events leading to the administration

2.1 Background information

The Company was founded on 6 February 2006 and signed a 25-year lease to operate the Croydon Park Hotel on 7 April 2006. At the point of administration, the Company was a subsidiary of an Irish-based company, Kasterlee Limited.

The hotel operated from 7 Altyre Road, Croydon, and employed 92 members of staff.

Andrew O'Neill and Marie Richardson are the statutory directors of the Company ('the Directors')

We are not currently aware of any connected party transactions in the two years prior to the administration, although our investigations into the affairs of the Company are ongoing.

2.2 Funding and financial position of the Company

The Company last recorded a profitable year in 2017. From 2018 onwards, the Company has seen falling revenues, which has led to a negative EBITDA position in each of the full years 2018 (-£64k) and 2019 (-£146k), and to the point of administration in 2020 (-£417k). The Company's losses were funded by the controlling shareholder's equity investment.

As far as we are aware, there was no secured lending to the Company. There were no charges registered at Companies House.

According to the most recently available company records, circa £1.8m is owed to trade creditors.

2.3 Events leading to the administration

The uncertainty surrounding Brexit during 2018/2019 had an adverse impact on revenues. This combined with the unsustainable property costs, principally rent, resulted in financial difficulties for the Company.

Following the year ended 31 December 2018, the Company undertook regular reviews of the business, alongside their auditors and advisors, Grant Thornton LLP. In view of the challenges the Company faced, and specifically in relation to property costs, director Andrew O'Neill wrote to the landlord, Croydon Council, on 31 July 2019. Proposals contained within this letter were not accepted by the landlord and property costs remained unchanged. We understand further attempts by the directors to reach an acceptable compromise were unsuccessful.

On 23 March 2020, the UK was put into lockdown as a result of Covid-19, closing off almost all revenue streams for the Company. On the advice of Grant Thornton, the Directors were introduced to KPMG's Restructuring practice on 19 May 2020. In a board meeting on 12 June 2020, having regard to the financial position of the Company, the Directors resolved it would be in the best interests of the Company and its creditors to place the Company into

administration and appoint James Bennett and Steve Absolom as Joint Administrators of the Company.

2.4 Pre-administration work

The following work was carried out prior to our appointment with a view to placing the Company in administration:

- Advising the Company in relation to the administration appointment.
- Liaising with the landlord, as a key stakeholder of the Company.
- Liaising with the Company's legal advisors, IBB Law LLP.

It was necessary to undertake this work prior to the Company entering administration in order to facilitate an effective transition into administration.

We are satisfied that the work KPMG carried out before our appointment has not resulted in any relationships which create a conflict of interest or which threaten our independence.

Furthermore, we are satisfied that we are acting in accordance with the relevant guides to professional conduct and ethics.

2.5 Appointment of Joint Administrators

On 12 June 2020, the Directors resolved to appoint James Bennett and Steve Absolom as Joint Administrators.

On 16 June 2020, the notice of appointment was lodged at the High Court of Justice, Business and Property Courts of England & Wales and the Joint Administrators were appointed.

3 Strategy and progress of the administration to date

3.1 Strategy to date

Strategy

Prior to our appointment, the Joint Administrators considered the following:

1) Continue trading in administration

We considered that trading on in administration could have resulted in a higher return to creditors however following conversations with the landlord on appointment it became clear that:

- There was no readily available source of funding to cover costs that would be incurred to run the hotel;

- The UK lockdown severely limited revenue opportunities whilst trading on in administration.

2) Marketing and sale of the leasehold

Discussions with the landlord were held both pre and post our appointment as Joint Administrators. Part of these talks were to confirm whether the administrators could put the revised lease terms that were offered to Kasterlee, to the wider market. Unfortunately, this could not be confirmed and following these conversations, the lease was surrendered to the landlord.

As these two options were not feasible, our focus moved to maximising asset realisations (see section 4 below).

Upon appointment, 91 employees were made redundant. One employee was retained for a short period to assist the Joint Administrators.

3.2 Asset realisations

Realisations from the date of our appointment to 23 July 2020 are set out in the attached receipts and payments account (Appendix 2).

Summaries of the most significant realisations to date are provided below.

Cash at bank and in hand

The Company operated a pre-appointment bank account with Bank of Ireland ('the Bank').

At the date of appointment, there was a balance of £100,611 in the Company's account. Following the Joint Administrators appointment, we contacted the Bank to freeze the accounts and requested the funds be transferred to the administration bank account.

In addition, cash of £1,414 was also collected from the hotel.

Plant and machinery

Independent valuers SIA Group advised on the value of plant and machinery and worked to find a buyer in the short time frame available to realise value for the assets. The Joint Administrators sold various plant and machinery shortly after our appointment for £20,000. The sale primarily comprised kitchen and laundry equipment. SIA Group conducted the sale on behalf of the Joint Administrators.

Stock

The sum of £1,250 was realised in respect of liquor stock. This sale was overseen and conducted by Licensed Solutions.

Debtors

There is debtor book value of circa £35,000. We are in the process of contacting all parties with a view to realising these assets as soon as possible.

Investigations

We are reviewing the affairs of the Company to determine if there are any actions which can be taken against third parties to increase recoveries for creditors.

In this regard, if you wish to bring to our attention any matters which you believe to be relevant, please do so by writing to Kerry O'Sullivan at KPMG. Please note that, in light of the UK government's current advice, our staff are currently working remotely with emergency-only access to our offices. For this reason please send any relevant information to croydonparkhotel@kpmg.co.uk.

3.3 Costs

An estimate of all the anticipated costs likely to be incurred throughout the duration of the administration is set out in the attached summary of expenses (Appendix 4).

Payments made from the date of our appointment to 23 July 2020 are set out in the attached receipts and payments account (Appendix 2).

Summaries of the most significant payments made to date are provided below.

Agents' fees

We engaged Licensed Solutions to assist with the closedown of the hotel. Key elements of this included securing cash on site, disposing of all food and internal stock, ensuring the premises were compliant with all Health & Safety and Environmental laws, and in a suitable state to return to the landlord. The cost for this was £10,527.

SIA Group was engaged to undertake independent valuations of the lease and chattels. Additionally, they identified a purchaser for various plant and machinery and oversaw the sale. The total cost for this service was £5,773.

We engaged Paycheck to provide payment services in relation to completing the payroll at a cost of £292. This included the salary of the retained employee, together with the payment of furlough monies due to the former employees, in respect of the Job Retention Scheme funds incurred prior to our appointment. We were able to transfer £44,642 to former employees who had been furloughed by the Company.

Confidential waste fees

We engaged a shredding company to dispose of the large quantities of data held on site. Over two tonnes of paperwork was disposed of at a cost of £6,942.

4 Dividend prospects

4.1 Secured creditor

We are not aware of any secured claims against the Company.

4.2 Preferential creditors

Claims from employees in respect of (1) arrears of wages up to a maximum of £800 per employee, (2) unlimited accrued holiday pay and (3) certain pension benefits, rank preferentially.

We estimate the total amount of preferential claims at the date of our appointment to be £40,216.

Based on current estimates, we anticipate that preferential creditors should receive a dividend. We have yet to determine the amount of this, but we will do so when we have completed the realisation of assets and the payment of associated costs.

4.3 Unsecured creditors

Based on current estimates, it is highly unlikely that there will be a dividend to unsecured creditors.

5 Ending the administration

5.1 Exit route from administration

We consider it prudent to retain all of the options available to us, as listed in Section 8 to bring the administration to a conclusion in due course.

However, at this stage we anticipate that the most likely exit route will be dissolution.

5.2 Discharge from liability

We propose to seek approval from the unsecured creditors that we will be discharged from liability in respect of any action as Joint Administrators upon the filing of our final receipts and payments account with the Registrar of Companies.

Discharge does not prevent the exercise of the Court's power in relation to any misfeasance action against us.

See Section 6 for details regarding the decision by deemed consent.

6 Approval of proposals

6.1 Deemed consent

We intend to seek approval of our statement of proposals using deemed consent.

Creditors' Committee

A Creditors' Committee will be formed if sufficient creditors are willing to act. The minimum number of Committee members is three and the maximum is five.

Function of the Creditors' Committee

The Creditors' Committee represents the interests of the creditors as a whole rather than the interests of certain parties or individuals.

Its statutory function is to help us to discharge our responsibilities as Joint Administrators.

If a Creditors' Committee is formed it is for that body to approve, for instance:

- the basis of our remuneration
- the drawing of Category 2 disbursements
- the payment of unpaid pre-administration costs

Members of the Creditors' Committee are not remunerated for their time. Other than receiving travel expenses, they receive no payment from the Company.

6.2 Decisions

We are using deemed consent to propose the following decisions:

- approval of our proposals;
- discharge of liability; and
- the formation of a Creditors' Committee.

In addition, creditors are also required to vote on the proposed decisions in Section 7. However, the votes cast in relation to these additional decisions will only be used if a Creditors' Committee is not formed.

6.3 Creditors' right to object to deemed consent

We will summon a physical meeting (1) if asked to do so by (a) creditors whose debts amount to at least 10% of the total debts of the Company, or (b) 10% in number of creditors, or (c) 10 creditors, and (2) if the procedures set out below are followed.

Requests for a physical meeting must be made within five business days of the date on which our proposals were delivered. They must include:

- a statement of the requesting creditor claim;
- a list of the creditors concurring with the request, showing the amounts of their respective debts in the administration;
- written confirmation of their concurrence from each concurring creditor; and
- a statement of the purpose of the proposed meeting;

In addition, the expenses of summoning and holding a meeting at the request of a creditor must be paid by that creditor. That creditor is required to deposit security for such expenses with us.

If you wish to request a physical creditors' meeting, please complete and return the physical meeting requisition form.

Creditors have the right to object to deemed consent. Please see the formal notice of the decision procedure for details of how to object to the deemed consent.

If the decision date expires without 10% in value of creditors objecting to the deemed consent, or us being required to convene a requisitioned physical meeting, the creditors will be treated as having approved our proposals and proposed decision with regards to discharge of liability on the decision date.

If 10% or more in value of creditors do object to the deemed consent we will use a decision procedure to seek approval of our proposals and discharge of liability.

7 Joint Administrators' remuneration, disbursements and pre-administration costs

7.1 Approval of the basis of remuneration and disbursements

Agreement to the basis of our remuneration and the drawing of Category 2 disbursements is subject to specific approval. It is not part of our proposals.

Should a Creditors' Committee be formed, we will seek to obtain approval from the Creditors' Committee that:

- our remuneration will be drawn on the basis of time properly given by us and the various grades of our staff in accordance with the fees estimate provided in Appendix 3 and the charge-out rates included in Appendix 5;
- disbursements for services provided by KPMG (defined as Category 2 disbursements in Statement of Insolvency Practice 9) will be charged in accordance with KPMG's policy as set out in Appendix 5.

We will write to the unsecured creditors under separate cover in order to seek approval for the basis of remuneration and the drawing of Category 2 disbursements.

Time costs

From the date of our appointment to 17 July 2020, we have incurred time costs of £110,822. These represent 309 hours at an average rate of £359 per hour.

Disbursements

We have incurred disbursements of £951 during the period. None of these have yet been paid.

Additional information

We have attached (Appendix 5) an analysis of the time spent, the charge-out rates for each grade of staff and the disbursements paid directly by KPMG for the period from our appointment to 17 July 2020. We have also attached our charging and disbursements recovery policy.

7.2 Pre-administration costs

The following pre-administration costs have been incurred in relation to the pre-administration work detailed in Section 2:

Pre-administration costs			
	Paid (£)	Unpaid (£)	Total (£)
KPMG fees		28,040.75	28,040.75
Total		28,040.75	28,040.75

The payment of unpaid pre-administration costs as an expense of the administration is subject to the same approval as our remuneration, as outlined above. It is not part of our proposals.

8 Summary of proposals

Due to the Company's immediate liquidity crisis and inability to secure a deal with the landlord, rescuing the Company in accordance with Paragraph 3(1)(a) is not achievable.

Therefore, our primary objective is to achieve a better result for the Company's creditors as a whole than would be likely if the Company were wound up, in accordance with Paragraph 3(1)(b).

In addition to the specific itemised proposals below, this document in its entirety constitutes our proposals.

We propose the following:

General matters

- ❑ to continue to do everything that is reasonable, and to use all our powers appropriately, in order to maximise realisations from the assets of the Company in accordance with the objective as set out above;
- ❑ to investigate and, if appropriate, to pursue any claims the Company may have; to seek an extension to the administration period if we consider it necessary.

Distributions

- ❑ to make distributions to the unsecured creditors if funds become available, and to apply to the Court for authority to do so, where applicable.

Ending the administration

We might use any or a combination of the following exit route strategies in order to bring the administration to an end:

- ❑ place the Company into creditors' voluntary liquidation. In these circumstances we propose that we, James Bennett and Steve Absolom, be appointed as Joint Liquidators of the Company without any further recourse to creditors. If appointed Joint Liquidators, any action required or authorised under any enactment to be taken by us may be taken by us individually or together. The creditors may nominate different persons as the proposed Joint Liquidators, provided the nomination is received before these proposals are approved;
- ❑ petition the Court for a winding-up order placing the Company into compulsory liquidation and to consider, if deemed appropriate, appointing us, James Bennett and Steve Absolom, as Joint Liquidators of the Company without further recourse to creditors. Any action required or authorised under any enactment to be taken by us as Joint Liquidators may be taken by us individually or together;
- ❑ file notice of move from administration to dissolution with the Registrar of Companies if we consider that liquidation is not appropriate because (1) no dividend will become available to creditors, and (2) there are no other outstanding matters that require to be dealt with in liquidation. The Company will be dissolved three months after the registering of the notice with the Registrar of Companies.

Alternatively, we may allow the administration to end automatically.

Joint Administrators' remuneration and pre-administration costs

We propose that:

- ❑ our remuneration will be drawn on the basis of time properly given by us and the various grades of our staff in accordance with the fees estimate provided in Appendix 3 and the charge-out rates included in Appendix 5;
- ❑ disbursements for services provided by KPMG (defined as Category 2 disbursements in Statement of Insolvency Practice 9) will be charged in accordance with KPMG's policy as set out in Appendix 5;
- ❑ unpaid pre-administration costs be an expense of the administration.

Discharge from liability

We propose that we shall be discharged from liability in respect of any action of ours as Joint Administrators upon the filing of our final receipts and payments account with the Registrar of Companies.

Appendix 1 Statutory information

Company information

Company and Trading name	Kasterlee UK Limited
Date of incorporation	6 February 2006
Company registration number	05699110
Trading address	7 Altyre Road, Croydon, Surrey, CR9 5AA
Previous registered office	Croydon Park Hotel, Altyre Road, Croydon, England, CR9 5AA
Present registered office	15 Canada Square, Canary Wharf, London, E14 5GL
Company Directors	Andrew O'Neill (Ultimate shareholder) Marie Richardson
Company Secretary	Andrew O'Neill

Administration information

Administration appointment	The administration appointment granted in High Court of Justice, Business and Property Courts of England & Wales, CR-2020-002755 of 2020
Appointor	Directors
Date of appointment	16 June 2020
Joint Administrators	James Bennett and Steve Absalom
Purpose of the administration	Achieving a better result for the Company's creditors as a whole than would be likely if the Company were wound up.
Functions	The functions of the Joint Administrators are being exercised by them individually or together in accordance with Paragraph 100(2).
Current administration expiry date	15 June 2021
Prescribed Part	The Prescribed Part is not applicable on this case as the Company has no secured creditors.
Application of EC Regulations	EC Regulations apply and these proceedings will be the Main Proceedings as defined in Article 3 of the EC Regulations.

Appendix 2 Joint Administrators' receipts and payments account

Kasterlee UK Limited - in Administration			
Abstract of receipts & payments			
Statement of affairs (£)		From 16/06/2020 To 23/07/2020 (£)	From 16/06/2020 To 23/07/2020 (£)
ASSET REALISATIONS			
45,632.00	Plant & machinery	20,000.00	20,000.00
7,232.00	Stock	1,250.00	1,250.00
81,830.00	Book debts	NIL	NIL
102,025.00	Cash at bank and in hand	102,025.13	102,025.13
		123,275.13	123,275.13
COST OF REALISATIONS			
	Agents'/Valuers' fees	(16,591.70)	(16,591.70)
	Books and records destruction	(6,941.70)	(6,941.70)
		(23,533.40)	(23,533.40)
PREFERENTIAL CREDITORS			
(16,000.00)	Employees' wage arrears	NIL	NIL
		NIL	NIL
UNSECURED CREDITORS			
(2,848,806.00)	Trade & expense	NIL	NIL
(164,000.00)	Employees	NIL	NIL
(66,012.00)	Corp tax etc/nonpref PAYE	NIL	NIL
		NIL	NIL
(2,858,099.00)		99,741.73	99,741.73
REPRESENTED BY			
	Floating ch. VAT rec'able		4,456.68
	Floating charge current		99,285.05
	Floating ch. VAT payable		(4,000.00)
			99,741.73

Appendix 3 Joint Administrators' fees estimate

Estimated time costs for the engagement				
	Narrative	Estimated total hours	Estimated time cost (£)	Estimated average hourly rate (£)
Administration & Planning				
Members' notifications	Note 1	2.50	813.00	325.20
Cashiering - processing receipts, payments and bank reconciliations	Note 2	15.00	4,749.00	316.60
General - books & records, fees & work in progress	Note 3	7.70	2,948.00	382.86
Statutory and compliance - appointment & related formalities, bonding, checklist & reviews, reports to secured creditors, advertising, strategy	Note 4	105.80	41,434.00	391.63
Tax - VAT & Corporation tax, initial reviews, pre and post appointment tax	Note 5	36.90	12,042.00	326.34
Creditors				
Creditors and claims - general correspondence, notification of appointment, statutory reports, agreement of preferential claims and payment of dividends	Note 6	168.70	54,594.00	323.62
Employees – correspondence	Note 7	65.40	21,149.00	323.38
Investigations				
Directors - correspondence, statement of affairs, questionnaires	Note 8	11.10	3,963.00	357.03
Investigations - director conduct and affairs of the Company	Note 9	14.00	4,834.00	345.29
Realisation of Assets				
Asset Realisation - including insurance of assets	Note 10	53.50	20,669.00	386.34
Total		480.6	167,194.00	347.89

Whilst specific notes have been provided below to give more context around the fees estimate, these should be read in conjunction with the report as a whole.

Below is further detail of the work to be undertaken for this engagement:

Note 1 – Members' notifications

Our anticipated work will involve updating our records with the members' details, sending notices of our appointment and our proposals.

Note 2 – Cashiering

Our anticipated work will involve opening a separate administration bank account, maintaining the account, including bank reconciliations and processing receipts and payments in the administration.

Note 3 - General

Our work includes collection of the Company's books and records, and seeking approval for our fees and expenses as detailed in these Proposals.

Note 4 – Statutory and compliance

Our work will include notifying the Registrar of Companies and other relevant parties of our appointment, arranging bonding and ensuring compliance with all statutory obligations. Further details are included in these Proposals.

Note 5 – Tax

We have instructed our internal VAT and Tax specialists to review the Company's tax and VAT affairs. We will submit post-administration tax and VAT returns as required.

Note 6 – Creditors and claims

There will continue to be time spent dealing with general creditor queries and correspondence and agreement of preferential claims and payment of dividends. This also includes anticipated time to be spent on preparing our proposals and progress reports.

Note 7 – Employees

Our work includes managing payroll for the retained member of staff and dealing with redundancies, liaising with employees and paying them furlough funds paid to the Company in relation to the Job Retention Scheme, together with assisting the former employees to complete their claim forms and dealing with any subsequent queries.

Note 8 – Directors

Our anticipated work will involve correspondence with the Directors regarding their statutory duties and reviewing the Statement of Affairs and questionnaires.

Note 9 – Investigations

This work will involve reviewing the Company's affairs, directorship searches, compliance with our statutory duties and submitting director reports and other relevant reports to the Secretary of State. We will also be investigating any transactions or disposals made in the lead up to and/or immediately prior to our appointment.

Note 10 – Asset realisations

This includes time spent in relation to liaising with the bank, obtaining funds and closing the pre-appointment bank account, exploring the opportunity to obtain value for the lease, the collection of book debts, and dealing with other assets including stock and equipment.

In the event that additional work is necessary due to a change in the circumstances of the administration we may need to increase our fees estimate and request approval to draw additional remuneration.

Appendix 4 Joint Administrators' expenses estimate

Summary of Expenses from appointment

Expenses (£)	Narrative	Initial Estimates (£)
Administrators' pre-administration fees	Note 1	28,040.75
Administrators' disbursements	Note 2	1,000.00
Agents'/Valuers' fees	Note 3	15,819.00
Books and records destruction	Note 4	6,942.00
Legal fees	Note 5	1,000.00
Statutory advertising	Note 6	79.00
Property expenses – security	Note 7	2,388.00
Insurance of assets	Note 8	2,500.00
Wages & salaries	Note 9	800.00
Contingency	Note 10	8,000.00
TOTAL		66,568.75

Note 1 – Administrators' pre-administration fees

Our pre-administration fees relate to time spent specifically with a view to placing the Company into administration and dealing with certain aspects of the leasehold property, as detailed in Sections 2.4 and 7.2. These time costs are charged on an hourly basis, which is set out in Appendix 5.

Note 2 – Administrators disbursements

This includes travel costs and estimated cost for issuing letters and notices to all known creditors and shareholders of the Company.

Note 3 – Agents'/valuers' fees

Relates to valuation of the Company's assets by SIA, a site inspection, assistance with sale of certain assets, making the property safe and removal of food and other waste by Licensed Solutions.

Note 4 – Books and records destruction

Relates to a large volume of paper records containing confidential information that was destroyed in order to maintain our obligations under GDPR. This included c1.7 tonnes held in storage rooms within the hotel that was collated and shredded on site. Furthermore, an additional c1.2 tonnes of pre-packaged books and records on site were shredded.

Note 5 – Legal fees

Relates to legal advice in relation to validity of our appointment from an independent law firm.

Note 6 – Statutory advertising

Advertising costs in relation to our statutory requirement to advertise the administration appointment in the London Gazette.

Note 7 – Property expenses - security

We engaged on-site security for the period of our appointment to the date the landlord accepted surrender of the lease.

Note 8 – Insurance of assets

This is the estimated cost for insurance cover in relation to the property, other assets and employees.

Note 9 – Wages & Salaries, PAYE & NIC

This is the cost of retaining one employee for nine days.

Note 10 – Contingency

We estimate that additional costs of £8,000 will be incurred in relation to assistance with obtaining electronic company records, bank charges, payroll costs including issuing P45s, and other ancillary costs.

Appendix 5 Joint Administrators' 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 and employee 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/technical-library/england-wales/technical-guidance/fees/more/29113/page/1/guide-to-administrators-fees/>

If you are unable to access this guide and would like a copy, please contact Kerry O'Sullivan on 0122 3582036.

Hourly rates

Set out below are the relevant hourly charge-out rates 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.

Charge-out rates (£) for: Restructuring	
Grade	From 01 Jan 2020 £/hr
Partner	690
Director	620
Senior Manager	560
Manager	467
Senior Administrator	325
Administrator	236
Support	147

The charge-out rates used by us might periodically rise (for example to cover annual inflationary cost increases) over the period of the administration. In our next statutory report, we will inform creditors of any material amendments to these 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 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.

Category 2 disbursements charged by KPMG Restructuring include 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.

We have incurred the following disbursements during the period 16 June 2020 to 23 July 2020.

SIP 9 - Disbursements			
	Category 1	Category 2	
Meals	33.67	NIL	33.67
Postage	500.40	NIL	500.40
Travel	416.62	NIL	416.62
Total	950.69	NIL	950.69

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 are to be approved in the same manner as our remuneration.

Narrative of work carried out for the period 16 June 2020 to 23 July 2020

The key areas of work have been:

Statutory and compliance	collating initial information to enable us to carry out our statutory duties, including creditor information, details of assets and information relating to the licences; providing initial statutory notifications of our appointment to the Registrar of Companies, creditors and other stakeholders, and advertising our appointment; issuing regular press releases and posting information on a dedicated web page; preparing statutory receipts and payments accounts;
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	arranging bonding and complying with statutory requirements.
Strategy documents, Checklist and reviews	<p>formulating, monitoring and reviewing the administration strategy, including the decision to trade and meetings with internal and external parties to agree the same;</p> <p>briefing of our staff on the administration strategy and matters in relation to various work-streams;</p> <p>regular case management and reviewing of progress, including regular team update meetings and calls;</p> <p>meeting with management to review and update strategy and monitor progress;</p> <p>reviewing and authorising junior staff correspondence and other work;</p> <p>dealing with queries arising during the appointment;</p> <p>reviewing matters affecting the outcome of the administration;</p> <p>allocating and managing staff/case resourcing and budgeting exercises and reviews;</p> <p>liaising with legal advisors regarding the various instructions, including agreeing content of engagement letters;</p> <p>complying with internal filing and information recording practices, including documenting strategy decisions.</p>
Cashiering	<p>setting up administration bank accounts and dealing with the Company's pre-appointment accounts;</p> <p>preparing and processing vouchers for the payment of post-appointment invoices;</p> <p>creating remittances and sending payments to settle post-appointment invoices;</p> <p>preparing payroll payments for retained staff, dealing with salary related queries and confirming payments with the employee's banks;</p> <p>reconciling post-appointment bank accounts to internal systems;</p> <p>ensuring compliance with appropriate risk management procedures in respect of receipts and payments.</p>
Tax	<p>gathering initial information from the Company's records in relation to the taxation position of the Company;</p> <p>submitting relevant initial notifications to HM Revenue and Customs;</p> <p>reviewing the Company's pre-appointment corporation tax and VAT position.</p>
Shareholders	providing notification of our appointment.
General	locating relevant Company books and records, arranging for their collection and dealing with the ongoing storage.
Asset realisations	<p>collating information from the Company's records regarding the assets;</p> <p>liaising with finance companies in respect of assets subject to finance agreements;</p> <p>liaising with agents regarding the sale of assets;</p> <p>dealing with issues associated with the sale of stock;</p> <p>reviewing outstanding debtors and management of debt collection strategy;</p> <p>liaising with Company credit control staff and communicating with debtors.</p>
Property matters	<p>reviewing the Company's leasehold properties, including review of leases;</p> <p>communicating with landlords regarding rent, property occupation and other issues;</p> <p>performing land registry searches.</p>
Health and safety	<p>liaising with health and safety specialists in order to manage all health and safety issues and environmental issues, including ensuring that legal and licensing obligations are complied with;</p> <p>liaising with the Health and Safety Executive regarding the administration and ongoing health and safety compliance.</p>
Open cover insurance	<p>arranging ongoing insurance cover for the Company's business and assets;</p> <p>liaising with the post-appointment insurance brokers to provide information, assess risks and ensure appropriate cover in place;</p> <p>assessing the level of insurance premiums.</p>
Employees	<p>dealing with queries from employees regarding various matters relating to the administration and their employment;</p> <p>dealing with statutory employment related matters, including statutory notices to employees and making statutory submissions to the relevant government departments;</p> <p>holding employee briefing meetings to update employees on progress in the administration and our strategy;</p> <p>administering the Company's payroll, including the payment of furlough monies received in respect of the Job Retention scheme to former employees, including associated taxation and other deductions, and preparing PAYE and NIC returns;</p> <p>communicating and corresponding with HM Revenue and Customs;</p> <p>dealing with issues arising from employee redundancies, including statutory notifications and liaising with the Redundancy Payments Office;</p> <p>managing claims from employees;</p> <p>ensuring security of assets held by employees.</p>

Pensions	collating information and reviewing the Company's pension schemes.
Creditors and claims	drafting and circulating our proposals; creating and updating the list of unsecured creditors; responding to enquiries from creditors regarding the administration and submission of their claims; reviewing completed forms submitted by creditors, recording claim amounts and maintaining claim records; dealing with suppliers with retention of title claims, including reviewing supporting documentation and arranging and carrying out stock inspection visits.
Investigations/directors	reviewing Company and directorship searches and advising the directors of the effect of the administration; liaising with management to produce the Statement of Affairs and filing this document with the Registrar of Companies.

Time costs

Pre-Administration costs (19/05/2020 to 15/06/2020)						
	Hours					
	Partner / Director	Manager	Administrator	Support	Total	Average Hourly Rate (£)
Advising directors		14.20	3.40		17.60	7,736.40
Appointment documents	1.10	2.40	39.05		42.55	14,494.05
Pre-administration checks	1.50	0.60	18.70		20.80	5,810.30
Total	2.60	17.20	61.15	0.00	80.95	28,040.75

SIP 9 –Time costs analysis (16/06/2020 to 23/07/2020)

	Hours	Time Cost (£)	Average Hourly Rate (£)
Administration & planning			
Bankrupt/Director/Member			
Notification of appointment	2.50	812.50	325.00
Cashiering			
General (Cashiering)	4.30	1,077.10	250.49
Reconciliations (& IPS accounting reviews)	0.40	214.70	536.75
General			
Books and records	1.00	353.40	353.40
Statutory and compliance			
Appointment and related formalities	70.70	25,438.00	359.80
Appointment documents	2.50	812.50	325.00
Bonding & Cover Schedule	0.50	233.50	467.00
Checklist & reviews	1.20	598.20	498.50
Strategy documents	22.30	11,196.10	502.07

SIP 9 –Time costs analysis (16/06/2020 to 23/07/2020)

	Hours	Time Cost (£)	Average Hourly Rate (£)
Tax			
Initial reviews - CT and VAT	5.70	2,527.70	443.46
Creditors			
Creditors and claims			
General correspondence	37.00	11,994.20	324.17
Notification of appointment	9.60	3,162.00	329.38
Statutory reports	11.00	4,625.80	420.53
Employees			
Agreeing employee claims	4.40	1,038.40	236.00
Correspondence	65.80	20,975.10	318.77
Pensions reviews	3.00	823.70	274.57
Investigation			
Directors			
Correspondence with directors	3.40	1,105.00	325.00
Directors' questionnaire / checklist	0.60	223.40	372.33
Statement of affairs	2.50	869.30	347.72
Investigations			
Correspondence re investigations	2.70	877.50	325.00
Realisation of assets			
Asset Realisation			
Cash and investments	21.60	8,397.40	388.77
Debtors	7.80	2,535.00	325.00
Health & safety	0.30	140.10	467.00
Insurance	1.30	607.10	467.00
Leasehold property	20.70	8,156.30	394.02
Plant and machinery	3.60	1,198.40	332.89
Stock and WIP	2.40	829.60	345.67
Total in period	308.80	110,822.00	358.88
Brought forward time (appointment date to SIP 9 period start date)	0.00	0.00	
SIP 9 period time (SIP 9 period start date to SIP 9 period end date)	308.80	110,822.00	
Carry forward time (appointment date to SIP 9 period end date)	308.80	110,822.00	

Appendix 6 Statement of Affairs

This is the Statement of Affairs for the Company as at the date of our appointment which was provided by Andrew O'Neill.

We have not carried out anything in the nature of an audit on the information provided. The figures do not take into account our estimated costs of the administration.

The list of creditors includes prepaid consumer details and therefore has not been provided.

Statement of affairs

Name of Company Kasterlee UK Limited	Company number 05699110
In the High Court of Justice, Business & Property Courts of England & Wales	Court case number CR-2020-002755

(a) Insert name and
address of registered
office of the company

Statement as to the affairs of (a) Kasterlee UK Limited (the 'Company'), 15 Canada Square, Canary Wharf, London, E14 5GL

(b) Insert date

On the 16 June 2020, the date that the Company entered administration.

Statement of Truth

I believe that the facts stated in this statement of affairs are a full, true and complete statement of the affairs of the Company as at 16 June 2020 the date that the Company entered administration.

Full name

ANDREW JOSEPH O'NEILL

Signed



Dated

1st July 2020

Kasterlee UK Ltd - Estimated Outcome Statement

£'000	Mgmt Apr-20	EOS Jun-20	Note
Assets subject to fixed charge			
N/a	-	-	No fixed charge holder
Assets available fixed charge holder	-	-	
Costs			
Transaction Costs (incl. Receiver's fees)		-	No fixed charge holder
Fixed Charge Holder			
Term debt	-	-	No term debt
Shortfall in Fixed Charge Creditor		-	
Assets subject to floating charge			
N/a	-	-	No floating charge holder
Uncharged Assets			
Fixture and Fittings	304	46	Assumed 15% realised
Stocks	14	7	Assumed 50% of the balance recoverable.
Trade Debtors	109	82	Assumed 75% of debtors balance collectable.
Prepayments	1,333	-	Rent (£821k), Rates (£443k), Insurance (£21k) and other (£47k). Assumed nil recovery
Cash at bank and in hand	169	169	100% realised - Cash at date of Liquidation to be confirmed.
Prepaid customers	(108)	(108)	Deposits and guest ledger are amounts assumed to be held in trust and offset against the cash
Administrator costs and expenses		(100)	Estimated
Available for preferential creditors		96	
Preferential creditors			
Employees - Arrears of wages and holiday pay		(16)	82 staff at Jun20 at £200 per employee (estimate). No arrears liability, only holiday pay estimate.
Available for unsecured creditors		79	
HMRC - PAYE & NIC, Corporation tax & VAT	(66)	(66)	Assumed all tax liabilities are unsecured
Unsecured trade creditors	(2,319)	(2,319)	Trade creditors
Unsecured non preferential claims	(422)	(422)	Accruals and other creditors
Unsecured pre paid customers	-	-	Deposits and guest ledger are amounts assumed to be held in trust and offset against the cash above.
Unsecured employee creditors	-	(164)	Notice pay and redundancy - 82 staff at Jun20 at £2,000 per employee (estimate).
Shortfall		(2,892)	

Appendix 7 Glossary

Company	Kasterlee UK Limited- in Administration
Directors	Andrew O'Neill and Marie Richardson
Joint Administrators/we/our/us	James Bennett and Steve Absolom
KPMG	KPMG LLP
Licensed Solutions	Licensed Solutions Limited
SIA Group	SIA Group (UK) London Limited

Any references in these proposals to sections, paragraphs and rules are to Sections, Paragraphs and Rules in the Insolvency Act 1986, Schedule B1 of the Insolvency Act 1986 and the Insolvency Rules (England and Wales) 2016 respectively.

Appendix 8 Notice: About this statement of proposals

This statement of proposals ('proposals') has been prepared by James Bennett and Steve Absolom, the Joint Administrators of Kasterlee UK Limited – in Administration (the 'Company'), solely to comply with their statutory duty under Paragraph 49, Schedule B1 of the Insolvency Act 1986 to lay before creditors a statement of their proposals for achieving the purposes 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.

These proposals have not been prepared in contemplation of them being used, and are not suitable to be used, to inform any investment decision in relation to the debt of or any financial interest in the Company.

Any estimated outcomes for creditors included in these proposals are illustrative only and cannot be relied upon as guidance as to the actual outcomes for creditors.

Any person that chooses to rely on these proposals for any purpose or in any context other than under Paragraph 49, Schedule B1 of the Insolvency Act 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 these proposals.

James Robert Bennett and Stephen John Absolom are authorised to act as insolvency practitioners by the Institute of Chartered Accountants in England & Wales.

We are bound by the Insolvency Code of Ethics.

The Officeholders are Data Controllers of personal data as defined by the Data Protection Act 2018. Personal data will be kept secure and processed only for matters relating to the appointment. For further information, please see our Privacy policy at – home.kpmg.com/uk/en/home/misc/privacy-policy-insolvency-court-appointments.html.

The Joint Administrators act as agents for the Company 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 these proposals or the conduct of the administration.

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