

The Insolvency Act 1986

Administrators' progress report

Name of Company

Castillo de Lachar Limited

Company number

06059062

In the
High Court of Justice

[full name of court]

Court case number
4687 of 2010(a) Insert full name(s)
and address(es) of
administrator(s)

I/We (a)

Neil David Gostelow
KPMG LLP
Arlington Business Park
Theale
Reading
Berkshire
RG7 4SDRichard Dixon Fleming
KPMG LLP
Arlington Business Park
Theale
Reading
Berkshire
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Joint Administrators of the above company attach a progress report for the period

(b) Insert dates from

to

(b) 1 October 2015

(b) 31 March 2016

Signed



Joint Administrator

Dated

25 April 2016

Contact Details:

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

Kelly Haines
KPMG LLP
Arlington Business Park
Theale
Reading
RG7 4SD United Kingdom

Tel 0118 3731401



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Companies House, Crown Way, Cardiff CF14 3UZ

DX 33050 Cardiff

THURSDAY



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Castillo de Lachar Limited - in Administration

Joint Administrators' progress report for the
period 1 October 2015 to 31 March 2016

25 April 2016

Notice to creditors

This progress report provides an update on the administration of the Company

We have included (Appendix 2) an account of all amounts received and payments made since the date of our appointment

We have also explained our future strategy for the administration and how likely it is that we will be able to pay each class of creditor

You will find other important information in this progress report such as the costs which we have incurred to date

A glossary of the abbreviations used throughout this document is attached (Appendix 5)

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+CA607D0742.html> We hope this is helpful to you

Please also note that an important legal notice about this progress report is attached (Appendix 6).



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1 Executive summary

- This progress report covers the period from 1 October 2015 to 31 March 2016
- It is not anticipated that there will be sufficient proceeds from the sale of the Property to repay the Secured Creditor in full (Section 3 - Dividend prospects)
- The Company had no employees. We are not aware of any preferential claims against the Company (Section 3 - Dividend prospects)
- There are insufficient funds to enable a distribution to unsecured creditors (Section 3 - Dividend prospects)
- The administration is currently due to end on 4 June 2016. However, this progress report supports an application to Court to consider a 12 month extension to 3 June 2017 (Section 5.2 – Future strategy)
- Please note you should read this progress report in conjunction with our previous progress reports and proposals issued to the Company's creditors which can be found at <http://www.insolvency-kpmg.co.uk/case+KPMG+CA607D0742.html>. Unless stated otherwise, all amounts in this progress report and appendices are stated net of VAT.



Neil Gostelow
Joint Administrator



2 Progress to date

This section updates you on our strategy for the administration and on our progress to date. It follows the information provided in our previous progress report.

2.1 Asset realisations

There have been no significant realisations in the period covered by this report.

Freehold property

Disposing of the Castle is complicated by the building having a Spanish heritage status, pre-emption right to certain Spanish authorities and the part complete nature of the renovation works.

The complications above have led to two aborted sales to date and one lost deposit of €25,000.

The Spanish authorities have now exercised their pre-emption right but have yet to execute a transaction. Discussions are ongoing around completion mechanics.

2.2 Costs

As no realisations have been made to date, the costs of the administration have been funded by Europe Arab Bank Plc.

Payments made in this period are set out in the attached receipts and payments account (Appendix 2).

Summaries of the most significant payments made during the period are provided below.

Security

We have paid €720 for security patrols.

2.3 Schedule of expenses

We have detailed the costs incurred during the period, whether paid or unpaid, in the schedule of expenses attached (Appendix 3).

Summaries of the most significant expenses which have been incurred in the period but have not yet been paid are provided below.

Administrators' fees

From 1 October 2015 to 31 March 2016, we have incurred time costs of £17,371. These represent 53 hours at an average rate of £325 per hour.

3 Dividend prospects

3.1 Secured Creditor

As previously reported, the Bank holds a debenture, containing both fixed and floating charges over the assets of the Company, which was created on 12 December 2007.



As such, the Bank is entitled to sale proceeds from the sale of the Property less the costs of realisation under its fixed charge. On appointment the Bank was owed €5.9 million.

It is not anticipated that there will be sufficient proceeds from the sale of the Property to repay the Bank in full.

3.2 Preferential creditors

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

3.3 Unsecured creditors

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

4 Joint Administrators' remuneration and disbursements

Time costs

From 1 October 2015 to 31 March 2016, we have incurred time costs of £17,371. These represent 53 hours at an average rate of £325 per hour. During the period we have drawn remuneration of £136,426. However, as the Castle has not yet been sold and there are no other assets, we have been paid directly by the Bank.

Disbursements

During the period, we have not incurred any disbursements.

Additional information

We have attached (Appendix 4) an analysis of the time spent, the charge-out rates for each grade of staff and the expenses paid directly by KPMG for the period from 1 October 2015 to 31 March 2016. We have also attached our charging and disbursements policy.

5 Future strategy

5.1 Future conduct of the administration

We will continue to manage the affairs, the business and the property of the Company in order to achieve the purpose of the administration. This will include but not be limited to:

- the disposal of the Property,
- making a distribution to the Secured creditor (if any),
- finalising and settling all administration liabilities, including our remuneration and
- dealing with statutory matters.

5.2 Extension of the administration

The duration of an administration is restricted to 12 months from the date of commencement unless it is extended with the permission of creditors or the Court.

The administration is currently due to end on 4 June 2016.



However, this progress report accompanies an application to Court to consider a 12 month extension to 3 June 2017 to ascertain our ongoing strategy for realising the property

5.3 Future reporting

We will provide a further progress report within one month of 30 September 2016



Appendix 1 Statutory information

Company information

Company name	Castillo de Lachar Limited
Date of incorporation	19 January 2007
Company registration number	06059062
Present registered office	KPMG LLP, Arlington Business Park, Theale, Reading, RG7 4SD

Administration information

Administration appointment	The administration appointment granted in High Court of Justice, 4687 of 2010
Appointor	Secured Creditor
Date of appointment	4 June 2010
Joint Administrators' details	Neil Gostelow and Richard Fleming
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	4 June 2016



Appendix 2 Joint Administrators' receipts and payments account

Castillo de Lachar Limited - in Administration

Abstract of receipts & payments

Statement of affairs (£)	From 01/10/2015 To 31/03/2016 (£)	From 04/06/2010 To 31/03/2016 (£)
FIXED CHARGE ASSETS		
Freehold property	NIL	25,000 00
	NIL	25,000 00
FIXED CHARGE COSTS		
Irrecoverable VAT	NIL	(88,372 82)
Administrators' fees	NIL	(314,419 62)
Administrators' expenses	NIL	(16,939 57)
Legal fees	NIL	(129,001 38)
Insurance - Overseas Tax	NIL	(10,396 92)
Agents'/Valuers' fees	NIL	(5,767 10)
Utilities/Property Taxes	NIL	(63,962 29)
Pre-appointment debt interest	NIL	(664 58)
Insurance	NIL	(129,020 63)
Bank charges & Debit interest	(120 00)	(6,271 72)
Security	(720 00)	(2,512 10)
Contract Caretaker	NIL	(106,000 00)
Renovation costs	NIL	(109,207 56)
	(840 00)	(982,536 29)
ASSET REALISATIONS		
Inherited overdraft	NIL	25,769 96
	NIL	25,769 96
COST OF REALISATIONS		
Administrators' fees	(136,425 65)	(136,425 65)
Irrecoverable VAT	(27,285 13)	(27,285 13)
	(163,710 78)	(163,710 78)
	(164,550 78)	(1,095,477 11)
REPRESENTED BY		
Fixed charge current		(1,095,477 11)
		(1,095,477 11)



Appendix 3 Schedule of expenses

Schedule of expenses (01/10/2015 to 31/03/2016)

Expenses (£)	Incurred and paid in the period (£)	Incurred in the period not yet paid (£)	Total (£)
Fixed charge costs			
Bank charges & Debit interest	40 00	0 00	40 00
Security	720 00	0 00	720 00
Cost of realisations			
Administrators' fees	136,425 65	17,371 00	136,425 65
TOTAL	137,065 65	17,371 00	154,556 65

Requests for further information and right to challenge our remuneration and expenses

Creditors' requests for further information

If you would like to request more information about our remuneration and expenses disclosed in this progress report, you must do so in writing within 21 days of receiving this progress report

Requests from unsecured creditors must be made with the concurrence of at least 5% in value of unsecured creditors (including, the unsecured creditor making the request) or with the permission of the Court

Creditors' right to challenge our remuneration and expenses

If you wish to challenge the basis of our remuneration, the remuneration charged, or the expenses incurred during the period covered by this progress report, you must do so by making an application to Court within eight weeks of receiving this progress report

Applications by unsecured creditors must be made with concurrence of at least 10% in value of unsecured creditors (including the unsecured creditor making the challenge) or with the permission of the Court

The full text of the relevant rules can be provided on request by writing to Kelly Haines at KPMG LLP, Arlington Business Park, Theale, Reading, RG7 4SD



Appendix 4 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, employee, pensions and health and safety advice from KPMG in-house specialists.

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

A copy of "A Creditors' Guide to Joint Administrators Fees" from Statement of Insolvency Practice 9 ('SIP 9') produced by the Association of Business Recovery Professionals is available at

<https://www.r3.org.uk/what-we-do/publications/professional/fees/administrators-fees>

If you are unable to access this guide and would like a copy, please contact Kelly Haines on 0118 3731401.

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 Oct 2015 £/hr
Partner	595
Director	535
Senior Manager	485
Manager	405
Senior Administrator	280
Administrator	205
Support	125

Table of charge-out rates

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 not incurred any disbursements during the period

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

The Category 2 disbursements have not been approved

Narrative of work carried out for the period 1 October 2015 to 31 March 2016

The key areas of work have been

Statutory and compliance	■ ensuring compliance with all statutory obligations within the relevant timescales
Strategy documents, Checklist and reviews	<ul style="list-style-type: none">■ regular case management and reviewing of progress, including regular team update meetings and calls,■ meeting with management to review and update strategy and monitor progress,■ reviewing and authorising junior staff correspondence and other work,■ dealing with queries arising during the appointment,■ reviewing matters affecting the outcome of the administration,■ allocating and managing staff/case resourcing and budgeting exercises and reviews,■ liaising with legal advisors regarding the various instructions, including agreeing content of engagement letters,■ complying with internal filing and information recording practices, including documenting strategy decisions
Reports to debenture holders	■ providing written and oral updates to representatives of the Secured Creditor regarding the progress of the administration and case strategy
Cashiering	<ul style="list-style-type: none">■ preparing and processing vouchers for the payment of post-appointment invoices,■ creating remittances and sending payments to settle post-appointment invoices,■ reconciling post-appointment bank accounts to internal systems,■ ensuring compliance with appropriate risk management procedures in respect of receipts



	and payments
General	<ul style="list-style-type: none"> ■ reviewing time costs data and producing analysis of time incurred which is compliant with Statement of Insolvency Practice 9, ■ drawing remuneration in accordance with the basis which has been approved by the Secured Creditor
Asset realisations	■ liaising with agents regarding the sale of assets,
Sale of business	<ul style="list-style-type: none"> ■ managing site visits with interested parties, fielding due diligence queries and maintaining a record of interested parties, ■ carrying out sale negotiations with interested parties
Health and safety	■ liaising with the Health and Safety Executive regarding the administration and ongoing health and safety compliance
Open cover insurance	<ul style="list-style-type: none"> ■ arranging ongoing insurance cover for the Company's business and assets, ■ liaising with the post-appointment insurance brokers to provide information, assess risks and ensure appropriate cover in place, ■ assessing the level of insurance premiums
Creditors and claims	■ drafting our progress report

Time costs

SIP 9 –Time costs analysis (01/10/2015 to 31/03/2016)

	Hours	Time Cost (£)	Average Hourly Rate (£)
Administration & planning			
Cashiering			
General (Cashiering)	6 60	1,353 00	205 00
Reconciliations (& IPS accounting reviews)	2 90	674 50	232 59
General			
Books and records	0 50	102 50	205 00
Fees and WIP	1 30	326 50	251 15
Statutory and compliance			
Checklist & reviews	10 90	3,034 50	278 39
Strategy documents	0 50	267 50	535 00
Creditors			
Creditors and claims			
General correspondence	0 80	204 00	255 00
Statutory reports	15 30	4,456 50	291 27
Realisation of assets			
Asset Realisation			
Freehold property	14 60	6,952 00	476 16
Total in period	53 40	17,371 00	325 30

Brought forward time (appointment date to SIP 9 period start date)	1,141 41	429,164 40
SIP 9 period time (SIP 9 period start date to SIP 9 period end date)	53 40	17,371 00
Carry forward time (appointment date to SIP 9 period end date)	1,194 81	446,535 40

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 of time spent. The cost of staff employed in central administration functions is not charged directly to the assignment but is reflected in the general level of charge out rates.

All time shown in the above analysis is charged in units of six minutes.



Appendix 5 Glossary

Company	Castillo de Lachar Limited - in Administration
Former Administrators	Jane Moriarty and David Crawshaw
Joint Administrators/we/our/us	Neil Gostelow and Richard Fleming
KPMG	KPMG LLP
Property/Castle	Castle Granada, Andalusia, Southern Spain
Secured Creditor/Bank	Europe Arab Bank Plc

Any references in this progress report to sections, paragraphs or rules are to Sections, Paragraphs and Rules in the Insolvency Act 1986, Schedule B1 of the Insolvency Act 1986 and the Insolvency Rules 1986 respectively



Appendix 6 Notice. About this report

This report has been prepared by Neil Gostelow and Richard Fleming, the Joint Administrators of Castillo de Lachar Limited – in Administration (the 'Company'), 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 the Company.

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

Any person that chooses to rely on this report for any purpose or in any context other than under the Insolvency Rules 1986 does so at its own risk. To the fullest extent permitted by law, the Joint Administrators do not assume any responsibility and will not accept any liability in respect of this report to any such person.

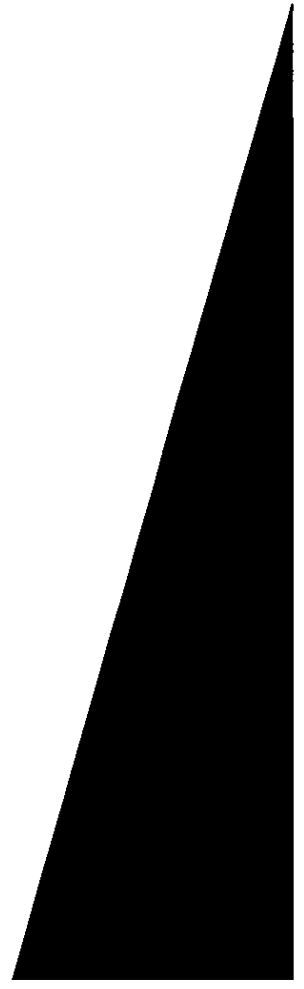
Neil David Gostelow is authorised to act as an insolvency practitioner by the Institute of Chartered Accountants in England & Wales.

Richard Dixon Fleming is authorised to act as an insolvency practitioner by the Insolvency Practitioners Association.

We are bound by the Insolvency Code of Ethics.

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 this report or the conduct of the administration.





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