

**Liquidator's Progress Report****S.192****Pursuant to Sections 92A, 104A and 192 of the  
Insolvency Act 1986**

To the Registrar of Companies

Company Number

6201066

(a) Insert full name of  
company

Name of Company

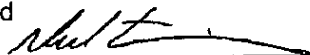
(a) Prestbury Hotels Finance Limited

(b) Insert full name(s)  
and address(es)

We (b) Neil David Gostelow and John David Thomas Milsom

15 Canada Square, Canary Wharf, London, E14 5GL and 15 Canada Square, Canary Wharf,  
London, E14 5GLthe liquidators of the company attach a copy of our Progress Report  
under section 192 of the Insolvency Act 1986The Progress Report covers the period from 30 June 2015  
to 29 June 2016

Signed



Date 24 August 2016

Presenter's name,  
address and reference  
(if any)

FRIDAY



\*A5E7705T\*

A11

26/08/2016

#203

COMPANIES HOUSE



*cutting through complexity™*

## **Prestbury Hotels Finance Limited - in Liquidation**

Joint Liquidators' progress report for the  
period 30 June 2015 to 29 June 2016

24 August 2016

# Notice to creditors

This report provides an update on the liquidation of the Company

We have included (Appendix 2) an account of all amounts received and payments made during the period from the date of our appointment on 30 June 2015 to 29 June 2016

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

You will find other important information in this 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> We hope this is helpful to you

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



# Contents

<b>1</b>	<b>Executive summary</b>	<b>1</b>
<b>2</b>	<b>Strategy and progress to date</b>	<b>2</b>
<b>3</b>	<b>Dividend prospects and dividends paid</b>	<b>4</b>
<b>4</b>	<b>Joint Liquidators' remuneration and disbursements</b>	<b>5</b>
<b>5</b>	<b>Future strategy</b>	<b>6</b>
<b>Appendix 1</b>	<b>Statutory information</b>	<b>7</b>
<b>Appendix 2</b>	<b>Joint Liquidators' receipts and payment account</b>	<b>8</b>
<b>Appendix 3</b>	<b>Schedule of expenses</b>	<b>9</b>
<b>Appendix 4</b>	<b>Joint Liquidators' charging and disbursements policy</b>	<b>10</b>
<b>Appendix 5</b>	<b>Glossary</b>	<b>14</b>
<b>Appendix 6</b>	<b>Notice: About this report</b>	<b>15</b>



# 1 Executive summary

- We, Neil Gostelow and John Milsom, were appointed Joint Liquidators of the Company on 30 June 2015 at a meeting of creditors
- This report covers the period from the date of our appointment to 29 June 2016
- The only realisation during the period was a mandatory cost refund. No further realisations are anticipated (Section 2 - Progress to date)
- A distribution was made to the secured creditor in the period (Section 3 - Dividend prospects and dividends paid)
- The Company has no preferential creditors (Section 3 - Dividend prospects and dividends paid)
- There will be no dividend available to the unsecured creditors (Section 3 - Dividend prospects and dividends paid)
- Please note you should read this report in conjunction with any previous reports issued to the Company's creditors. Unless stated otherwise, all amounts in this report and appendices are stated net of VAT



Neil Gostelow  
Joint Liquidator



## 2 Strategy and progress to date

A meeting of members was held on 30 June 2015 at which we were appointed Joint Liquidators of the Company

Our appointment was confirmed at the meeting of creditors also held on 30 June 2015

This section updates you on our strategy for the liquidation and on our progress to date. It follows the information provided in the report to the meeting of creditors

### 2.1 Strategy to date

#### Background

The Company is part of the Prestbury Hotel Holdings group of companies (the Group), a property investment group which established in 2004 to acquire 136 budget hotels, let at the time to Travelodge Hotels Limited. The Group also acquired a further portfolio of 17 hotels from the same seller in 2005. The portfolio was debt financed at a high level of leverage, as was typical at that stage in the property investment and banking cycle.

As a result of the CVA process which Travelodge went through in the summer of 2012, the Group defaulted on the terms of its credit agreements. The maturity dates for the two loans financing the portfolios fell due within approximately two years following the Travelodge default and the directors, together with the asset manager and lender, undertook an assessment of the best route for the Group considering the expiry of the loan facilities in the short term.

Following a review by KPMG of the disposal options available, the directors, after taking legal advice and obtaining the support of the bank, took the decision to pursue a sale of the property portfolio outside of an insolvency process with a view to maximising realisations for the creditors as a whole. After an extensive marketing campaign, all properties were sold with the proceeds used to repay the bank debt to the fullest extent possible, although there remained a shortfall overall. As the Company had no realisable assets but remained a guarantor under group bank facilities, the directors did not consider the Company to be a going concern and took the decision to place it in creditors' voluntary liquidation.

#### Strategy

The assets listed on the directors' Statement of Affairs for the Company include intercompany debtors, and corporation tax and VAT receivable.

Amounts stated as due to HMRC are stated before the application of group relief or brought forward losses. We have submitted all relevant information to HMRC for the Company and there are no refunds due.

The intercompany debtor balances stated are owed by group companies which are also in liquidation. However, all group companies have signed non-competition clauses in the guarantees provided to the secured creditor which mean that they cannot prove in the liquidations of other group companies in competition with the secured creditor, or apply set off in respect of intercompany debt unless the secured creditor consents.

### 2.2 Asset realisations

Realisations during the period are set out in the attached receipts and payments account (Appendix 2).



The only realisation during the period was a mandatory cost refund from the Bank totalling £16,550  
No further realisations are anticipated

#### Investigations

We have complied with the relevant statutory requirements to provide information on the conduct of the Company's directors and any shadow directors to the Department for Business, Innovation and Skills. The contents of our submission are confidential.

### **2.3 Costs**

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

### **2.4 Schedule of expenses**

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



## **3 Dividend prospects and dividends paid**

### **3.1 Secured creditor**

The last claim received from the Bank in June 2015 detailed the total debt across the Prestbury Hotels Finance group at £2,990,840. The secured creditor valued its secured debt at £1,993,893 leaving an unsecured balance that is subject to cross guarantees of £996,947.

During the period, we have distributed £3,900 to the secured creditor all of which relates to floating charge realisations.

### **3.2 Preferential creditors**

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

### **3.3 Unsecured creditors**

In the Directors' Statement of Affairs the only unsecured creditors are Bank of Scotland plc, intercompany creditors, shareholder loans and accruals.

There will be no dividend available to unsecured creditors of the Company.



## 4 Joint Liquidators' remuneration and disbursements

At a meeting of creditors held on 30 June 2015 the creditors passed a resolution providing approval that

- our remuneration will be drawn on the basis of time properly given by us and the various grades of our staff according to the charge-out rates included in Appendix 4
- 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 4

### Time costs

From the date of our appointment to 29 June 2016, we have incurred time costs of £14,070. These represent 33.9 hours at an average rate of £415 per hour.

The majority of our remuneration and disbursements for this Company will be settled by a third party.

### Remuneration

During the period, we have not drawn any remuneration.

### 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 our appointment to 29 June 2016. We have also attached our charging and disbursements policy.



## **5 Future strategy**

### **5.1 Future conduct of the liquidation**

The following matters are still ongoing in the liquidation

- finalisation of the tax affairs of the Company, and
- statutory and compliance obligations

### **5.2 Future reporting**

We will report again on the progress of this liquidation by 29 August 2017 or in the draft final report if matters have been concluded earlier

## Appendix 1 Statutory information

### Company information

Company name	Prestbury Hotels Finance Limited
Previous company names if applicable	None
Date of incorporation	3 April 2007
Company registration number	6201066
Previous registered office	Cavendish House, 18 Cavendish Square, London, W1G 0PJ
Present registered office	15 Canada Square, London, E14 5GL
Trading address	Cavendish House, 18 Cavendish Square, London, W1G 0PJ
Nature of business	Property investment

### Liquidation information

Appointed by	Members and creditors pursuant to Section 98 of the Insolvency Act 1986
Date of appointment	30 June 2015
Joint Liquidators' details	Neil Gostelow and John Milsom
Joint Liquidators' address	15 Canada Square, Canary Wharf, London, E14 5GL
Values of the Net Property and Prescribed Part	Net Property is £nil Prescribed Part is £nil The Prescribed Part has been taken into account when determining the dividend prospects for unsecured creditors (Section 3)
Prescribed Part distribution	The Prescribed Part was automatically disapplied as the Net Property is less than £10,000 and the costs of making a distribution would be disproportionate to the benefits
Functions	The functions of the Joint Liquidators are being exercised by them individually or together in accordance with Section 231(2) of the Insolvency Act 1986
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 Liquidators' receipts and payment account

### Prestbury Hotels Finance Limited - in Liquidation

#### Abstract of receipts & payments

Statement of affairs (£)	From 30/06/2015 To 29/06/2016 (£)	From 30/06/2015 To 29/06/2016 (£)
ASSET REALISATIONS		
Mandatory cost refund	11,084 76	11,084 76
Mandatory cost refund-statutory interest	5,465 06	5,465 06
	<u>16,549 82</u>	<u>16,549 82</u>
OTHER REALISATIONS		
Bank interest, gross	19 20	19 20
	<u>19 20</u>	<u>19 20</u>
COST OF REALISATIONS		
Legal fees	(10,000 00)	(10,000 00)
Bank charges	(23 00)	(23 00)
	<u>(10,023 00)</u>	<u>(10,023 00)</u>
FLOATING CHARGE CREDITORS		
Floating charge	(3,900 00)	(3,900 00)
	<u>(3,900 00)</u>	<u>(3,900 00)</u>
	<b><u>2,646 02</u></b>	<b><u>2,646 02</u></b>
REPRESENTED BY		
VAT receivable		2,000 00
Current account		2,646 02
Floating charge VAT control		(2,000 00)
		<u><b>2,646 02</b></u>

## Appendix 3      Schedule of expenses

### Schedule of expenses (30/06/2015 to 29/06/2016)

Expenses (£)	Incurred and paid in the period (£)	Incurred in the period not yet paid (£)	Total (£)
<b>Cost of realisations</b>			
Joint Liquidators' fees	0 00	14,070 00	<b>14,070 00</b>
Legal fees	10,000 00	0 00	<b>10,000 00</b>
Bank charges	23 00	0 00	<b>23 00</b>
<b>TOTAL</b>	<b>10,023 00</b>	<b>14,070 00</b>	<b>24,093 00</b>

## 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 report, you must do so in writing within 21 days of receiving this 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 report, you must do so by making an application to Court within eight weeks of receiving this 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 Kerry O'Sullivan at KPMG LLP, 15 Canada Square, London, E14 5GL



## Appendix 4 Joint Liquidators' charging and disbursements policy

### Joint Liquidators' charging policy

The time charged to the liquidation is by reference to the time properly given by us and our staff in attending to matters arising in the liquidation. 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 liquidation 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 Liquidators' 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/liquidators-fees>

If you are unable to access this guide and would like a copy, please contact Kerry O'Sullivan on 01223 582036.

### Hourly rates

Set out below are the relevant charge-out rates per hour worked for the grades of our staff actually or likely to be involved on this liquidation. Time is charged by reference to actual work carried out on the liquidation.

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

Charge-out rates (£) for Restructuring		
Grade	From 01 Oct 2014 £/hr	From 01 Oct 2015 £/hr
Partner	595	595
Director	535	535
Senior Manager	485	485
Manager	405	405
Senior Administrator	280	280
Administrator	205	205
Support	125	125

The charge-out rates used by us might periodically rise (for example to cover annual inflationary cost increases) over the period of the liquidation. 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.

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

Narrative of work carried out for the period 30 June 2015 to 29 June 2016

The key areas of work have been:

Statutory and compliance	<ul style="list-style-type: none"> <li>■ collating initial information to enable us to carry out our statutory duties, including creditor information, details of assets and information relating to the licences,</li> <li>■ providing initial statutory notifications of our appointment to the Registrar of Companies, creditors and other stakeholders, and advertising our appointment,</li> <li>■ preparing statutory receipts and payments accounts,</li> <li>■ arranging bonding and complying with statutory requirements,</li> <li>■ ensuring compliance with all statutory obligations within the relevant timescales</li> </ul>
Strategy documents, Checklist and reviews	<ul style="list-style-type: none"> <li>■ formulating, monitoring and reviewing the liquidation strategy</li> <li>■ briefing of our staff on the liquidation strategy and matters in relation to various work-streams,</li> <li>■ regular case management and reviewing of progress, including regular team update meetings and calls,</li> <li>■ reviewing and authorising junior staff correspondence and other work,</li> <li>■ dealing with queries arising during the appointment,</li> <li>■ reviewing matters affecting the outcome of the liquidation,</li> <li>■ allocating and managing staff/case resourcing and budgeting exercises and reviews,</li> <li>■ liaising with legal advisors regarding the various instructions, including agreeing content of engagement letters,</li> <li>■ complying with internal filing and information recording practices, including documenting strategy decisions</li> </ul>
Reports to debenture holders	<ul style="list-style-type: none"> <li>■ providing written and oral updates to representatives of Bank of Scotland regarding the progress of the liquidation and case strategy</li> </ul>
Cashiering	<ul style="list-style-type: none"> <li>■ setting up liquidation bank accounts and dealing with the Company's pre-appointment accounts,</li> <li>■ preparing and processing vouchers for the payment of post-appointment invoices,</li> <li>■ creating remittances and sending payments to settle post-appointment invoices,</li> </ul>

	<ul style="list-style-type: none"> <li>■ reconciling post-appointment bank accounts to internal systems,</li> <li>■ ensuring compliance with appropriate risk management procedures in respect of receipts and payments</li> </ul>
Tax	<ul style="list-style-type: none"> <li>■ gathering initial information from the Company's records in relation to the taxation position of the Company,</li> <li>■ submitting relevant initial notifications to HM Revenue and Customs,</li> <li>■ reviewing the Company's pre-appointment corporation tax and VAT position,</li> <li>■ analysing and considering the tax effects of various sale options, tax planning for efficient use of tax assets and to maximise realisations,</li> <li>■ working initially on tax returns relating to the periods affected by the liquidation,</li> <li>■ analysing VAT related transactions,</li> <li>■ reviewing the Company's duty position to ensure compliance with duty requirements,</li> <li>■ dealing with post appointment tax compliance</li> </ul>
Shareholders	<ul style="list-style-type: none"> <li>■ providing notification of our appointment,</li> <li>■ responding to enquiries from shareholders regarding the liquidation,</li> <li>■ providing copies of statutory reports to the shareholders</li> </ul>
General	<ul style="list-style-type: none"> <li>■ reviewing time costs data and producing analysis of time incurred which is compliant with Statement of Insolvency Practice 9,</li> <li>■ locating relevant Company books and records, arranging for their collection and dealing with the ongoing storage</li> </ul>
Asset realisations	<ul style="list-style-type: none"> <li>■ collating information from the Company's records regarding the assets,</li> <li>■ reviewing the inter-company debtor position between the Company and other group companies</li> </ul>
Creditors and claims	<ul style="list-style-type: none"> <li>■ convening and preparing for the meeting of creditors,</li> <li>■ creating and updating the list of unsecured creditors,</li> <li>■ arranging distributions to the secured creditor,</li> <li>■ drafting our report</li> </ul>
Investigations/ directors	<ul style="list-style-type: none"> <li>■ reviewing Company and directorship searches and advising the directors of the effect of the liquidation,</li> <li>■ liaising with management to produce the statement of affairs and filing this document with the Registrar of Companies,</li> <li>■ arranging for the redirection of the Company's mail,</li> <li>■ reviewing the questionnaires submitted by the directors of the Company,</li> <li>■ reviewing pre-appointment transactions,</li> <li>■ drafting the statutory report and submitting to the relevant authority</li> </ul>

#### Time costs

##### SIP 9 –Time costs analysis (30/06/2015 to 29/06/2016)

	Hours	Time Cost (£)	Average Hourly Rate (£)
<b>Administration &amp; planning</b>			
Cashiering			
General (Cashiering)	0 80	194 00	242 50
Reconciliations (& IPS accounting reviews)	1 20	198 00	165 00
General			
Fees and WIP	1 10	492 50	447 73
Statutory and compliance			
Appointment and related formalities	4 50	1,520 00	337 78
Reports to debenture holders	3 70	1,979 50	535 00
Strategy documents	7 80	4,173 00	535 00





**SIP 9 –Time costs analysis (30/06/2015 to 29/06/2016)**

	Hours	Time Cost (£)	Average Hourly Rate (£)
<b>Tax</b>			
Post appointment corporation tax	6 10	1,878 50	307 95
Post appointment VAT	1 20	267 00	222 50
<b>Creditors</b>			
Creditors and claims			
Pre-appointment VAT / PAYE / CT	1 00	321 00	321 00
Secured creditors	2 10	953 50	454 05
Employees			
Pensions reviews	0 20	56 00	280 00
<b>Investigation</b>			
Investigations			
Review of pre-appt transactions	0 20	97 00	485 00
<b>Realisation of assets</b>			
Asset Realisation			
Cash and investments	0 20	97 00	485 00
Debtors	0 20	97 00	485 00
Freehold property	1 30	630 50	485 00
Other assets	1 00	485 00	485 00
Pre-appointment tax & VAT refunds	1 30	630 50	485 00
<b>Total in period</b>	<b>33 90</b>	<b>14,070 00</b>	<b>415 04</b>

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)	33 90	14,070 00
Carry forward time (appointment date to SIP 9 period end date)	33 90	14,070 00

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

<b>Company</b>	Prestbury Hotels Finance Limited - in Liquidation
<b>Joint Liquidators/we/our/us</b>	Neil Gostelow and John Milsom
<b>KPMG</b>	KPMG LLP
<b>Secured creditor/bank</b>	Bank of Scotland plc

Any references in this report 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 1986 respectively



## Appendix 6      Notice   About this report

This progress report has been prepared by Neil Gostelow and John Milsom, the Joint Liquidators of Prestbury Hotels Finance Limited (the 'Company'), solely to comply with their statutory duty under the Insolvency Act and Rules 1986 to provide members and creditors with an update on the progress of the liquidation of the estate, and for no other purpose

This report has not been prepared in contemplation of it being used, and is not suitable to be used to inform any decision in relation to the debt of or any financial interest in the Company

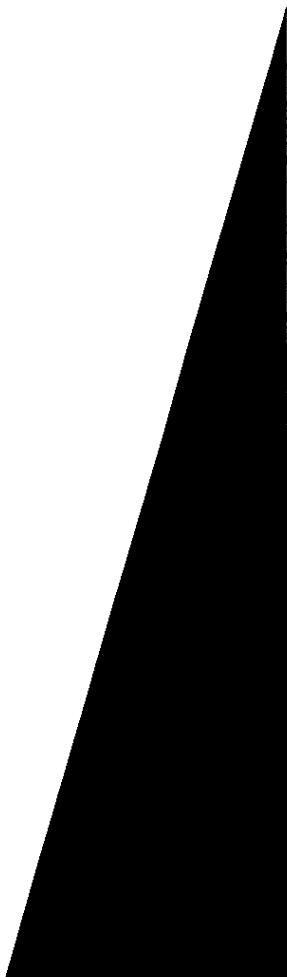
Any person that chooses to rely on this report for any purpose or in any context other than under the Insolvency Act and Rules 1986 (as amended) does so at their own risk. Any estimated outcomes for creditors included in this report are illustrative only and cannot be relied upon as guidance as to the actual outcomes for individual creditors

Neil David Gostelow and John David Thomas Milsom 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 appointments of the Joint Liquidators 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 liquidation





© 2016 KPMG LLP, a UK limited liability partnership and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative, a Swiss entity. All rights reserved.

The information contained herein is of a general nature and is not intended to address the circumstances of any particular individual or entity. Although we endeavour to provide accurate and timely information, there can be no guarantee that such information is accurate as of the date it is received or that it will continue to be accurate in the future. No one should act on such information without appropriate professional advice after a thorough examination of the particular situation.

The KPMG name, logo and “cutting through complexity” are registered trademarks or trademarks of KPMG International Cooperative (“KPMG International”).

