

The Insolvency Act 1986

Administrator's progress report

Name of Company

Polestar Stones-Wheatons Limited

Company Number

10062455

In the

High Court of Justice, Chancery Division, Leeds District
Registry

(full name of court)

Court case number

381 of 2016

(a) Insert full
name(s) and
address(es) of
administrator(s)We (a) Zelf Hussain and Peter Dickens of PricewaterhouseCoopers LLP, 7 More London Riverside,
London SR1 2RT

as administrators of the above company attach a progress report for the period

from

to

(b) 25 October 2016

(b) 22 November 2016

Signed

Joint Administrator

Dated 22 November 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.

Vanessa Jennings

PricewaterhouseCoopers LLP, Central Square, 29 Wellington Street, Leeds, LS1 4DL

Tel 0113 289 4955

DX Number

DX Exchange

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COMPANIES HOUSE

When you have completed and signed this form please send it to the Registrar of Companies at

Companies House, Crown Way, Cardiff, CF14 3UZ

DX 33050 Cardiff

Joint Administrators' first and final progress report

from 25 April 2016 to 24 October
2016

and from 25 October 2016 to 22
November 2016

22 November 2016

Polestar Stones-Wheatons Limited

(in administration)

High Court of Justice, Chancery Division, Leeds
District Registry

Case no. 381 of 2016

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Abbreviations and definitions

The following table shows the abbreviations and insolvency terms that may be used during this report.

Abbreviation or definition	Meaning
Company	Polestar Stones-Wheatons Limited
Administrators	Zelf Hussain and Peter Dickens
PUPL	Polestar UK Print Limited
firm	PricewaterhouseCoopers LLP
IR86	Insolvency Rules 1986
IA86	Insolvency Act 1986
Sch B1 IA86	Schedule B1 to the Insolvency Act 1986
HMRC	HM Revenue & Customs
secured creditors	Creditors with security in respect of their debt, in accordance with section 248 IA86
preferential creditors	Claims for unpaid wages earned in the four months before the insolvency up to £800, holiday pay and unpaid pension contribution in certain circumstances
unsecured creditors	Creditors who are neither secured nor preferential
TUPE	Transfer of Undertakings (Protection of Employment) Regulations 2006

Key messages

Why we've sent you this report

I am writing to update you on the progress of the administration of Polestar Stones-Wheatons Limited in the six months since our appointment on 25 April 2016. Please read this in conjunction with the Administrators' proposals dated 17 June 2016, a copy of which you can obtain on our website www.pwc.co.uk/polestar2

I am pleased to let you know that our work in the administration of the Company is now complete and therefore this is also our final report.

Please note that the Company's proposals were combined with those of Polestar UK Print Limited ("PUPL"). As this administration is ending but the PUPL administration is continuing, we are reporting separately on the companies. This report therefore deals solely with the Company.

How much creditors may receive

Since our proposals, it has been confirmed that no assets had been formally transferred or novated from PUPL. Consequent to this, and having taken legal advice, we have concluded therefore that any transactions entered into by the Company, whether prior to or following administration, should be treated as if it were entered into on behalf of PUPL. We consider that any liabilities have also been incurred for and on behalf of PUPL and are therefore liabilities of PUPL rather than the Company.

The secured creditors are owed some £90m in respect of their lending to PUPL and the Company. The secured creditors have not recovered any of their lending from the Company as there were no assets to realise.

We now think the Company has no preferential or unsecured creditors. You have received this report because you were initially, at the date of appointment, thought to be a creditor of the Company. Any claims received will instead be treated as claims against PUPL.

What you need to do

This report is for your information and you do not need to do anything.

What happens next

The administration was due to end on 24 April 2017. However, in line with our proposals approved by creditors, on 22 November 2016 we filed notice of move from administration to dissolution. The Company will be dissolved three months after the notice has been registered by the Registrar of Companies.



Overview of our work

Why we were appointed

You will remember from our proposals for achieving the purpose of administration that when we were appointed, we advised you that the Company had been set up as a special purpose vehicle. The directors of the Company and PUPL intended to hive certain business and assets of PUPL to the Company, specifically the operating sites based at Exeter and Banbury.

The Company had guaranteed the secured lending of PUPL. When PUPL became insolvent due to the loss of three major customer contracts, it meant that the Company was also rendered insolvent under the guarantees. It was unclear at this time to what extent the businesses and assets of the Exeter and Banbury sites had been transferred to the Company. It was therefore necessary for the directors to place the Company into administration. Both PUPL and the Company could not continue outside an insolvency process.

Progress

Following a review of the Company's books and records, it has been clarified that PUPL had not formally transferred the assets of its Banbury and Exeter sites to the Company prior to the appointment date, and no consideration was paid. As a result, and following legal advice, we have concluded that the Company has no assets and any trading or transactions entered into by the Company were effectively done for and on behalf of PUPL. Therefore, any creditors will be creditors of PUPL and not the Company. All trading income and associated costs in relation to the Company, acting as an operating division of PUPL, have been captured in the administration of PUPL.

Similarly, the employees related to the Banbury and Exeter sites were due to transfer to the Company from PUPL by TUPE, but following legal advice, we think that they should be treated as employees of PUPL.

Any claims received, and to be received, in the administration of the Company will be transferred into the administration of PUPL.

Once we had ascertained that the Company had no assets, it was apparent that we would be unable to achieve any of the objectives for the statutory purpose of administration. We are therefore under a duty to take immediate steps to exit the administration.

We have now completed the statutory and compliance matters required to end the administration.

Approval of our proposals

On 17 June 2016, we sent to creditors our proposals for achieving the purpose of administration. We said in our proposals that we thought the Company did not have any assets to pay creditors any distribution and any creditors were likely to be creditors of PUPL and not the Company.



As there was to be no distribution to unsecured creditors, this meant that we did not have to hold a creditors' meeting to approve our proposals and our proposals would be treated as approved if creditors did not request a meeting in the required manner. As (potential) creditors did not request a meeting, our proposals were treated as approved on 8 July 2016

We attach a summary of our proposals at Appendix A.

We have not been able to achieve the statutory purpose of the administration for the Company. Therefore, we have moved the Company to dissolution as quickly and efficiently as possible.

Investigations

Nothing came to our attention during the administration to suggest that we needed to do any more work in line with our duties under the Company Directors' Disqualification Act 1986 and Statement of Insolvency Practice No 2.

Tax clearance

Although the Company did not trade, it was registered for VAT (a group registration with PUPL) and corporation tax in preparation for the transfer of certain business and assets from PUPL. Therefore, there was no accounting for VAT in the group returns in respect of the Company and we will shortly deregister the Company. No corporation tax returns were submitted but we have requested clearance from HMRC as a matter of course.

Our final receipts and payments account

Due to the status of the Company, no receipts and payments were made through the Company. Accordingly, there are no receipts and payments to report for either period.

Our expenses

Other than statutory advertising of £70.22 directly related to the Company and met as a disbursement by the Administrators, no expenses were incurred.

Our fees

As there are no funds in the administration, we have not taken any fees or disbursements in the administration. At the time of the Remuneration Report, dated 24 June 2016, as the transfer situation was not clear, we estimated total hours for the administration to be 175.57 hours. At the hourly rate of £310 across all grades, subsequently agreed with Barclays Bank Plc, this would have given a total fee estimate of £54,427. This included work on the assets, businesses and liabilities of the Exeter and Banbury sites. As this work turned out to be for the benefit of the PUPL administration, we have reallocated the appropriate time to the PUPL time codes.

The only time costs allocated to the administration of the Company have been on work to fulfil compliance and statutory duties, amounting to a total of 52.83 hours to 13 November 2016 and an estimated further 10 hours to closure.



As there are no asset realisations from which to meet any fees, we have not sought to fix the basis on which our fees would be drawn. The time incurred in relation to the Company in administration will therefore be written off

With respect to disbursements, we did report in the Remuneration Report that the Company had incurred disbursements of £450. These are the only disbursements incurred in the administration

Next steps

We are currently ending the administration and there will be no further reports.

Discharge from liability

A resolution has been approved by the Company's secured creditors which sets the time at which the Joint Administrators will be discharged from liability incurred by them in the administration. This will take effect from when their appointment as Joint Administrators ceases to have effect.

If you've got any questions, please get in touch with Vanessa Jennings on 0113 289 4955

Yours faithfully
For and on behalf of the Company

A handwritten signature in black ink, appearing to read 'Peter Dickens'.

Peter Dickens
Joint Administrator

Zelf Hussain and Peter Dickens have been appointed as Joint Administrators of the Company to manage its affairs, business and property as agents without personal liability. Both are licensed in the United Kingdom to act as insolvency practitioners by the Institute of Chartered Accountants in England and Wales.

The Joint Administrators are Data Controllers of personal data as defined by the Data Protection Act 1998. PricewaterhouseCoopers LLP will act as Data Processor on their instructions. Personal data will be kept secure and processed only for matters relating to the administration. The Joint Administrators are bound by the Insolvency Code of Ethics which can be found at <https://www.gov.uk/government/publications/insolvency-practitioner-code-of-ethics>

Appendix A: Summary of our proposals

Please note that as these are from the combined proposals of the Company and PUPL. "Companies" refers to the Company and PUPL.

For each of the Companies, the Administrators make the following proposals for achieving the purpose of administration.

- i) We will continue to manage and finance the Companies' business, affairs and property from trading revenues, asset realisations and other in such manner as we consider expedient with a view to achieving a better result for the Companies' creditors as a whole than would be likely if the Companies were wound up (without first being in administration)
- ii) We may investigate and, if appropriate, pursue any claims that the Companies may have under the Companies Act 1985 or IA86 or otherwise. In addition, the administrators shall do all such other things and generally exercise all their powers as administrators as they in their discretion consider desirable in order to achieve the purpose of the Administration or to protect and preserve the assets of the Companies or to maximise their realisations or for any other purpose incidental to these proposals
- iii) If we believe that funds will become available for unsecured creditors over and above the Prescribed Part, we may at their discretion establish in principle the claims of unsecured creditors for adjudication by a subsequent liquidator or supervisor of a company voluntary arrangement / scheme of arrangement and that the costs of so doing be met as a cost of the administration as part of the administrators' remuneration (where the administrators think there will be sufficient funds for a distribution to unsecured creditors other than by virtue of the Prescribed Part) or out of the Prescribed Part as costs associated with the Prescribed Part (where the administrators think that funds will become available to the unsecured creditors by virtue of the Prescribed Part but not otherwise)
- iv) If we believe that funds will become available for unsecured creditors over and above the Prescribed Part, we may make an application to court for permission to make distributions to unsecured creditors under Paragraph 65(3) Sch B1 IA86. If we choose not to ask the court for such an order and there are funds available for unsecured creditors (other than a Prescribed Part), a subsequent liquidator will pay the dividend
- v) We may use any or a combination of "exit route" strategies in order to bring the Administrations to an end, but in this particular instance the administrators are likely to wish to pursue the following options as being the most cost effective and practical in the present circumstances:
 - (a) If there are sufficient funds with which to make a distribution to unsecured creditors by virtue of the Prescribed Part or if it transpires that there are insufficient funds to make a distribution to unsecured creditors by virtue of the Prescribed Part, once all of the assets have been realised, the Prescribed Part distribution made (if applicable) and we have concluded all work within the administration, we will file a notice under Paragraph 84(1) Sch B1 IA86 with the Registrar of Companies, following registration of which the company will be dissolved three months later.
 - (b) Once asset disposals are complete, the administrators will place the Companies into creditors' voluntary liquidation. In these circumstances, it is proposed that Zelf Hussain and Peter Dickens be appointed as Joint Liquidators and any act required or authorised to be done by the Joint Liquidators may be done by either or both of them. In accordance with Paragraph 83(7) Sch B1

IA86 and Rule 2.117A(2)(b) IR86, creditors may nominate alternative liquidators, provided that the nomination is made before the proposals are approved

- vi) We will be discharged from liability pursuant to Paragraph 98(1) Sch B1 IA86 in respect of any action of ours as administrators at a time resolved by the secured creditors, or if a distribution has been or may be made to the preferential creditors, at a time resolved by the secured and preferential creditors or in any case at a time determined by the court
- vii) It is proposed that the unpaid pre-administration costs detailed at Appendix A are approved for payment as expenses of the Administration. In the circumstances of this case it will be for the secured and preferential creditors to approve the payment of the unpaid pre-administration costs as expenses of the administration
- viii) It is proposed that the administrators' fees be fixed under Rule 2.106 of the Insolvency Rules 1986 by reference to the time properly given by the administrators and the various grades of their staff according to their firm's usual charge out rates for work of this nature and that disbursements for services provided by the administrators' own firm (defined as Category 2 disbursements in Statement of Insolvency Practice No 9) be charged in accordance with the administrators' firm's policy [as set out in Appendix D. It will be for the creditors' committee to fix the basis and level of the Administrators' fees and Category 2 disbursements but if no committee is appointed, as the administrators have stated that they think that the Companies have insufficient property to enable a distribution to be made to non-preferential unsecured creditors other than by virtue of Section 176A IA86, it will be for the secured creditors and preferential creditors to determine these instead. In any event, the basis of the administrators' remuneration and Category 2 disbursements are to be fixed no later than 18 months after the date of the administrators'

Appendix B: Expenses

The following table provides details of our expenses. Expenses are amounts properly payable by us as Administrators from the estate, albeit in this case no funds have enabled us to pay them.

	Incurring in the period under review £	Estimated future £	Anticipated total £
Statutory advertising	70 22	-	70 22
Administrators' time costs	16,377 30	3,100 00	19,477 30
Administrators' bordereau	450 00	-	450 00
Total	13,897.52	3,100.00	19,997.52

The statutory advertising and the bordereau have been met as disbursements by the Administrators.

The Administrators will not be taking any remuneration.

We have not instructed any professionals in the administration. All work done by solicitors has been charged to PUPIL.

Appendix C: Other information

Court details for the administration	High Court of Justice, Chancery Division, Leeds District Registry Court case number 381 of 2016
Company's registered name	Polestar Stones-Wheatons Limited
Trading name	n/a
Registered number	10062455
Registered address	Central Square 8 th Floor, 29 Wellington Street, Leeds LS1 4DL
Date of the joint administrators' appointment	25 April 2016
Joint administrators' names and addresses	Zelf Hussain and Peter Dickens of PricewaterhouseCoopers LLP, 7 More London, Riverside, London SE1 2RT
Extension(s) to the initial period of appointment	n/a
Appointor's / applicant's name and address	The directors of Polestar UK Print Limited of 75 Farringdon Road, London EC1M 3PS
Split of the joint administrators' responsibilities	In relation to paragraph 100(2) Sch B1 IA86, during the period for which the administration is in force, any function to be exercised by the persons appointed to act as administrators may be done by any or all of the persons appointed or any of the persons for the time being holding that office.
Estimated value of the prescribed part and the Company's net property	Both nil
Whether and why the Administrators intend to apply to court under Section 176A(5) IA86	No
The European Regulation on Insolvency Proceedings (Council Regulation (EC) No 1346/2000 of 29 May 2000)	The European Regulation on Insolvency Proceedings applies to this administration and the proceedings are main proceedings.

Administrator's progress report**2.24B**

Name of Company Polestar Stones-Wheatons Limited	Company Number 10062455
In the High Court of Justice, Chancery Division, Leeds District Registry (full name of court)	Court case number 381 of 2016

(a) Insert full
name(s) and
address(es) of
administrator(s)

We (a) Zelf Hussain and Peter Dickens of PricewaterhouseCoopers LLP, 7 More London Riverside,
London SE1 2RT

as administrators of the above company attach a progress report for the period

from

to

(b) 25 October 2016

(b) 22 November 2016

Signed _____
Joint Administrator

Dated 22 November 2016