

The Insolvency Act 1986

Statement of administrators' proposals

Name of Company City Motor Holdings Limited	Company number 04301565
In the High Court of Justice, Chancery Division, Leeds District Registry [full name of court]	Court case number 805 of 2016

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

We (a)	William James Wright
Stephen John Absolom	KPMG LLP
KPMG LLP	Arlington Business Park
Arlington Business Park	Theale
Theale	Reading
Reading	RG7 4SD
RG7 4SD	

*Delete as applicable

attach a copy of our proposals in respect of the administration of the above company

A copy of these proposals was sent to all known creditors on

(b) Insert date

(b) 14 November 2016

Signed

Joint Administrator

Dated

11 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 researchers of the public record.

Nayanatara Prakash	
KPMG LLP	
15 Canada Square	
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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' proposals

City Motor Holdings Limited -
in Administration

11 November 2016

COMPANIES HOUSE

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+PG915D3825.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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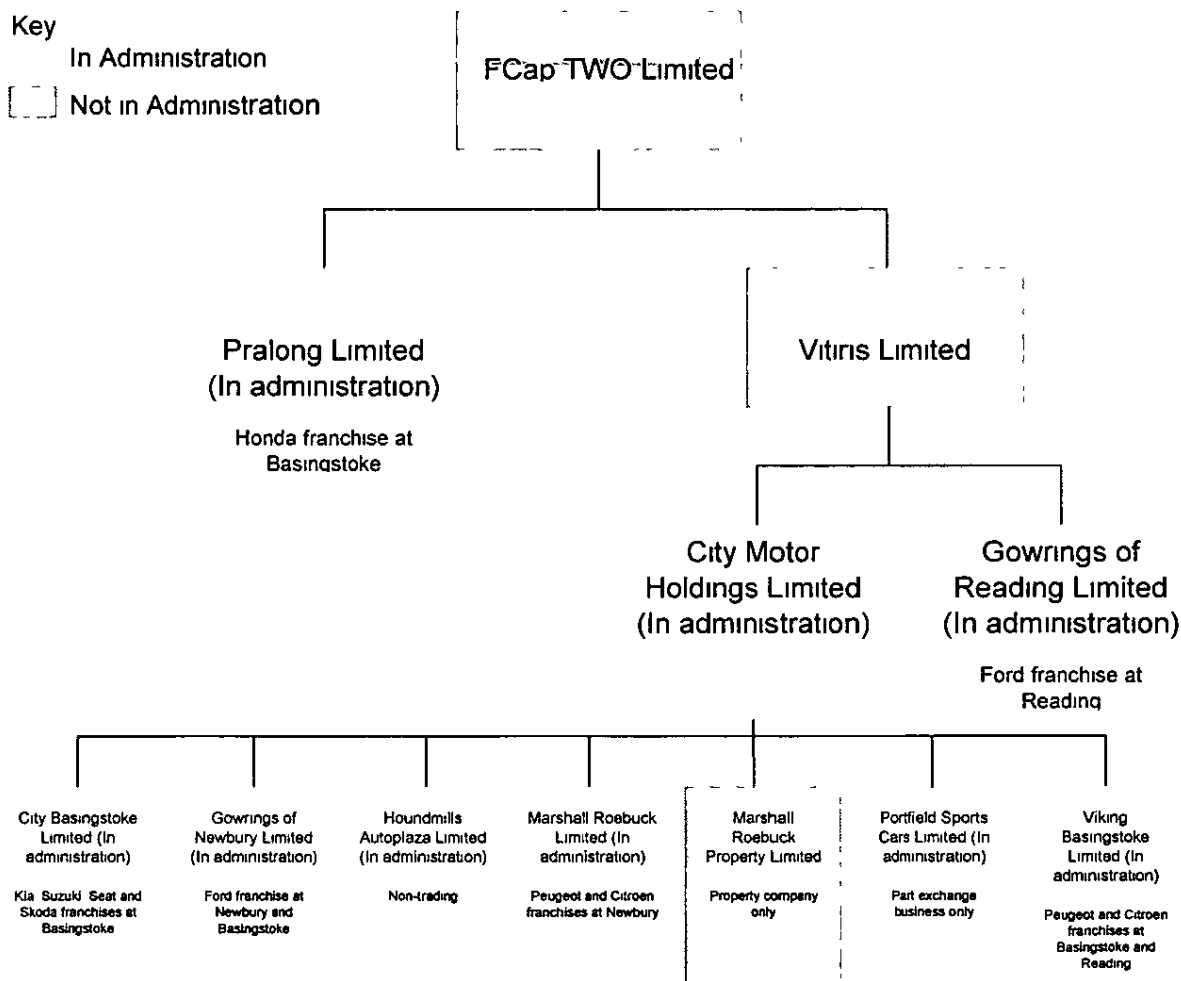
1 Executive summary

- The Company acted as the main holding entity with the Group, which operated 13 new and used car dealerships across three primary sites in the Thames Valley (Basingstoke, Newbury and Reading)
- The Company (and Group) has been loss making for a number of years and despite efforts to turn it around (including a fresh injection of capital from the ultimate shareholder in 2015) it continued to be loss making. Following an unsuccessful attempt to sell the dealership and after taking their own legal advice, the directors decided to place the Company (and certain other entities in the Group) into Administration
- The Directors appointed Steve Absolom and Will Wright as Joint Administrators on 21 September 2016 (Section 3 - Background and events leading to the administration)
- As a sale of the business could not be achieved, we closed down the operations of the Company and the Group (Section 4 - Strategy and progress of the administration to date)
- The Company owned limited assets and as a result the Joint Administrators believe that the dividend prospects for Secured creditors are limited (Section 5 - Dividend prospects)
- We anticipate that there will be a distribution to the preferential creditors but the exact timing and amount is currently uncertain (Section 5 - Dividend prospects)
- It is highly unlikely that unsecured creditors will receive a distribution (Section 5 - Dividend prospects)
- We anticipate that the Company will be dissolved following the completion of the administration (Section 6 - Ending the administration)
- We will not be convening a meeting of creditors (Section 7 on page 7 provides details of the process required to request a meeting)
- We propose that our remuneration be drawn on the basis of time properly given by us and our staff. Accordingly we attach an estimate of our fees and expenses. We will seek approval for this from both the preferential and secured creditors (Section 8 - Joint Administrators' remuneration, disbursements and pre-administration costs)
- This document in its entirety is our statement of proposals. A summary list of the proposals is shown in Section 9 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



Steve Absolom
Joint Administrator

2 Group structure



3 Background and events leading to the administration

3.1 Background information

The Company was incorporated on 9 October 2001 and acted as the main holding entity within the Group, which operated 13 car dealerships across three sites, Basingstoke, Reading and Newbury. The Company employed 196 people.

3.2 Funding and financial position of the Company

The Company was primarily funded by an overdraft facility with Lloyds Bank PLC. On appointment, the Company's bank account was in credit.

When it became clear that the Company (and Group) would not be able to continue to operate without an additional capital injection the directors attempted to sell the business but were unable to do so. As a result the directors resolved to place the Company (and the majority of the rest of the Group) into administration.

Turnover for the Group in the 7 months to 31 July 2016 was £88 million, with a loss before tax of £1 million.

Events leading to the administration

The Group operated 13 new and used car dealerships across three primary sites in the Thames Valley (Basingstoke, Newbury and Reading). The Group's turnover in 2015 was £144 million and the Group sold over 8,000 new and used motor vehicles.

The Company acted as a holding company for most members of the Group and one other company.

According to the draft management accounts the Group lost £4.5 million in 2015 and despite efforts to turn the financial position around (including further additional support from the ultimate shareholders), the Group continued to be loss making. Following taking professional advice to support the directors' views that the Group's leasehold property was over-rented, the directors attempted to renegotiate rents with a number of the Group's landlords. The directors however, were not able to achieve significant rental savings. This, coupled with the relatively poor trading performance and withdrawal of further financial support led the directors to seek independent legal advice, after which the directors decided to place the Company (and the Group) into administration.

At the date of our appointment we were not aware of any formal actions being undertaken by creditors.

The Joint Administrators were introduced to the Company by the directors two weeks before it entered into administration and spent a short period of time working with the directors to try and sell both the Company (and Group) and their underlying businesses and planning for administration. Whilst a deal in principle was agreed to buy certain of the Group's dealerships, the buyer was unable, at that time, to agree a purchase of key properties.

At the time of our appointment, we disclosed to the Court details of the work carried out by KPMG up to that time.

We are satisfied that the work carried out by KPMG before our appointment, including the pre-administration work summarised below, 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.

3.3 Pre-administration work

Addleshaw Goddard LLP performed pre-administration work in respect of obtaining regulatory consent for the appointment of administrators, and preparing and filing the relevant court documents in order to execute the appointment.

3.4 Appointment of Joint Administrators

The directors resolved on 12 September 2016 to appoint us as Joint Administrators

The notice of appointment was lodged at the High Court of Justice Chancery Division Leeds District Registry on 21 September 2016 and we were duly appointed

Shoosmiths solicitors have confirmed the validity of our appointment

4 Strategy and progress of the administration to date

4.1 Strategy to date

Strategy

Given that any option to sell the company were explored pre-appointment, on appointment, we immediately took steps to close down the operations of the Company and the Group. Twelve staff were retained for a short period to assist with this close down.

The wind down included an intensive period of work repatriating vehicle assets to the vehicle funders who retained proprietary ownership in the vehicles and dealing with a number of issues relating to customers, stock suppliers, landlords and other creditors.

The Company's primary asset was a personal guarantee provided by an ex-director, which we are pursuing and hope to realise shortly.

A large number of customers had bought extended warranties and service plans. Due to the insolvency of the Group, the Company is not in a position to be able to honour these warranties or service plans. Any customer who has suffered a loss as a result of buying a warranty or service plan may have an unsecured claim against the Company. We have advised customers in this situation to send their details to us so that we can register their claim.

We have provided an email address (citymotors@kpmg.co.uk) for any customers or creditors to contact with any queries.

4.2 Asset realisations

Realisations from the date of our appointment to 28 October 2016 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

On appointment the Company had £11,967 cash at bank.

Investigations

We are reviewing the affairs of the Company to find out 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 Nayanatara Prakash at KPMG LLP, Arlington Business Park, Theale, Reading, RG7 4SD, United Kingdom

4.3 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 28 October 2016 are set out in the attached receipts and payments account (Appendix 2)

5 Dividend prospects

5.1 Secured creditors

At appointment, the Company had debts due to the following secured creditors which rank in the following order of priority

Black Horse Vehicles of City Motor Holdings Limited

- 1 Black Horse (to an unlimited extent), debenture dated 8 January 2004
- 2 FCE (to an unlimited extent), debenture dated 18 August 2005
- 3 Hyundai (to an unlimited extent), capital debenture dated 15 January 2016

Charged property of City Motor Holdings Limited

- 1 Black Horse (to an unlimited extent), debenture dated 8 January 2004
- 2 FCE (to an unlimited extent), debenture dated 18 August 2005
- 3 Hyundai (to an unlimited extent), capital debenture dated 15 January 2016

Addleshaw Goddard LLP have confirmed that all registered charges are valid and confirmed the priority of the relevant charges

Based on current estimates, it is uncertain whether the Secured creditors will receive a dividend

No distributions have been made to Secured creditors to date

5.2 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 amount of preferential claims at the date of our appointment to be £50,509

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.

5.3 Unsecured creditors

Based on current estimates, due to the sums owed to the Secured creditors and given the level of preferential creditors, it is highly unlikely that there will be a distribution to unsecured creditors.

6 Ending the administration

6.1 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.

6.2 Discharge from liability

We propose to seek approval from the secured and preferential 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.

Should the circumstances of the administration change, we reserve the right to revert to the unsecured creditors in order to obtain discharge from liability.

7 Approval of proposals

7.1 Creditors' meeting

It is not necessary to hold a meeting of creditors because it appears that the Company has insufficient property to enable us to make a distribution to unsecured creditors other than by virtue of the Prescribed Part as detailed in Appendix 1.

7.2 Creditors' right to request an initial creditors' meeting

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

Requests for an initial creditors' meeting must be made within eight business days of the date on which our proposals were issued. They must include:

- 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 creditors' meeting, please contact Nayanatara Prakash on 020 73116395 to obtain the requisite forms.

7.3 Deemed approval of proposals

On expiry of eight business days from the date our proposals were issued, without any request for an initial creditors' meeting, it will be deemed that our proposals have been approved by creditors.

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

8.1 Approval of the basis of remuneration and disbursements

We propose to seek approval from the secured and preferential creditors 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.

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 the circumstances of the administration change, we reserve the right to revert to the unsecured creditors 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 28 October 2016, we have incurred time costs of £79,047. These represent 268 hours at an average rate of £295 per hour.

Disbursements

We have incurred disbursements of £864 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 28 October 2016. We have also attached our charging and disbursements recovery policy.

8.2 Pre-administration costs

The following pre-administration costs have been incurred in relation to the pre-administration work detailed in Section 3.

Pre-administration costs			
	Paid (£)	Unpaid (£)	Total (£)
Legal costs		1,937	1,937
Total		1,937	1,937

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.

9 Summary of proposals

As the directors were unable to sell the business ahead of our appointment and due to the level of the Company's operating obligations 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 secured and preferential creditors where funds allow,
- 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

- apply to Court for the administration order to cease to have effect from a specified time and for control of the Company to be returned to the Directors,
- formulate a proposal for either a company voluntary arrangement (CVA) or a scheme of arrangement and put it to meetings of the Company's creditors, shareholders or the Court for approval as appropriate,
- place the Company into creditors' voluntary liquidation. In these circumstances we propose that we, Steve Absolom and Will Wright, 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, Steve Absolom and Will Wright, 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

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 will 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	City Motor Holdings Limited
Date of incorporation	9 October 2001
Company registration number	04301565
Trading address	Buildings 1, 2 & 3, Aldermaston Road, Basingstoke, RG21 6YL
Previous registered office	Buildings 1, 2 & 3, Aldermaston Road, Basingstoke, RG21 6YL
Present registered office	KPMG LLP, Arlington Business Park, Theale, Reading, RG7 4SD
Company Directors	Condatis Limited Christopher William Roberts Hayden OBS 24 LLP
Company Secretary	R J P Secretaries Limited

Administration information

Administration appointment	The administration appointment granted in High Court of Justice Chancery Division Leeds District Registry, 805 of 2016
Appointor	Directors
Date of appointment	21 September 2016
Joint Administrators	Steve Absolom and Will Wright
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	20 September 2017
Prescribed Part	The Prescribed Part is applicable on this case It has been taken into account when determining the dividend prospects for unsecured creditors (Section 5)
Estimated values of the Net Property and Prescribed Part	Estimated Net Property is NIL Estimated Prescribed Part is NIL
Prescribed Part distribution	If funds do become available for a distribution under the Prescribed Part, the Joint Administrators may make a distribution to the unsecured creditors, or if appropriate, may apply to the Court to obtain an order that the Prescribed Part shall not apply on the grounds that the cost of making a distribution to the unsecured creditors would be disproportionate to the benefits Alternatively, the Prescribed Part will be automatically disapplied if the Net Property is less than £10,000 and the costs of making a distribution would be disproportionate to the benefits
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

City Motor Holdings Limited - in Administration			
Abstract of receipts & payments			
Statement of affairs (£)		From 21/09/2016 To 28/10/2016 (£)	From 21/09/2016 To 28/10/2016 (£)
FIXED CHARGE ASSETS			
25,000 00	Leasehold property	NIL	NIL
10,000 00	Plant & machinery	NIL	NIL
500 00	Furniture, fixtures & fittings	NIL	NIL
		<hr/> NIL	<hr/> NIL
FIXED CHARGE CREDITORS			
(3,292,090 00)	Fixed charge creditor - Black Horse	NIL	NIL
(20,647,975 00)	Fixed charge creditor - FCE	NIL	NIL
(390,423 00)	Fixed charge creditor- Hyundai	NIL	NIL
		<hr/> NIL	<hr/> NIL
ASSET REALISATIONS			
	Book debts	357 46	357 46
7,082 00	Cash at bank	11,966 71	11,966 71
		<hr/> 12,324 17	<hr/> 12,324 17
OTHER REALISATIONS			
225,000 00	Director loan account	NIL	NIL
		<hr/> NIL	<hr/> NIL
COST OF REALISATIONS			
	Professional fees	(1,458 00)	(1,458 00)
	Re-direction of mail	(175 00)	(175 00)
	Statutory advertising	(150 30)	(150 30)
	Wages & salaries	(318 90)	(318 90)
	PAYE & NIC	(7,800 73)	(7,800 73)
	Bank charges	(23 00)	(23 00)
	Site closure costs	(202 28)	(202 28)
		<hr/> (10,128 21)	<hr/> (10,128 21)
PREFERENTIAL CREDITORS			
(206,944 00)	Employees' wage arrears & holiday pay	NIL	NIL
		<hr/> NIL	<hr/> NIL
UNSECURED CREDITORS			
(2,026,769 00)	Trade & expense	NIL	NIL

City Motor Holdings Limited - in Administration

Abstract of receipts & payments

Statement of affairs (£)		From 21/09/2016 To 28/10/2016 (£)	From 21/09/2016 To 28/10/2016 (£)
(681,584 00)	Non preferential arrears of wages	NIL	NIL
(2,248,110 00)	Inter-company creditors	NIL	NIL
(122,848 00)	Non-preferential PAYE & NIC	NIL	NIL
(343,313 00)	Accruals	NIL	NIL
(535,898 00)	Service plan surplus	NIL	NIL
		NIL	NIL
	DISTRIBUTIONS		
(1,088,856 00)	Ordinary shareholders	NIL	NIL
		NIL	NIL
(31,317,228 00)		2,195.96	2,195 96
	REPRESENTED BY		
	Floating ch VAT rec'able		331 66
	Floating charge current		1,864 30
			2,195 96

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				
Bankrupt/Director/Member		7 40	2,093 00	282 84
Cashiering - processing receipts, payments and bank reconciliations	Note 1	23 40	5,574 50	238 23
General - books & records, fees & work in progress	Note 2	18 85	5,647 75	299 62
Statutory and compliance - appointment & related formalities, bonding, checklist & reviews, reports to secured creditors, advertising, strategy	Note 3	75 55	24,951 25	330 26
Tax - VAT & Corporation tax, initial reviews, pre and post appointment tax	Note 4	66 00	19,950 00	302 27
Creditors				
Creditors and claims - general correspondence, notification of appointment, statutory reports	Note 5	185 40	49,207 25	265 41
Committees - committee meetings and reports to the committee		0 00	0 00	0 00
Employees - correspondence	Note 6	77 70	25,433 50	327 33
Investigation				
Directors - correspondence, statement of affairs, questionnaires	Note 7	16 25	5,256 25	323 46
Investigations - director conduct and affairs of the Company	Note 8	13 65	4,513 25	330 64
Realisation of assets				
Asset Realisation - including insurance of assets and vehicle repatriation	Note 9	38 90	16,469 50	423 38
Total		523 10	159,096 25	304 14

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

Note 1

The Company operated a single bank account prior to our appointment. On appointment we arrange transfer of any credit balances in this account to the Joint Administrators' account. The majority of the cashiering costs relates to recovering pre-appointment funds and processing of receipts and payments during the period of our appointment.

Note 2

The Company has a considerable number of books and records and customer records on site. The Company's books and records will need to be documented and collected. Any other company information will need to be confidentially destroyed.

Note 3

This relates to our statutory duties during the administration, including advertising of our appointment, press releases, secured creditor reporting. The Joint Administrators are also required to prepare and document a strategy note for the administration

Note 4

The Company is part of a VAT group. Once in administration the Joint Administrators are required to submit quarterly VAT returns. The Joint Administrators are also required to close the VAT group. They are also required to submit Corporation Tax returns and obtain tax clearance from HMRC.

Note 5

The Company has a large number of customers, including warranty and service part customers. The Joint Administrators will be required to deal with all customer queries, which we anticipate will require a significant amount of time. We are also expecting a number of retention of title claims made by creditors which the Joint Administrators will be required to adjudicate on and settle.

In addition, the Joint Administrators are also required to provide creditors with notification of our appointment, the administrators' proposals and update creditors with regular progress reports.

Note 6

The Joint Administrators retained certain staff to assist with the close down of the site and this relates to the cost of dealing with those employees, the cost of payroll and other employee related issues. This also relates to the cost of making all remaining staff redundant and answering any questions that they may have.

Note 7

Following our appointment the directors are required to answer questionnaires and prepare a statement of affairs of the Company. This relates to the Joint Administrators' time dealing with the directors to obtain both the questionnaire and statement of affairs and any subsequent questions or queries relating to the information that has been provided.

Note 8

The Joint Administrators are required to investigate the conduct of the directors in the period leading up to our appointment and issue a report to the Secretary of State.

Note 9

The Company has certain physical assets including vehicles, stock, fixtures and fittings and plant and equipment. There will be considerable time spent establishing ownership of the various vehicles on site (many are subject to external finance) and dealing with vehicle collections. In addition, the Joint Administrators will undertake a process to realise all unencumbered assets.

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

Expenses	Paid to date (£)	Future costs (£)	Total (£)
Cost of realisations			
Pre-administration costs (legal fees)	-	1,937	1,937
Joint Administrators' disbursements	-	864	864
Bank charges	23	350	373
Hired equipment, waste disposal, H&S	-	2,000	2,000
Insurance provision	-	3,000	3,000
Sundry site occupation costs provision	-	5,000	5,000
IT expenses	-	2,000	2,000
Legal fees	-	65,000	65,000
Professional fees	1,458	-	1,458
Re-direction of mail	175	-	175
Site closure costs	202	-	202
Statutory advertising	150	-	150
Wages and salaries	319	9,756	10,075
PAYE & NIC	7,801	-	7,801
Total	10,128	89,907	100,035

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, 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 Nayanatara Prakash on 020 73116395.

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

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 21 September 2016 to 28 October 2016:

SIP 9 - Disbursements					
Disbursements	Category 1		Category 2		Totals (£)
	Paid (£)	Unpaid (£)	Paid (£)	Unpaid (£)	
Accommodation	51.76		NIL		51.76
Meals	3.20		NIL		3.20
Mileage	NIL		17.26		17.26
Stationery	680.00		NIL		680.00
Travel	111.50		NIL		111.50
Total	846.46		17.26		863.72

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 21 September 2016 to 28 October 2016

The key areas of work have been

Statutory and compliance	<ul style="list-style-type: none"> ■ 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, ■ arranging bonding and complying with statutory requirements, ■ ensuring compliance with all statutory obligations within the relevant timescales
Strategy documents, Checklist and reviews	<ul style="list-style-type: none"> ■ formulating, monitoring and reviewing the administration strategy, including the decision to trade and meetings with internal and external parties to agree the same, ■ briefing of our staff on the administration strategy and matters in relation to various work-streams, ■ 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	<ul style="list-style-type: none"> ■ providing written and oral updates to representatives of secured creditors regarding the progress of the administration and case strategy
Cashiering	<ul style="list-style-type: none"> ■ setting up administration bank accounts and dealing with the Company's pre-appointment accounts, ■ preparing and processing vouchers for the payment of post-appointment invoices, ■ creating remittances and sending payments to settle post-appointment invoices, ■ preparing payroll payments for retained staff, dealing with salary related queries and confirming payments with the employee's banks, ■ reviewing and processing employee expense requests, ■ reconciling post-appointment bank accounts to internal systems, ■ ensuring compliance with appropriate risk management procedures in respect of receipts and payments
Tax	<ul style="list-style-type: none"> ■ gathering initial information from the Company's records in relation to the taxation position of the Company, ■ submitting relevant initial notifications to HM Revenue and Customs, ■ reviewing the Company's pre-appointment corporation tax and VAT position, ■ analysing and considering the tax effects of various sale options, tax planning for efficient use of tax assets and to maximise realisations, ■ working initially on tax returns relating to the periods affected by the administration, ■ analysing VAT related transactions, ■ reviewing the Company's duty position to ensure compliance with duty requirements, ■ dealing with post appointment tax compliance
Shareholders	<ul style="list-style-type: none"> ■ providing notification of our appointment, ■ responding to enquiries from shareholders regarding the administration, ■ providing copies of statutory reports to the shareholders
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, ■ locating relevant Company books and records, arranging for their collection and dealing with the ongoing storage
Trading	<ul style="list-style-type: none"> ■ ensuring ongoing provision of emergency and other essential services to site
Asset realisations	<ul style="list-style-type: none"> ■ collating information from the Company's records regarding the assets, ■ liaising with finance companies in respect of assets subject to finance agreements, ■ liaising with agents regarding the sale of assets, ■ dealing with issues associated with the sale of stock, ■ seeking legal advice in relation to book debt collections,

	<ul style="list-style-type: none"> ■ reviewing the inter-company debtor position between the Company and other group companies
Property matters	<ul style="list-style-type: none"> ■ reviewing the Company's leasehold properties, including review of leases, ■ communicating with landlords regarding rent, property occupation and other issues, ■ performing land registry searches
Health and safety	<ul style="list-style-type: none"> ■ liaising with internal 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, ■ 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
Employees	<ul style="list-style-type: none"> ■ dealing with queries from employees regarding various matters relating to the administration and their employment, ■ dealing with statutory employment related matters, including statutory notices to employees and making statutory submissions to the relevant government departments, ■ holding employee briefing meetings to update employees on progress in the administration and our strategy, ■ administering the Company's payroll, including associated taxation and other deductions, and preparing PAYE and NIC returns, ■ communicating and corresponding with HM Revenue and Customs, ■ dealing with issues arising from employee redundancies, including statutory notifications and liaising with the Redundancy Payments Office, ■ managing claims from employees, ■ ensuring security of assets held by employees
Pensions	<ul style="list-style-type: none"> ■ collating information and reviewing the Company's pension schemes, ■ calculating employee pension contributions and review of pre-appointment unpaid contributions, ■ ensuring compliance with our duties to issue statutory notices, ■ liaising with the trustees of the defined benefit pension scheme, the Pensions Regulator and the Pensions Protection Fund concerning the changes caused to the pension scheme as a result of our appointment, ■ ensuring death-in-service cover for employees remains in place, ■ communicating with employees representatives concerning the effect of the administration on pensions and dealing with employee queries
Creditors and claims	<ul style="list-style-type: none"> ■ 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	<ul style="list-style-type: none"> ■ 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, ■ arranging for the redirection of the Company's mail, ■ reviewing the questionnaires submitted by the Directors of the Company, ■ reviewing pre-appointment transactions, ■ drafting the statutory report and submitting to the relevant authority

Time costs

SIP 9 –Time costs analysis (21/09/2016 to 28/10/2016)

	Hours	Time Cost (£)	Average Hourly Rate (£)
Administration & planning			
Bankrupt/Director/Member			
General correspondence	1 20	582 00	485 00
Notification of appointment	4.50	1,042 50	231 67
Cashiering			
General (Cashiering)	6.00	1,547 50	257 92
Reconciliations (& IPS accounting reviews)	0.40	142 00	355 00
General			
Books and records	2.55	578 75	226 96
Fees and WIP	0 30	84 00	280 00
Statutory and compliance			
(Company) Secretarial time	8 90	400 50	45 00
Appointment and related formalities	16 95	7,342 75	433 20
Bonding and bordereau	0 90	242 00	268 89
Checklist & reviews	8 00	1,677 50	209 69
Pre-administration checks	3 50	717 50	205 00
Statutory advertising	0 50	152 50	305 00
Strategy documents	2.75	1,507 75	548 27
Tax			
Initial reviews - CT and VAT	1.20	332 00	276 67
Post appointment corporation tax	0.80	303 50	379 38
Post appointment VAT	1 00	242 50	242 50
Creditors			
Creditors and claims			
General correspondence	89 45	20,704 00	231 46
Notification of appointment	0 30	121 50	405 00
Statutory reports	3 45	1,513 25	438 62
Employees			
Correspondence	67 80	21,849 00	322 26
DTI redundancy payments service	8.30	3,136 50	377 89
Pensions reviews	0.40	112 00	280 00
Investigation			
Directors			
Correspondence with directors	0 40	186 00	465 00

SIP 9 –Time costs analysis (21/09/2016 to 28/10/2016)

	Hours	Time Cost (£)	Average Hourly Rate (£)
D form drafting and submission	0 10	40 50	405 00
Directors' questionnaire / checklist	1 35	374 75	277 59
Statement of affairs	1 30	322 00	247 69
Investigations			
Mail redirection	2 55	382 75	150 10
Realisation of assets			
Asset Realisation			
Cash and investments	0 80	264 00	330 00
Debtors	1 60	356 00	222 50
Health & safety	1 35	506 75	375 37
Leasehold property	26 50	11,092 50	418 58
Office equipment, fixtures & fittings	0 50	226 50	453 00
Open cover insurance	0 20	89 00	445 00
Other assets	1 75	793 75	453 57
Vehicles	0 20	81 00	405 00
Total in period	267 75	79,047 00	295 23
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)	267 75	79,047 00	
Carry forward time (appointment date to SIP 9 period end date)	267 75	79,047 00	

Appendix 6 Statement of Affairs, including creditor list

The Directors have provided the following Statement of Affairs for the Company as at the date of our appointment

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

Statement of affairs

Name of Company City Motor Holdings Limited	Company number 04301565
In the High Court of Justice, Chancery Division, Leeds District Registry <small>(full name of court)</small>	Court case number 805 of 2016

Statement as to the affairs of City Motor Holdings Limited (the 'Company'),
c/o KPMG LLP, Arlington Business Park, Theale, Reading RG7 4SD

On the 21 September 2016, 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 21 September 2016 the date that the Company entered administration

Full name ^{Remained} Philip A. Emerson for and on behalf of OSB 24 LLP ^{Quodius Limited}
Signed *Philip A. Emerson*
Dated 31/10/2016

The Insolvency Act 1986

**Statement of Affairs of City Motor Holdings Limited
as at 21 September 2016**

A - Summary of Assets

	<i>Notes</i>	Book Value	Estimated Realisable Value
		£	£
Assets Specifically Pledged:			
Goodwill	<i>1</i>	97,588	0
Leaschold buildings	<i>1</i>	1,488,938	25,000
Furniture, fixtures and fittings	<i>2</i>	10,056	500
Plant & equipment	<i>2</i>	373,970	10,000
Less, Amounts due to Lloyds Bank Limited		0	0
Due to Black Horse Ltd (debenture dated 8 January 2004)	<i>3</i>	(3,292,090)	(3,292,090)
Fixed charge assets available to Black Horse Limited	<i>4</i>	1,970,552	35,500
Shortfall to Black Horse Limited		(1,321,538)	(3,256,590)
Due to FCB Bank plc (debenture dated 18 August 2005)		(20,647,975)	(20,647,975)
Fixed charge assets available to FCB Bank plc	<i>4</i>	0	0
Shortfall to FCB Bank plc		(20,647,975)	(20,647,975)
Less, Due to Hyundai Capital UK Limited (Debenture dated 15 January 2016)		(390,423)	(390,423)
Fixed charge assets available to Hyundai Capital UK Limited		100,000	0
Shortfall to Hyundai Capital UK Limited		(290,423)	(390,423)
Shortfall to fixed charge creditors c/d		(22,259,936)	(24,294,988)

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**Statement of Affairs of City Motor Holdings Limited
as at 21 September 2016**

A - Summary of Assets

	Notes	Book Value £	Estimated Realisable Value £
Assets Not Specifically Pledged:			
Cash at bank		7,082	7,082
Trade Debtors	3	930	0
Other Debtors	3	94,064	0
Prepayments		13,188	0
Rent Deposit		515,107	0
VAT	3	1,987,914	0
Corporation Tax Reserve		24,775	0
Directors Current Account	6	229,939	225,000
Inter-company Debtors	7	1,192,173	0
Estimated total assets available for preferential creditors		4,065,192	232,082

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The Insolvency Act 1986

Statement of Affairs of City Motor Holdings Limited as at 21 September 2016

A - Summary of Assets

- Note 1** Goodwill and leasehold property assets - Assume realisations will be £nil, as there is no ongoing business
- Note 2** Fixtures, fittings plant & equipment - Given the nature of assets, which are primarily office and computer equipment, and fixtures and fittings that will be difficult to extract from the leasehold property, these are expected to have limited value, assumed to be 10p in the £
- Note 3** Black Horse Limited - Amounts due to Black Horse Limited include all amounts owed by other companies included within Black Horse Limited's debenture and cross guarantee. This is City Motor Holdings Limited, Gowrings of Newbury, Gowrings of Reading Limited, City Basingstoke Limited, Portfield Sportscars Limited and Viking Basingstoke Limited
- Note 4** Priority of secured creditors - The priority for the distribution of fixed and floating charge realisations, other than assets specifically pledged, is to Lloyds Banking Group plc in the first instance, but to the extent they have no amounts outstanding it is then distributed to Black Horse Limited, followed by FCE Bank plc and then Hyundai Capital UK Limited, with any residual balance made available to unsecured creditors. Floating charge realisations are also subject to the provisions of the Prescribed Part
- Note 5** Trade & other debtors - Realisations for debtors are based on an estimate of recoverable amounts after excluding amounts due from credit card transactions, warranty debtors, vehicle bonuses and commissions and vehicle funding settlements. These make up the majority of trade and other debtors and it is considered these balances due will be offset against other amounts outstanding to these parties and therefore a significant element of these balances will not be recoverable. Amounts due in respect of VAT are expected to be offset by other liabilities due to HMRC from the wider group
- Note 6** Directors' current account - This relates to amounts due from a former director that was subject to a legal case. Following a recent ruling this balance is considered recoverable, subject to costs.
- Note 7** Group balance realisations are assumed to be £nil, given the insolvency of the parent undertaking Vitiris Limited and its subsidiary undertakings to whom balances are due to and from, and the expected shortfall to secured creditors in these entities.
- Note 8** Due to the company's IT and communications service providers ceasing supply of services on appointment of the Joint Administrators on 21 September 2016 the Directors were not able to run a report that showed balances outstanding to trade creditors. The balance shown as outstanding to trade creditors is taken from the latest available nominal ledger report.

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The Insolvency Act 1986
Statement of Affairs of City Motor Holdings Limited
as at 21 September 2016

A1 - Summary of Liabilities

	Notes	£	£
Estimated total assets available for preferential creditors (carried from page A)			212,682
Preferential Creditors:			
Employees Amount of pay and holiday pay	(206,944)		(206,944)
Estimated (deficiency)/surplus as regards preferential creditors			25,138
Estimated prescribed part of net property to carry fixed			(3,818)
Surplus available for floating charge creditors			17,110
LESS: Amounts due to floating charge creditors			
Amounts due to Black Horse Limited			(3,254,990)
Surplus to floating charge creditors available to Black Horse Limited			17,110
			(3,239,480)
Amounts due to FCE Bank plc			(20,647,975)
Surplus to floating charge creditors available to FCE Bank plc			0
			(20,647,975)
Amounts due to Hyundai Capital			(390,423)
Surplus to floating charge creditors available to Hyundai Capital			0
			(390,423)
Shortfall to floating charge creditors			(24,377,878)
Estimated prescribed part of net property brought forward			8,828
Non-preferential creditors:			
Trade creditors	8	(296,913)	
Accruals		(341,628)	
PAYE & NI		(122,843)	
Accrual for pensions		(1,683)	
Non preferential amounts of wages		(681,584)	
Service Pensions Surplus		(333,898)	
Other Creditors		(1,129,854)	
Inter-company creditors	7	(2,348,110)	
Total non - Preferential creditors			(5,954,322)
Shortfall to non - preferential creditors			(5,950,494)
Shortfall to floating charge creditors and			(24,377,878)
Estimated (deficiency)/surplus as regards creditors			(36,328,372)
Issued and called up capital:			
Ordinary £1 shares		(1,022,836)	
			(1,022,836)
Estimated (deficiency)/surplus as regards members			(31,311,228)
Note			

The above figures do not include costs associated with the administration.

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Hyundai Capital 15/01/2016 Debenture - Fixed and floating charges
 Lloyds Bank 22/05/2015 Fixed charge
 Lloyds Bank 25/04/2013 Amendment to charge
 Lloyds Bank 03/08/2009 Debenture - Fixed and floating charges
 Lloyds Bank 03/08/2009 Omnibus & set-off agreement
 FCE Bank 18/05/2005 Debenture - Fixed and floating charges
 Black Horse Linn 08/01/2004 Debenture - Fixed and floating charges

Includes City Basingstoke
 Deposit agreement
 Supplemental to omnibus and set-off agreement of August 2009
 CML, GOR, GON, Varing Bas, City Bas, PSC, Houndmills Autoplezza, Rowes Motor Company, DG Investment

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Appendix 7 Glossary

Company	City Motor Holdings Limited – in Administration
Group	The Company together with, Gowrings of Reading Limited – in administration City Basingstoke Limited – in administration Gowrings of Newbury Limited – in administration Houndmills Autoplaza Limited – in administration Marshall Roebuck Limited – in administration Portfield Sports Cars Limited – in administration Pralong Limited – in administration Viking Basingstoke Limited – in administration
Joint Administrators/we/our/us	Steve Absolom and Will Wright
KPMG	KPMG LLP
Secured creditors	Black Horse Limited FCE Bank PLC Lloyds Bank PLC Hyundai Capital UK Limited

Any references in these proposals 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 8 Notice: About this statement of proposals

This statement of proposals ('proposals') has been prepared by Steve Absolom and Will Wright, the Joint Administrators of City Motor Holdings 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 or any other company in the same group.

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.

Stephen John Absolom and William James Wright 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 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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