

The Insolvency Act 1986

Administrators' progress report

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)

I/We (a)

Stephen John Absolom
KPMG LLP
Arlington Business Park
Theale
Reading
RG7 4SDWilliam James Wright
KPMG LLP
Arlington Business Park
Theale
Reading
RG7 4SD

Joint Administrators of the above company attach a progress report for the period

(b) Insert dates from

to

(b) 21 September 2016

(b) 20 March 2017

Signed



Joint Administrator

Dated

19 April 2017

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

Nayanatara Prakash
KPMG LLP15 Canada Square
London E14 5GL

United Kingdom

Tel 020 73116395

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

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Companies House, Crown Way, Cardiff CF14 3UZ

DX 33050 Cardiff

THURSDAY



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COMPANIES HOUSE



Joint
Administrators'
progress
report for the
period 21
September
2016 to 20
March 2017

City Motor Holdings Limited -
in Administration

2

19 April 2017

Notice to creditors

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

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

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

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

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

Finally, we have provided answers to frequently asked questions and a glossary of insolvency terms on the following website, <http://www.insolvency-kpmg.co.uk/case+KPMG+PG915D3825.html>. We hope this is helpful to you.

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

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1 Executive summary

- The directors resolved on 21 September 2016 to appoint us as Joint Administrators. The notice of appointment was lodged at High Court of Justice Chancery Division Leeds District Registry on 21 September 2016 and we were duly appointed.
- This progress report covers the period from the date of our appointment to 20 March 2017.
- We circulated our statement of proposals ('proposals') to all known creditors on 14 November 2016. They were deemed approved without modification on 25 November 2016.
- As a sale of the business could not be achieved, we closed down the operations of the Company and the Group. We have realised £223,000 in respect of the director's loan which was the most significant asset (Section 2 - Progress to date).
- Due to the limited assets owned by the Company, it is highly unlikely that secured creditors will receive a distribution. (Section 3 - Dividend prospects).
- It is highly unlikely that there will be a dividend to preferential creditors (Section 3 - Dividend prospects).
- It is highly unlikely that unsecured creditors will receive a distribution. (Section 3 - Dividend prospects).
- Please note: you should read this progress report in conjunction with our proposals which were issued to the Company's creditors and can be found at <http://www.insolvency-kpmg.co.uk/case+KPMG+PG915D3825.html>. Unless stated otherwise, all amounts in this progress report and appendices are stated net of VAT.



Steve Absolom
Joint Administrator

2 Progress to date

This section updates you on our strategy for the administration and on our progress to date. It follows the information provided in our proposals; please refer to the proposals for details of the Group structure.

2.1 Strategy and progress to date

Strategy

Trading ceased immediately upon appointment. However, we retained twelve staff to assist with winding down operations of the Company and the Group. Further details of this may be found in our proposals.

Further to our proposals our strategy focussed on pursuing the director's loan account, see below. We have also dealt with surrendering of leases for leasehold property; all but one landlord has accepted surrender and there was no realisable value in the leases. We have also pursued rates recoveries and the collection of book debts.

The Group sold circa 8,000 vehicles per year which has led to a significant volume of consumer enquiries, including large number of customers who purchased warranties and service plans under the name of the Company. A dedicated inbox (citymotors@kpmg.co.uk) was set up to deal with these queries. An automatic response was set up which gives customers a brief summary of the likely outcomes regarding unsecured claims, and we continue to receive correspondence and phone calls.

2.2 Asset realisations

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

Summaries of the most significant realisations during the period are provided below.

Director loan account

A protracted settlement process was required to reach a settlement regarding the debt due from a director of the Company. The initial agreed payment date was missed and we, together with our legal team, spent a considerable amount of time resolving the issue which resulted in a realisation of £223,000.

Rates refunds

We instructed PHD Property Advisory Limited to pursue rates refunds on our behalf, and have realised £56,042 in this respect. No further refunds are expected.

Cash at bank

On appointment the Company had £11,967 cash at bank and no further realisations are expected.

Fixtures and fittings

We instructed Hilco Appraisal Limited to sell the Group's chattels and £3,000 was realised on behalf of the Company.

Debtors

We instructed Financial Investigations and Receivables Management Company Limited to collect the Group's book debts on our behalf. To date £1,732 has been realised on behalf of the Company. *Further recoveries are dependent on being able to access historical company records which we are trying to obtain.*

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.

We do not consider it appropriate to carry out further investigation work.

2.3 Costs

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

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

Legal fees

We have paid £51,140 to Addleshaw Goddard LLP. Approximately £45,000 of this was in relation to the debt due from the director. The remaining costs include their work in confirming the validity of the security.

Agents' and valuers' fees

We have paid agents' and valuers' fees totalling £16,448. This includes payments to Financial Investigations and Receivables Management Company Limited, PHD Property Advisory Limited and Hilco Appraisal Limited in respect of debtor recovery, rates refunds and disposal of Group assets respectively.

The Company entered into a sub-lease agreement for a garage forecourt. The sub-tenant and their legal representatives are arguing that their rent deposit should be held in a trust account, but our investigations have demonstrated that no such trust account was held. The legal dispute is ongoing.

Wages and salaries

We have paid wages of £451 and PAYE/NI of £7,876 to the employees who we retained to assist with the site closures across the Group. However, we are in the process of *marshalling these costs across the Group and these will therefore be reduced in the next period.*

Storage costs



We have paid Iron Mountain £16,069 in respect of transporting and storing company books and records. A large number of records were held on the Basingstoke site. As our access to the site was for a limited period, it was necessary for them to use external suppliers' lorries to move the records from the site to the storage facility.

Utilities

We have paid utilities charges of £2,048 for the supply of electricity.

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).

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

Utilities

There are still some utilities bills outstanding for the period we occupied the Company's sites, for which we are in the process of agreeing with the suppliers. We estimate these will total approximately £2,000.

Solicitors' fees

We have incurred legal fees of approximately £3,000 which are due to Shoosmiths LLP. £1,500 of these are in relation to a review of the validity of our appointment.

The majority of the remaining costs have been incurred by Shoosmiths LLP in relation to an ongoing legal dispute. The Company entered into a sub-lease agreement in relation to a garage forecourt. The sub-tenant and their legal representatives are arguing that their rent deposit should be held on a trust account basis, but our investigations have demonstrated that no such trust account was held.

Joint Administrators' fees

We have incurred total time costs of £171,096 of which £44,536 have not yet been paid.

3 Dividend prospects

3.1 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.

Due to the number of vehicles to be sold to mitigate their claims, the secured creditors' final balances have not yet been finalised. However based on current estimates, we do not anticipate there will be a distribution to secured creditors.

3.2 Preferential creditors

We estimate the amount of preferential claims to be £408,000.

We previously reported that there may be a small dividend to preferential creditors, however due to the increased costs of the administration (Section 5 and Appendix 4), it is now highly unlikely that there will be a distribution to preferential creditors.

3.3 Unsecured creditors

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

4 Other matters

4.1 Decision procedure

Notice of seeking a decision by correspondence is attached to the covering letter. This decision by correspondence is being used to seek approval for a revision of our fees estimate.

Please note that if a creditors' committee is formed, the votes cast by creditors in relation to the proposed decision above will be disregarded.

Creditors' right to request a physical meeting

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

Requests for a physical meeting must be made within five business days of the date on which notice of the decision procedure was delivered. They must include:

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

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

If you wish to request a physical meeting, please complete and return the physical meeting requisition form attached to the cover letter.

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

5.1 Joint Administrators' remuneration and disbursements

During the period, the secured and preferential creditors have provided approval 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 with the proposals and KPMG's usual charge-out rates for work of this nature.
- 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 6.

However, we are now seeking approval from the secured and preferential creditors to draw additional remuneration of £52,903 as per the revised fees estimate included in Appendix 4.

See Section 4 for details regarding the decision procedure.

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.

Time costs

From the date of our appointment to 20 March 2017, we have incurred time costs of £171,096. These represent 570 hours at an average rate of £300 per hour.

Remuneration

During the period, we have drawn floating charge remuneration of £126,560.

Disbursements

During the period, we have incurred and paid disbursements of £2,113.

Additional information

We have attached a revised fees estimate at Appendix 4. Our time costs have increased due to the high volume of consumer queries we have experienced, together with the

protracted settlement work in relation to the director's loan and the dispute regarding the sub-lease. We anticipate more work relating to creditors, specifically the drafting of this report and the closing report.

We have attached a revised expenses estimate at Appendix 5. Our estimated expenses have increased because of the transportation costs of the books and records, together with agents' fees incurred as a result of the £56,000 of rates recoveries which were on a percentage of recoveries basis.

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 20 March 2017. We have also attached our charging and disbursements policy.

5.2 Pre-administration costs

We disclosed the following pre-administration costs, which were unpaid at the date of our appointment, in our proposals:

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

On 2 December 2016, we obtained approval from the secured and preferential creditors to pay all of these pre-administration costs as an expense of the administration, and we have now paid them.

6 Future strategy

6.1 Future conduct of the administration

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

- Resolving the issue regarding the sub-lease.
- Paying utilities companies for the period of occupation.
- Paying Iron Mountain at the end of the administration for storage of books and records during the administration, and subsequently destroying said books and records.
- Paying fees to Shoosmiths LLP for their legal assistance during the case.
- Dealing with VAT and Corporation tax returns and obtaining clearance from HM Revenue & Customs.

- Drawing further fees in relation to our outstanding time costs.

We anticipate there will be further costs relating to the closure of the case; however, we do not anticipate there will be any significant future asset realisations.

6.2 Discharge from liability

The secured and preferential creditors have granted approval that we be discharged from liability in respect of any actions 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.

6.3 Future reporting

We will provide a further progress report within one month of 20 September 2017 or earlier if (1) an extension request is necessary or (2) the administration has been completed prior to that time.

Appendix 1 Statutory information

Company information	
Company name	City Motor Holdings Limited
Date of incorporation	9 October 2001
Company registration number	04301565
Present registered office	KPMG LLP, Arlington Business Park, Theale, Reading, RG7 4SD
Administration information	
Administration appointment	The administration appointment granted in High Court of Justice Chancery Division Leeds District Registry, 805 of 2016
Appointor	Directors
Date of appointment	21 September 2016
Joint Administrators' details	Steve Absolom and Will Wright
Estimated values of the Net Property and Prescribed Part	Estimated Net Property is £0. Estimated Prescribed Part is £0. The Prescribed Part has been taken into account when determining the dividend prospects for unsecured creditors (Section 3)
Prescribed Part distribution	<p>The Joint Administrators do not intend to apply to Court to obtain an order that the Prescribed Part shall not apply.</p> <p>This is because it is anticipated that the Prescribed Part will be automatically disapplied given that the estimated Net Property is less than £10,000 and the costs of making a distribution are anticipated to be disproportionate to the benefits.</p> <p>However, if the circumstances of the administration change, 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.</p>
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

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 20/03/2017 (£)	From 21/09/2016 To 20/03/2017 (£)
FIXED CHARGE ASSETS			
25,000.00	Leasehold property	NIL	NIL
10,000.00	Plant & machinery	NIL	NIL
500.00	Furniture, fixtures & fittings	NIL	NIL
		NIL	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
		NIL	NIL
ASSET REALISATIONS			
	Rates refunds	56,042.01	56,042.01
	Book debts	1,732.46	1,732.46
	Fixtures and fittings	3,000.00	3,000.00
7,082.00	Cash at bank	11,966.71	11,966.71
		72,741.18	72,741.18
OTHER REALISATIONS			
	Bank interest, gross	34.58	34.58
	Sundry refunds	275.00	275.00
225,000.00	Director loan account	223,000.00	223,000.00
		223,309.58	223,309.58
COST OF REALISATIONS			
	Pre-admin costs (legal fees)	(1,937.00)	(1,937.00)
	Administrators' fees	(126,560.00)	(126,560.00)
	Administrators' expenses	(2,113.16)	(2,113.16)
	Professional fees	(1,458.00)	(1,458.00)
	Agents'/Valuers' fees	(16,448.33)	(16,448.33)
	Legal fees	(51,140.13)	(51,140.13)
	Heat & light	(2,047.92)	(2,047.92)
	Storage costs	(16,069.16)	(16,069.16)
	Re-direction of mail	(175.00)	(175.00)
	Statutory advertising	(217.30)	(217.30)

City Motor Holdings Limited - in Administration

Abstract of receipts & payments

Statement of affairs (£)		From 21/09/2016 To 20/03/2017 (£)	From 21/09/2016 To 20/03/2017 (£)
	Insurance of assets	(2,326.88)	(2,326.88)
	Wages & salaries	(451.06)	(451.06)
	PAYE & NIC	(7,876.48)	(7,876.48)
	Bank charges	(55.00)	(55.00)
	Site closure costs	(642.28)	(642.28)
		(229,517.70)	(229,517.70)
PREFERENTIAL CREDITORS			
(206,944.00)	Employees' wage arrears & holiday pay	NIL	NIL
		NIL	NIL
UNSECURED CREDITORS			
(2,026,769.00)	Trade & expense	NIL	NIL
(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)		66,533.06	66,533.06
REPRESENTED BY			
	Floating ch. VAT rec'able		43,720.40
	Floating charge current		42,448.59
	Fixed charge VAT payable		(1,000.00)
	Floating ch. VAT payable		(7,933.33)
	Floating ch. VAT control		(10,702.60)
			66,533.06

Appendix 3 Schedule of expenses

Schedule of expenses (21/09/2016 to 20/03/2017)			
Expenses (£)	Incurred and paid in the period (£)	Incurred in the period not yet paid (£)	Total (£)
Cost of realisations			
Pre-admin costs (legal fees)	1,937.00	0.00	1,937.00
Administrators' fees	126,560.00	44,320.00	171,096.00
Administrators' expenses	2,113.16	20.00	2,133.16
Professional fees	1,458.00	0.00	1,458.00
Agents'/Valuers' fees	16,448.33	0.00	16,448.33
Legal fees	51,140.13	3,000.00	54,140.13
Heat & light	2,047.92	2,000.00	4,047.92
Storage costs	16,069.16	0.00	16,069.16
Re-direction of mail	175.00	0.00	175.00
Statutory advertising	217.30	0.00	217.30
Insurance of assets	2,326.88	0.00	2,326.88
Wages & salaries	451.06	-212.00	239.06
PAYE & NIC	7,876.48	-7,731.00	145.48
Bank charges	55.00	0.00	55.00
Site closure costs	642.28	0.000	642.28
TOTAL	229,517.70	41,613.00	271,130.70

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

Creditors' requests for further information

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

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

Creditors' right to challenge our remuneration and expenses

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

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

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

Administrators' revised fees estimate

Document Classification - KPMG Confidential

Estimated time costs for the engagement	Disclosed estimated time costs for the engagement	Additional estimated time costs for the engagement	Total					
	Narrative	Estimated Total hours	Estimated Time cost (£)	Estimated Average hourly rate (£)	Additional Total hours	Additional Estimated Time cost (£)	Estimated Average hourly rate (£)	
Administration & planning								
Bankrupt/Director/Member								
Cash/entry - processing receipts, payments and bank reconciliations	Note 1	7.40	2,093.00	282.84	0.00	0.00	0.00	2,093.00
General - books & records, fees & work in progress	Note 2	23.40	5,574.50	238.23	10.00	2,500.00	250.00	8,074.50
Statutory and compliance - appointment & related formalities, bonding, checks & reviews, reports to secured creditors, advertising, strategy	Note 2	18.85	5,647.75	299.62	3.00	1,000.00	333.33	6,647.75
Tax - VAT & Corporation tax, initial reviews, pre and post appointment tax	Note 3	75.55	24,951.25	330.26	0.00	0.00	0.00	24,951.25
Creditors								
Creditors and claims - general correspondence, notification of appointment, statutory reports	Note 4	66.00	19,950.00	302.27	-15.00	-5,000.00	333.33	14,950.00
Committees - committee meetings and reports to the committee	Note 5	165.40	49,207.25	295.41	140.00	35,000.00	250.00	84,207.25
Employees - correspondence	Note 5	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Investigation								
Directors - correspondence, statement of affairs, questionnaires	Note 6	77.00	25,433.50	330.31	30.00	10,000.00	333.33	35,433.50
Investigations - director conduct and affairs of the Company	Note 7	16.25	5,256.25	323.46	-7.00	-2,352.00	336.00	2,904.25
Realisation of assets	Note 8	13.65	4,513.25	330.64	-10.00	-3,245.50	324.55	1,267.75
Asset Realisation - including insurance of assets	Note 8	38.90	16,469.50	423.38	37.00	15,000.00	405.41	31,469.50
Trading								
Trading - purchases, sales, cash projections		0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total in period		522.40	159,096.25	304.55	168.00	52,902.50	281.40	211,998.75

Appendix 4

Join

The revised fee estimate can be found on the previous page. However, please see below for notes which provide further details of the work which has been undertaken on this engagement and specifically areas in which work remains to be completed. In addition to the below, please note that KPMG's charge-out rates increased on 1 November 2016.

Note 1

Our work has involved processing a large number of transactions within the first few months after appointment, as well as weekly bank reconciliations. We anticipate that there will be further costs including reconciliations and closing the bank account at the end of the case.

Note 2

We have had ongoing costs associated with storage of records and drawing fees. There will be further costs involved in destroying the company books and records at the end of the case and paying outstanding storage invoices; we have adjusted our time cost estimate accordingly.

Note 3

We are reducing our estimated time costs to more accurately reflect the remaining tax work to be completed.

Note 4

The Company has a high number of creditors, particularly in relation to service plans, and this has resulted in many hours of correspondence, via phone calls, emails and letters. Our anticipated work involves resolving the legal dispute relating to the garage forecourt, completing the first progress report and a final report and distributing the accompanying notices, as well as dealing with any further creditor queries.

Note 5

Our work has involved correspondence with former employees of the company and handling redundancy payments.

Note 6

As our work with the directors of the Company was completed in the early months of the administration, there will not be any further work in this area.

Note 7

Our investigation work is complete, no further work is anticipated.

Note 8

We have spent a significant amount of time dealing with debtors including the director's loan. The company also had assets relating to leasehold property which we have dealt with. We do not anticipate a significant amount of further work in this area.

Appendix 5 Joint Administrators' revised expenses estimate

Total for Administration				
Expenses (£)	Initial Estimates (£)	Paid to date (£)	Future costs (£)	Total (£)
Cost of realisations				
Sundry site occupation costs provision	5,000.00	0.00	2,000.00	5,000.00
Hired equipment, waste disposal, H&S	2,000.00	0.00	0.00	0.00
Pre-admin costs (legal fees)	1,937.00	1,937.00	0.00	1,937.00
IT expenses	2,000.00	0.00	0.00	0.00
Administrators' expenses	864.00	2,113.16	0.00	2,113.16
Professional fees	1,458.00	1,458.00	0.00	1,458.00
Agents'/Valuers' fees	0.00	16,448.33	0.00	16,448.33
Legal fees	65,000.00	51,140.13	4,000.00	58,140.13
Heat & light	0.00	2,047.92	0.00	2,047.92
Storage costs	0.00	16,069.16	10,000.00	26,069.16
Re-direction of mail	175.00	175.00	0.00	175.00
Statutory advertising	150.00	217.30	0.00	217.30
Insurance of assets	3,000.00	2,326.88	0.00	2,326.88
Wages & salaries	10,075.00	451.06	-212.00	239.06
PAYE & NIC	7,801.00	7,876.48	-7,731.00	145.48
Bank charges	373.00	55.00	100.00	405.00
Site closure costs	202.00	642.28	0.00	642.28
TOTAL	100,035.00	102,957.70	8,157.00	111,114.70

Appendix 6 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	From 01 Nov 2016 £/hr
Partner	595	625
Director	535	560
Senior Manager	485	510
Manager	405	425
Senior Administrator	280	295
Administrator	205	215
Support	125	131

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 from the date of our appointment to 20 March 2017.

SIP 9 - Disbursements					
Disbursements	Category 1		Category 2		Totals (£)
	Pa id (£)	Unpa id (£)	Pa id (£)	Unpa id (£)	
Accommodation	51.76		NIL		51.76
External printing	19.20		NIL		19.20
Meals	3.20		NIL		3.20
Mileage	NIL		24.46		24.46
Postage	203.04		NIL		203.04
Stationery	1,700.00		NIL		1,700.00
Sundry	20.00		NIL		20.00
Travel	111.50		NIL		111.50
Total	2,108.70		24.46		2,133.16

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 21 September 2016 to 20 March 2017

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; ■ drawing remuneration in accordance with the basis which has been approved by secured and preferential creditors; ■ locating relevant Company books and records, arranging for their collection and dealing with the ongoing storage.
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; ■ reviewing outstanding debtors and management of debt collection strategy; ■ liaising with Company credit control staff and communicating with debtors; ■ seeking legal advice in relation to book debt collections; ■ liaising with RM(UK) regarding debtor recoveries;

	<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;
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 employee's 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; ■ drafting our progress report.
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 20/03/2017)

	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)	20.80	4,853.50	233.34
Reconciliations (& IPS accounting reviews)	6.50	1,832.50	281.92
General			
Books and records	3.80	765.25	201.38
Fees and WIP	7.20	1,884.00	261.67
Statutory and compliance			
(Company) Secretarial time	8.90	400.50	45.00
Appointment and related formalities	17.45	7,471.25	428.15
Bonding and bordereau	1.00	293.00	293.00
Checklist & reviews	25.50	7,632.00	299.29
Pre-administration checks	3.50	717.50	205.00
Statutory advertising	0.70	211.50	302.14
Strategy documents	4.35	2,279.25	523.97
Tax			
Initial reviews - CT and VAT	4.05	1,678.25	414.38
Post appointment corporation tax	5.50	1,800.00	327.27
Post appointment VAT	16.45	4,272.05	259.70
Creditors			
Creditors and claims			
Agreement of preferential claims	21.30	8,068.50	378.80
General correspondence	180.20	41,211.25	228.70
Notification of appointment	2.80	659.00	235.36
Secured creditors	11.15	6,149.00	551.48
Statutory reports	30.40	11,715.25	385.37
Employees			
Correspondence	84.50	26,958.00	319.03
DTI redundancy payments service	10.00	3,742.00	374.20
Pension funds	0.10	42.50	425.00
Pensions reviews	0.70	239.50	342.14

SIP 9 –Time costs analysis (21/09/2016 to 20/03/2017)

	Hours	Time Cost (£)	Average Hourly Rate (£)
Investigation			
Directors			
Correspondence with directors	0.40	186.00	465.00
D form drafting and submission	3.60	1,415.50	393.19
Directors' questionnaire / checklist	1.45	404.25	278.79
Statement of affairs	3.00	898.50	299.50
Investigations			
Mail redirection	2.55	382.75	150.10
Review of pre-appt transactions	3.00	885.00	295.00
Realisation of assets			
Asset Realisation			
Cash and investments	2.50	802.00	320.80
Debtors			
Health & safety	1.75	637.75	364.43
Leasehold property	42.90	16,946.50	395.02
Office equipment, fixtures & fittings	1.80	716.50	398.06
Open cover insurance	1.40	515.00	367.86
Other assets			
Vehicles	1.70	445.50	262.06
Total in period	570.55	171,095.55	299.88
Brought forward time (appointment date to SIP 9 period start date)	0.00	0.00	
SIP 9 period time (SIP 9 period start date to SIP 9 period end date)	570.55	171,095.55	
Carry forward time (appointment date to SIP 9 period end date)	570.55	171,095.55	

Appendix 7 Glossary

Company	City Motor Holdings Limited - in Administration
Group	The Company together with: City Basingstoke Limited – in administration Gowrings of Newbury Limited – in administration Gowrings of Reading 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 ("Black Horse") FCE Bank PLC ("FCE") Lloyds Bank PLC Hyundai Capital UK Limited ("Hyundai")

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

Appendix 8 Notice: About this report

This report 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 to report to creditors under the Insolvency Rules 1986 on the progress of the administration, and for no other purpose. It is not suitable to be relied upon by any other person, or for any other purpose, or in any other context.

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

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

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

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 this report or the conduct of the administration.

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