

AM10

Notice of administrator's progress report



Companies House

SATURDAY



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23/12/2017

#124

COMPANIES HOUSE

1 Company details

Company number 0 6 7 3 7 5 4 1

Company name in full Hedge Capital Limited

→ Filling in this form

Please complete in typescript or in
bold black capitals.

2 Administrator's name

Full forename(s) Blair Carnegie

Surname Nimmo

3 Administrator's address

Building name/number Saltire Court, 20

Street Castle Terrace

Post town Edinburgh

County/Region

Postcode E H 1 2 E G

Country

4 Administrator's name ①

Full forename(s) Gerard Anthony

Surname Friar

① Other administrator

Use this section to tell us about
another administrator.

5 Administrator's address ②

Building name/number 319

Street St Vincent Street

Post town Edinburgh

County/Region

Postcode G 2 5 A S

Country

② Other administrator

Use this section to tell us about
another administrator.

AM10 , Notice of administrator's progress report

6 Period of progress report

From date	d 0	d 7	m 0	m 6	y 2	y 0	y 1	y 7
To date	d 0	d 6	m 1	m 2	y 2	y 0	y 1	y 7

7 Progress report

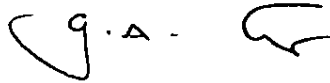
☒ I attach a copy of the progress report

8 Sign and date

Administrator's
signature

Signature

X



X

Signature date

d 2	d 2	m 1	m 2	y 2	y 0	y 1	y 7
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AM10.

Notice of administrator's progress report

**Presenter information**

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

Contact name Lianne Fraser

Company name KPMG LLP

Address Saltire Court

20 Castle Terrace

Post town Edinburgh

County/Region

Postcode E H 1 2 E G

Country

DX

Telephone 0131 527 6620

**Checklist**

We may return forms completed incorrectly or with information missing.

Please make sure you have remembered the following:

- ☐ The company name and number match the information held on the public Register.
- ☐ You have attached the required documents.
- ☐ You have signed the form.

**Important information**

All information on this form will appear on the public record.

**Where to send**

You may return this form to any Companies House address, however for expediency we advise you to return it to the address below:

The Registrar of Companies, Companies House,
Crown Way, Cardiff, Wales, CF14 3UZ.
DX 33050 Cardiff.

**Further information**

For further information please see the guidance notes on the website at www.gov.uk/companieshouse or email enquiries@companieshouse.gov.uk

This form is available in an alternative format. Please visit the forms page on the website at www.gov.uk/companieshouse



Joint Administrators' progress report for the period 7 June 2017 to 6 December 2017

Hedge Capital Limited - in
Administration

22 December 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 4).

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+HH608A0602.html>. We hope this is helpful to you.

Please also note that an important legal notice about this progress report is attached (Appendix 5).

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1 Executive summary

- This administration relates to a 'pensions liberation' case. The Pensions Regulator ('tPR') appointed Dalriada Trustees Limited ('Dalriada') as independent trustees to the relevant pension schemes in 2012 and Dalriada obtained a Freezing Injunction over the assets of the companies involved. The Company's director, with the consent of the floating charge holder, agreed to put the Company into administration following a Settlement Agreement being reached between Dalriada and the various Hedge companies involved.
- The director of the Company resolved on 7 June 2017 to appoint Blair Nimmo and I as Joint Administrators.
- The notice of appointment was lodged at High Court Birmingham District Registry on 7 June 2017 and we were duly appointed.
- This progress report covers the period from the date of our appointment to 6 December 2017.
- We delivered our statement of proposals ('proposals') to all known creditors on 1 August 2017. They were deemed approved without modification on 14 August 2017.
- The Joint Administrators are assessing their strategy for dealing with and realising the Company's Loan Book in conjunction with KPMG's Portfolio Solutions Group (Section 2.1 - Strategy and progress of the administration to date).
- The outcome for the Company's secured creditor will be largely dependent on the level of realisations achieved from the Company's Loan Book (Section 3 - Dividend prospects).
- The Company has no employees or preferential creditors (Section 3 - Dividend prospects).
- There may be a distribution to unsecured creditors by way of the Prescribed Part but the level of dividend will be largely dependent of the level of realisations achieved from the Company's Loan Book (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+HH608A0602.html>. Unless stated otherwise, all amounts in this progress report and appendices are stated net of VAT.



Tony Friar
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.

2.1 Strategy and progress to date

Strategy

The Joint Administrators, in conjunction with KPMG's Portfolio Solutions Group ('PSG'), are currently considering their strategy for dealing with and realising the Company's unsecured Loan Book (see 2.2 below).

The Company otherwise does not trade and has no employees.

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.

Loan Book

The Company's main asset is a Loan Book comprising 363 unsecured, interest only loans to individuals. As at the date of administration the outstanding balance was £6,357,225. In addition, there were interest arrears of £937,614 (across 341 loans). We are currently liaising with PSG, our solicitor, Pinsent Masons and Dalriada, to ascertain the best strategy for realising value from the Loan Book for the benefit of HCL's creditors. This will include ensuring that all regulatory requirements are complied with.

Cash at bank

As at the date of administration the Company held £547,945.98 in an account with Lloyds Bank. These funds were transferred to the Administrators' bank account.

Debtors

The Director's Statement of Affairs showed four small debtor balances totalling £24,740. Two of the debtors, totalling £10,130, have been recovered in full. We will pursue recovery of the other two balances where it is economical to do so.

Investigations

We have complied with the relevant statutory requirements by submitting the online director conduct assessment to the Department for Business, Energy and Industrial Strategy. The contents of our submission are confidential.

2.3 Costs

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

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

Statutory advertising

Statutory advertising costs of £69 in respect of the Joint Administrators' appointment have been incurred during the period.

3 Dividend prospects

3.1 Secured creditors

The Company's largest creditor is HCIL, which was due £7,643,000 plus accrued interest of £1,880,420 (the HCIL loan bears interest at 4.5% per annum and interest continues to accrue).

The Company has granted a Debenture containing a Floating Charge in favour of HCIL. The Debenture is dated 20 October 2011 and was registered on 28 October 2011.

The recovery for HCIL under its security will depend on the level of realisations from the Company's Loan Book and other assets.

3.2 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.

The Company's Director has confirmed that the Company did not have any employees as at the date of administration and we are not aware of any preferential creditors.

3.3 Unsecured creditors

The Director's Statement of Affairs showed four unsecured creditors with outstanding balances totalling £157,403.

As the security in favour of HCIL was granted after 15 September 2003, section 176A of the Insolvency Act 1986 will apply and, depending upon the level of net floating charge asset realisations, there will be a Prescribed Part of the Company's net property available for unsecured creditors.

Based on current estimates, it is highly unlikely that there will be a dividend to unsecured creditors other than by way of the Prescribed Part.

The timing and quantum of any Prescribed Part dividend will depend wholly on the level of realisation from the Company's Loan Book and other assets.

4 Joint Administrators' remuneration and disbursements

Time costs

From the date of our appointment to 6 December 2017, we have incurred time costs of £129,763.00. These represent 353.40 hours at an average rate of £367.18 per hour.

Disbursements

During the period, we have incurred disbursements of £235. None of these have yet been paid.

Approval of remuneration and disbursements

We will seek approval from the secured creditor (HCIL) for our remuneration (which we are seeking on the basis of time properly given by us and our staff in accordance with the fees estimate provided in the Joint Administrators' Proposals) and disbursements (as set out in Appendix 3).

Additional information

We have attached (Appendix 4) an analysis of the time spent, the charge-out rates for each grade of staff and the expenses paid directly by KPMG for the period from our appointment to 6 December 2017. We have also attached our charging and disbursements policy.

5 Future strategy

5.1 Future conduct of the administration

We will continue to manage the affairs, the business and the property of the Company in order to achieve the purpose of the administration. This will include but not be limited to liaising with Dalriada to agree the strategy for realising value from the Loan Book.

5.2 Future reporting

We will provide a further progress report within one month of 6 June 2018 or earlier if the administration has been completed prior to that time.

Appendix 1 Statutory information

Company information

Company and Trading name	Hedge Capital Limited
Date of incorporation	30 October 2008
Company registration number	06737541
Trading address	Elton House, 5 Powell Street, Birmingham, B1 3DH
Previous registered office	24 Goode Close, Oldbury, Birmingham, B68 9NT
Present registered office	KPMG LLP, 1 Snow Hill, Queensway, Birmingham, B4 6GH
Company Director	John Woodward, 100% shareholding
Company Secretary	Guardian Property Investment Ltd

Administration information

Administration appointment	The administration appointment granted in the High Court of Justice Birmingham, 8151 of 2017
Appointor	Director
Date of appointment	7 June 2017
Joint Administrators	Tony Friar and Blair Nimmo
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	6 June 2018
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 3).
Estimated values of the Net Property and Prescribed Part	The estimated Net Property is uncertain at this stage. The Prescribed Part is capped at the statutory maximum of £600,000.
Prescribed Part distribution	The Joint Administrators do not intend to apply to Court to obtain an order that the Prescribed Part shall not apply. Accordingly, the Joint Administrators intend to make a distribution to the unsecured creditors.
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

Abstract of receipts & payments		From 07/06/2017
Statement of affairs (£)		To 06/12/2017 (£)
ASSET REALISATIONS		
24,740	Debtors	10,130.00
	Loan Book interest	2,427.30
545,676.00	Cash at bank	547,945.98
		<u>560,503.28</u>
OTHER REALISATIONS		
	Bank interest, gross	100.78
		<u>100.78</u>
COST OF REALISATIONS		
	Statutory advertising	(69.00)
		<u>(69.00)</u>
FLOATING CHARGE CREDITORS		
(9,523,420.00)	Floating charge	NIL
		<u>NIL</u>
<u>(8,953,004.00)</u>		<u>560,535.06</u>
REPRESENTED BY		
	Floating ch. VAT rec'able	13.80
	Floating charge current	560,521.26
		<u>560,535.06</u>

Appendix 3 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 Lianne Fraser on 0131 527 6620.

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: Hedge Capital Limited – in Administration	
Grade	From 01 Nov 2016 £/hr
Partner	625
Director	560
Senior Manager	510
Manager	425
Senior Administrator	295
Administrator	215
Support	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 6 December 2017.

SIP 9 - Disbursements					
Disbursements	Category 1		Category 2		Totals (£)
	Paid (£)	Unpaid (£)	Paid (£)	Unpaid (£)	
Bordereau	235.00		NIL		235.00
Total	235.00		NIL		235.00

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

The Category 2 disbursements have not been approved.

Narrative of work carried out for the period 7 June 2017 to 6 December 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, and details of assets; ■ providing initial statutory notifications of our appointment to the Registrar of Companies, creditors and other stakeholders, and advertising our appointment; ■ posting information on a dedicated web page; ■ 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; ■ 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 Dairiadad 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; ■ liaising with the Company's pre-appointment bank to arrange the transfer of pre-appointment funds to the administration bank account; ■ preparing and processing vouchers for the payment of post-appointment invoices; ■ creating remittances and sending payments to settle post-appointment invoices; ■ reconciling post-appointment bank accounts to internal systems; ■ ensuring compliance with appropriate risk management procedures in respect of receipts and payments.
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;
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.
Asset realisations	<ul style="list-style-type: none"> ■ collating information from the Company's records regarding the assets; ■ liaising with KPMG's Portfolio Solutions Group regarding the Company's Loan Book; ■ reviewing outstanding debtors and management of debt collection strategy; ■ reviewing outstanding debtors and writing to them seeking repayment of the outstanding balances; ■ reviewing the inter-company debtor position between the Company and other group companies.
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.
Pensions	<ul style="list-style-type: none"> ■ conducting searches to establish the existence of any Company pension schemes.
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;

	<ul style="list-style-type: none"> ■ reviewing completed forms submitted by creditors, recording claim amounts and maintaining claim records; ■ 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; ■ reviewing the questionnaires submitted by the Directors of the Company; ■ reviewing pre-appointment transactions; ■ submitting the online director conduct assessment to the relevant authority.

Time costs

SIP 9 –Time costs analysis (07/06/2017 to 06/12/2017)

	Hours	Time Cost (£)	Average Hourly Rate (£)
Administration & planning			
Bankrupt/Director/Member			
Notification of appointment	0.50	255.00	510.00
Cashiering			
General (Cashiering)	9.60	2,192.00	228.33
General			
Books and records	11.20	2,968.50	265.04
Fees and WIP	5.60	1,781.00	318.04
Statutory and compliance			
Appointment and related formalities	21.10	7,807.00	370.00
Bonding & Cover Schedule	1.75	559.25	319.57
Checklist & reviews	5.40	1,937.00	358.70
Pre-administration checks	6.80	3,808.00	560.00
Reports to debenture holders	5.40	2,954.00	547.04
Strategy documents	15.65	7,626.75	487.33
Tax			
Initial reviews - CT and VAT	2.70	1,377.00	510.00
Post appointment corporation tax	4.50	1,031.50	229.22
Post appointment VAT	0.10	29.50	295.00
Creditors			
Creditors and claims			
General correspondence	1.70	542.00	318.82
Secured creditors	0.20	102.00	510.00
Statutory reports	28.30	11,093.50	392.00
Employees			
Correspondence	0.50	147.50	295.00
Pensions reviews	2.55	717.75	281.47
Investigation			
Directors			
Correspondence with directors	1.20	612.00	510.00
D form drafting and submission	8.80	3,288.00	373.64
Directors' questionnaire / checklist	0.80	257.50	321.88
Statement of affairs	1.00	445.50	445.50
Investigations			

SIP 9 –Time costs analysis (07/06/2017 to 06/12/2017)

	Hours	Time Cost (£)	Average Hourly Rate (£)
Correspondence re investigations	0.50	255.00	510.00
Mail redirection	1.30	279.50	215.00
Review of pre-appt transactions	4.00	2,040.00	510.00
Realisation of assets			
Asset Realisation			
Cash and investments	1.70	759.50	446.76
Debtors	12.40	6,602.50	532.46
Insurance	0.50	169.00	338.00
Other assets	197.65	68,125.25	344.68
Total in period	353.40	129,763.00	367.18

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

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

Appendix 4 Glossary

Company	Hedge Capital Limited - in Administration
Dalriada	Dalriada Trustees Limited
Joint Administrators/we/our/us	Tony Friar and Blair Nimmo
KPMG	KPMG LLP
Pinsent Masons	Pinsent Masons LLP
PSG	KPMG's Portfolio Solutions Group
Secured creditor	Hedge Capital Investments Limited ('HCIL')
tPR	The Pensions Regulator

Any references in this progress report to sections, paragraphs and rules are to Sections, Paragraphs and Rules in the Insolvency Act 1986, Schedule B1 of the Insolvency Act 1986 and the Insolvency Rules (England and Wales) 2016 respectively.

Appendix 5 Notice: About this report

This report has been prepared by Tony Friar and Blair Nimmo, the Joint Administrators of Hedge Capital Limited – in Administration (the 'Company'), solely to comply with their statutory duty to report to creditors under the Insolvency Rules (England and Wales) 2016 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 (England and Wales) 2016 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.

Gerard Anthony Friar and Blair Carnegie Nimmo are authorised to act as insolvency practitioners by the Institute of Chartered Accountants of Scotland.

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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