

The Insolvency Act 1986

Administrator's progress report

Pursuant to Rule 2.38 of the Insolvency (Scotland) Rules 1986

Name of Company
Tullis Russell Papermakers Limited

Company number
SC006195

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

I/We (a) Gerard Anthony Friar
 KPMG LLP
 319 St Vincent Street
 Glasgow
 G2 5AS

Blair Carnegie Nimmo
 KPMG LLP
 Saltire Court
 20 Castle Terrace
 Edinburgh
 EH1 2EG



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

from

to

(b) Insert date(s)

(b) 27 October 2017

(b) 26 April 2018

Signed

Joint Administrator

Dated

1 May 2018

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

Gerard Anthony Friar KPMG LLP 319 St Vincent Street Glasgow G2 5AS	Tel +44 (0) 131 4517786
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When you have completed and signed this form, please send it to the Registrar of Companies at:-
Companies House, 4th Floor, Edinburgh Quay 2, 139 Fountainbridge, Edinburgh, EH3 9FF
 DXED235 Edinburgh 1 / LP- 4 Edinburgh 2

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COMPANIES HOUSE



KPMG

Joint
Administrators'
final progress
report for the
period 27
October 2017
to 26 April
2018

Tullis Russell Papermakers
Limited - in Administration

30 April 2018

Notice to creditors

This progress report provides a final update on the administration of the Company.

We have included (Appendix 2) an account of all amounts received and payments made since our previous progress report.

We have also explained the exit route from the administration and the outcome for each class of creditors.

You will find other important information in the document such as the costs we have incurred.

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+TF427D5259.html>. We hope this is helpful to you.

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

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1 Executive summary

- This final progress report covers the period from 27 October 2017 to 26 April 2018.
- Following unsuccessful attempts to identify a party willing to purchase TRP's business and assets as a going concern, our strategy and focus in the administration has been to implement an orderly wind down and piecemeal disposal of TRP's assets in order to maximise realisations. This strategy is now largely complete (Section 2.1 – Strategy and progress to date).
- A rates refund of £0.7 million relating to the period prior to the administration has been received within the period from Fife Council. (Section 2.2 – Asset realisations).
- We accepted an offer of £0.4 million to assign TRP's rights to unsecured claims in the liquidations of the Paperlinx Group of companies. (Section 2.2 – Asset realisations).
- Preferential claims totalling £0.6 million have been paid to date. This represents a dividend of 100p in the £ (Section 3 Outcome for creditors).
- A third and final dividend will be available to unsecured creditors. At this stage, due to uncertainty over the final costs of the insolvency process, it is not possible to estimate the timing or quantum of the final dividend. (Section 3 – Outcome for creditors).
- We continue to liaise with SEPA regarding the surrender of TRP's PPC permit. We are in the process of completing the additional clearance works required. (Section 4.2 – Other case specific matters).
- On 26 April 2018, the Company was placed into Creditors' Voluntary Liquidation and we ceased to act as Joint Administrators. On the same date, we were appointed as Joint Liquidators of the Company, in line with the proposals approved by creditors on 17 June 2015.
- Please note: you should read this progress report in conjunction with our previous progress reports and proposals issued to the Company's creditors, which can be found at <http://www.insolvency-kpmg.co.uk/case+KPMG+TF427D5259.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 provides a final update on the strategy for the administration and on the progress made. It follows the information provided in our previous progress reports.

2.1 Strategy and progress to date

As previously advised, following unsuccessful attempts to identify a party willing to purchase TRP's business and assets as a going concern, our strategy and focus in the administration had been to implement an orderly wind down and piecemeal disposal of TRP's assets in order to maximise realisations.

This strategy is now largely complete other than the outstanding matters that are considered in detail within this report.

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.

Rates Refund

GVA were appointed to lodge a non-domestic rates appeal in respect of pre-administration rates. Following a period of extensive dialogue with Fife Council's Rates Assessor a refund of £0.7 million was received.

Book Debts

As previously reported, a settlement agreement was reached with TRP's credit insurers, Atradius, in respect of TRP's debts owed by the insolvent Paperlinx companies. As part of this settlement, TRP retained the beneficial interest in the claims in the Paperlinx insolvencies, hence any dividends available in these cases would be paid to TRP.

In order to ensure the closure of TRP's own administration was not deferred as a consequence of the Paperlinx insolvencies being ongoing, we took the decision to sell TRP's claims in the Paperlinx insolvencies. Offers of the claims were received from multiple parties, with the best offer for TRP's creditors being from Insolvent Claim Solutions who agreed to pay £0.4 million for the claims. Insolvent Claim Solutions has subsequently paid £0.4 million during the period.

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.

Repairs and Maintenance

During the period we have settled costs totalling £41,810 relating to decontamination and waste disposal works required by SEPA relating to the Company's PPC permit. As noted in section 4.2 works are ongoing and further costs will be incurred in relation to the surrender of the Company's PPC permit.

Agents' fees

Agent's fees totalling £85,349.86 were settled in the period in relation to the rates reclaim noted in section 2.2. This was a contingent fee only payable on successful recovery of funds for the Company.

Other property expenses

During the period we have incurred £6,744 relating to work undertaken by RSK in relation to the application to surrender the Company's PPC permit. This work is still ongoing and is discussed further in Section 4.2.

An amount of £19,783 was paid to River Leven Trust in full and final settlement of expenses liability in relation to river access rights for the period from the date of appointment to 9 January 2017.

3 Outcome for creditors

3.1 Secured creditors

As previously advised, TRP had granted standard securities in favour of the Pension scheme over two areas of freehold land known as the North and South sites. The amount secured is for all sums due to the Pension scheme up to a maximum of £13.5 million, which greatly exceeds the value of the North and South sites. As the Pension scheme's claim in the administration significantly exceeds the value of its security it was clear that the Pension scheme would be the only beneficiary from the sale of the North and South sites.

During the previous period the North and South sites were sold to TRG for £800,000 and the sales proceeds were distributed to the Pension scheme under its standard securities.

3.2 Preferential creditors

The preferential creditor claims have been agreed at £601,700.

Preferential creditors have been repaid in full.

3.3 Unsecured creditors

Based on current estimates, we anticipate that unsecured creditors will receive a third and final dividend during the liquidation. The quantum will be dependent on:

- Future costs arising in the Liquidation process;
- Any costs arising in relation to the surrender of the PPC permit (see section 4.2);

At present it is not possible to estimate when a final dividend payment to creditors will be made as this is largely dependent on the process (and costs) of surrendering the PPC permit, however, we will aim to do so as quickly as possible.

4 Other matters

4.1 Creditors' Committee

As previously disclosed, a Creditors' Committee was elected at the meeting of creditors held on 3 May 2016.

Committee meetings

Details of the meetings held on 10 October 2016 and 24 March 2017 and a committee report dated 26 October 2017 were included in previous reports. No committee meetings were held during the period.

The Creditors' Committee will continue in its current form during the Creditors' Voluntary Liquidation provided it continues to meet all statutory requirements with regards to its constitution.

4.2 Other case specific matters

Health and Safety

All relevant HSE legislation and standards have been adhered to during the period of the administration to date, and we have maintained regular dialogue with the various regulatory bodies.

As previously advised, TRP's former papermaking activities were subject to a Pollution Prevention and Control ('PPC') permit granted by the Scottish Environment Protection Agency ('SEPA'). This permit remains in force and requires to be formally surrendered to SEPA. We have engaged RSK to assist us with the surrender process and have continued to utilise KPMG's internal health & safety specialists. We have also retained TRP's former Operations Director on an ad-hoc consultancy basis to provide any input that may be needed.

In support of the legal requirements for permit surrender, RSK have prepared reports for submission to SEPA, with the aim of determining that no change in site condition has occurred over the lifetime of the permit.

A formal surrender application was submitted to SEPA in September 2017, together with a suite of supporting reports and analysis, which had been prepared by RSK. In December 2017, SEPA advised that it had additional queries in relation to the surrender application. Together with RSK, we furnished SEPA with further information regarding the works undertaken and organised a site visit with SEPA and RSK to the papermaking site. Following a further period of assessment, in January 2018, SEPA indicated that it would require additional clearance works to be completed before the surrender would be accepted.

In the period since, we have obtained quotes from contractors to perform this work and are continuing to liaise with SEPA to ensure they will accept the surrender once works are completed.

5 Joint Administrators' remuneration, outlays and disbursements

5.1 Joint Administrators' remuneration, outlays and disbursements

Time costs

We have attached (Appendix 3) 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 27 October 2017 to 26 April 2018. We have also attached our charging and disbursements policy.

From 27 October 2017 to 26 April 2018, we have incurred time costs of £124,227.00. These represent 326.60 hours at an average rate of £380.36 per hour.

Please see a detailed analysis of the time spent and a narrative description of the work performed (Appendix 3) and in our previous progress reports.

Remuneration and outlays

During the period, we have not drawn any remuneration or outlays.

Disbursements

During the period, we have incurred disbursements of £520.53. None of these have been paid.

6 Conclusion of the administration

On 26 April 2018, the requisite forms were registered by the Registrar of Companies and the Company was placed into Creditors' Voluntary Liquidation.

We ceased to act as Joint Administrators on 26 April 2018 and will be discharged of 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.

In accordance with our proposals, we were appointed Joint Liquidators of the Company on 26 April 2018.

The funds held at the expiry of the administration will be transferred to the Liquidation.

Appendix 1 Statutory information

Company information

Company name	Tullis Russell Papermakers Limited
Date of incorporation	21 May 1906
Company registration number	SC006195
Present registered office	20 Castle Terrace, Edinburgh, EH1 2EG

Administration information

Administration appointment	The administration appointment granted in Court of Session, P801 of 2015
Appointor	The Directors of the Company
Date of appointment	27 April 2015
Joint Administrators' details	Tony Friar and Blair Nimmo
Functions	The functions of the Joint Administrators have been exercised by them individually or together in accordance with Paragraph 100(2).
Current administration expiry date	26 April 2018
Prescribed Part distribution	The Prescribed Part is not applicable as the floating charge holder had no outstanding debt at the date of the Administration appointment.

Appendix 2 Joint Administrators' receipts and payments account

Tullis Russell Papermakers Limited - in Administration			
Trading accounts			
Statement of Affairs (£)		From 27.10.2014 To 29.04.2015 (£)	From 27.04.2015 To 29.04.2016 (£)
POST-APPOINTMENT SALES			
	Sales	NIL	4,765,712.92
	ROT settlement	NIL	165,393.91
	Miscellaneous income	NIL	5.00
		NIL	4,931,111.83
PURCHASES			
	Purchases	NIL	(10,009.06)
		NIL	(10,009.06)
OTHER DIRECT COSTS			
	Direct labour	NIL	(2,236,059.74)
		NIL	(2,236,059.74)
TRADING EXPENSES			
6,285,000.00	Stock	NIL	NIL
	Electricity & Steam	NIL	(426,186.80)
	Rates	53,962.57	(261,131.77)
	Water rates	NIL	(318,303.05)
	Heat & light	NIL	(20,691.06)
	Overseas import and sales taxes	NIL	(57,230.71)
	Telephone/Fax/IT	NIL	(93,097.18)
	Warehousing & distribution	NIL	(1,260,704.34)
	Professional fees	NIL	(1,151.00)
	HP/Leasing payments	NIL	(69,776.66)
	Hire of equipment	NIL	(11,564.43)
	Repairs and maintenance	(41,809.98)	(679,201.64)
	Sundry expenses	NIL	(356.80)
	Commission on sales	NIL	(4,502.49)
	Security costs	NIL	(293,614.41)
	Payroll processing costs	NIL	(15,654.10)
	Stationery & postage	NIL	(2,653.82)
		12,152.59	(3,515,820.26)
6,285,000.00	Trading surplus/(deficit)	12,152.59	(830,777.23)

Tullis Russell Papermakers Limited - in Administration

Abstract of receipts & payments

Statement of affairs (£) From 27.10.2017 To 29.04.2018 (£) From 27.04.2015 To 29.04.2018 (£)

		From 27.10.2017 To 29.04.2018 (£)	From 27.04.2015 To 29.04.2018 (£)
FIXED CHARGE ASSETS			
	Freehold property - secured	NIL	800,000.00
		<u>NIL</u>	<u>800,000.00</u>
FIXED CHARGE COSTS			
	Agents'/Valuers' fees - secured land	NIL	(15,000.00)
		<u>NIL</u>	<u>(15,000.00)</u>
FIXED CHARGE CREDITORS			
	Fixed charge creditor	NIL	(800,000.00)
		<u>NIL</u>	<u>(800,000.00)</u>
ASSET REALISATIONS			
	Brands and intangibles	NIL	92,500.00
6,000,000.00	Plant & machinery	NIL	4,413,842.07
	Furniture & equipment	NIL	4,250.00
200,000.00	Raw Materials & Other Stocks	NIL	NIL
1,458,000.00	Stock - work in progress	NIL	85,616.98
	Book debts	364,539.89	5,432,696.55
	German VAT	NIL	2,608.95
	Goodwill	NIL	2.00
654,000.00	Cash at bank	NIL	645,969.67
	Insurance Settlement	NIL	454,903.50
	Rates Refund	713,322.57	713,322.57
		<u>1,077,862.46</u>	<u>11,845,712.29</u>
OTHER REALISATIONS			
	Bank interest, gross INCLUDING FINAL	3,009.87	56,038.24
4,000.00	Petty Cash	NIL	94.73
	Sundry refunds	NIL	47,153.01
6,285,000.00	Trading surplus/(deficit)	12,152.59	(830,777.23)
150,000.00	Carbon Credits	NIL	251,198.08
26,000.00	Intercompany Loans	NIL	NIL
	Other income	NIL	51,154.23
	HMRC refund	NIL	84,523.72
		<u>15,162.46</u>	<u>(340,615.22)</u>
COST OF REALISATIONS			
	Creditors Meeting	NIL	(416.66)
	Interest	NIL	(1,188.18)

Tullis Russell Papermakers Limited - in Administration

Abstract of receipts & payments

Statement of affairs (£)	From 27 10 2017 To 26 04 2018 (£)	From 27 04 2015 To 26 04 2016 (£)
Protective award	NIL	(3,500.00)
Canadian bond	NIL	(1,768.37)
Purchase of Canadian Dollars	NIL	(53,983.66)
Legal fees - property	NIL	(11,062.70)
Administrators' fees	NIL	(3,300,000.00)
Administrators' expenses	NIL	(29,363.21)
Irrecoverable VAT	NIL	(2,777.54)
Agents'/Valuers' fees	(85,349.86)	(439,428.70)
Legal fees	(12,230.10)	(272,116.86)
Legal fees - pensions	NIL	(142,853.39)
Consignation Fee	(33.00)	(33.00)
Storage costs	(1,189.60)	(3,242.37)
Statutory advertising	NIL	(432.28)
Costs of property related settlement	NIL	(450,000.00)
Other property expenses	(26,526.55)	(29,351.55)
Insurance of assets	1,780.50	(202,468.07)
Bank charges	(77.00)	(188,013.74)
Unclaimed dividends	(14,597.12)	(14,597.12)
Security costs	NIL	(280,745.09)
	<u>(138,222.73)</u>	<u>(5,427,342.49)</u>
PREFERENTIAL CREDITORS		
PAYE income tax etc	NIL	(49,225.30)
Nat. ins. contributions	NIL	(12,012.96)
Employees' wage arrears	NIL	(289,929.08)
Employees' holiday pay	NIL	(28,398.91)
Preferential Distribution	296.20	(222,312.41)
	<u>296.20</u>	<u>(601,878.66)</u>
UNSECURED CREDITORS		
Trade & expense	(32,656.53)	(14,551,522.48)
Employees Wage Arrears	NIL	(38,310.98)
Lien payments	NIL	(1,269,668.06)
Non-preferential PAYE	NIL	(76,364.28)
Non-preferential NIC	NIL	(9,336.25)
	<u>(32,656.53)</u>	<u>(15,945,202.05)</u>
DISTRIBUTIONS		

Tullis Russell Papermakers Limited - in Administration

Abstract of receipts & payments

Statement of affairs (£)	From 27-10-2017 To 26-04-2018 (£)	From 27-04-2015 To 26-04-2018 (£)
	NIL	15,317,808.69
	NIL	15,317,808.69
14,777,000.00	922,441.86	4,833,482.56
REPRESENTED BY		
(10,270.00)	Trade debtors	NIL
	Floating ch. VAT rec'able	2,002,700.50
	IB Current account	2,250,655.28
	32 day notice account	2,459,287.86
	Distribution account	103,139.33
	Fixed charge VAT rec'able	2,000.00
	Trade creditors	(384.11)
	Floating ch. VAT payable	(884,095.67)
	Floating ch. VAT control	(1,099,150.86)
	Other trading payroll deductions	(967.48)
	Due to/from TREE	(86.40)
		4,833,098.45

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 Administrators' Remuneration Scotland" from Statement of Insolvency Practice 9 ('SIP 9') produced by the Association of Business Recovery Professionals is available at:

https://www.r3.org.uk/media/documents/technical_library/SIPS/Creditors' Guide to Administrators' Remuneration Scotland.pdf

If you are unable to access this guide and would like a copy, please contact Harry Williamson on 0131 4517786.

Hourly rates

Set out below are the relevant charge-out rates per hour worked for the grades of our staff actually or likely to be involved on this 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: Tullis Russel Papermakers 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 hourly charge-out rates we use might periodically rise over the period of the administration, for example to cover annual inflationary cost increases.

Policy for the recovery of disbursements

We have recovered neither Category 1 nor 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 (excluding VAT) during the period 27 October 2017 to 26 April 2018.

SIP 9 - Disbursements					
Disbursements	Category 1		Category 2		Totals (£)
	Paid (£)	Unpaid (£)	Paid (£)	Unpaid (£)	
Courier & delivery costs	45.51		NIL		45.51
External printing	46.86		NIL		46.86
Meals	4.00		NIL		4.00
Mileage	NIL		44.00		44.00
Postage	380.16		NIL		380.16
Total	476.53		44.00		520.53

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.

Creditors' right to challenge our remuneration and outlays

If you wish to challenge the basis of our remuneration, the remuneration approved, or the outlays approved during the period covered by this progress report, you must do so by making an application to Court within eight weeks of the accounting period or within 14 days of receiving this progress report.

Applications by any creditor must be made with concurrence of at least 25% in value of unsecured creditors (including the creditor making the challenge).

The full text of the relevant rules can be provided on request by writing to Harry Williamson at KPMG LLP, Saltire Court, 20 Castle Terrace, Edinburgh, EH1 2EG United Kingdom.

Narrative of work carried out for the period 27 October 2017 to 26 April 2018

The key areas of work have been:

Statutory and compliance	<ul style="list-style-type: none">■ preparing statutory receipts and payments accounts;■ dealing with all closure related formalities;■ 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;■ 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;■ 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 creditors' committee	<ul style="list-style-type: none">■ providing written and oral updates to the Creditors' Committee regarding the progress of the administration and case strategy.
Cashiering	<ul style="list-style-type: none">■ 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">■ analysing and considering the tax effects of various sale options, tax planning for efficient use of tax assets and to maximise realisations;■ analysing VAT related transactions;■ dealing with post appointment tax compliance.
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.
Trading	<ul style="list-style-type: none">■ attending to supplier queries and correspondence;
Asset realisations	<ul style="list-style-type: none">■ liaising with parties interested in acquiring the Company's claims in the Paperlinx Insolvencies;■ directing our agents, GVA, in respect of the pre appointment rates appeal.
Health and safety	<ul style="list-style-type: none">■ liaising with internal health and safety specialists in order to manage all health and safety and environmental issues, including ensuring that legal and licencing obligations are compiled with;■ liaising with the Health and Safety Executive regarding the administration and ongoing health and safety compliance;■ liaising with SEPA regarding the application to surrender the Company's PPC permit, including correspondence, meetings and phone calls.
Employees	<ul style="list-style-type: none">■ dealing with queries from redundant employees regarding various matters relating to the administration and their employment;■ dealing with statutory employment related matters, including making statutory

	<ul style="list-style-type: none"> submissions to the relevant government departments; ■ administering 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 RPO; ■ managing claims from employees;
Creditors and claims	<ul style="list-style-type: none"> ■ 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; ■ agreeing preferential and unsecured claims; ■ <i>arranging equalising and further interim distributions to the preferential and unsecured creditors;</i> ■ drafting our progress report.

Time costs

SIP 9 – Time costs analysis (27/10/2017 to 26/04/2018)

	Hours				Total	Time Cost (£)	Average Hourly Rate (£)
	Partner Director	Manager	Administrator	Support			
Administration & planning							
Cashiering							
General (Cashiering)		0.70	13.10		13.80	4,205.00	304.71
Reconciliations (& IPS accounting reviews)		1.10	3.40		4.50	1,564.00	347.56
General							
Books and records			1.00		1.00	215.00	215.00
Fees and WIP	1.30	0.40			1.70	932.00	548.24
Statutory and compliance							
Appointment and related formalities	1.50		0.30		1.80	928.50	515.83
Checklist & reviews		0.80	6.20		7.00	2,237.00	319.57
Closure and related formalities		1.80	5.40		7.20	2,409.00	334.58
Statutory receipts and payments accounts		1.70			1.70	867.00	510.00
Strategy documents	9.60		1.00		10.60	5,671.00	535.00
Tax							
Post appointment corporation tax		2.40	4.05		6.45	2,350.75	364.46
Post appointment VAT		7.00	5.50		12.50	4,886.50	390.92
Creditors							
Committees							
Meetings	1.10				1.10	616.00	560.00
Reports	7.80	3.50	2.70		14.00	6,949.50	496.39
Creditors and claims							
Agreement of claims		1.00	1.00		2.00	805.00	402.50
Agreement of unsecured claims		6.70	42.90		49.60	16,055.50	323.70
General correspondence		1.30	7.70		9.00	2,918.50	324.28
Legal claims		0.60			0.60	306.00	510.00
Payment of dividends	1.20	16.60	49.10		66.90	23,622.50	353.10
Pre-appointment overseas tax		3.10			3.10	1,581.00	510.00
Pre-appointment VAT / PAYE / CT			1.10		1.10	324.50	295.00
ROT Claims			0.40		0.40	118.00	295.00

SIP 9 – Time costs analysis (27/10/2017 to 26/04/2018)

	Hours				Total	Time Cost (£)	Average Hourly Rate (£)
	Partner Director	Manager	Administrator	Support			
Statutory reports	2.30	4.10	15.80		22.20	8,065.00	363.29
Employees							
Agreeing employee claims			0.40		0.40	118.00	295.00
Correspondence		0.10	8.40		8.50	2,529.00	297.53
Pensions reviews			0.40		0.40	118.00	295.00
Investigation							
Investigations							
Mail redirection			2.40		2.40	516.00	215.00
Realisation of assets							
Asset Realisation							
Debtors	5.30		12.80		18.10	6,744.00	372.60
Freehold property			1.40		1.40	413.00	295.00
Health & safety		18.10	15.15		33.25	13,000.25	390.98
Leasehold property	20.30				20.30	11,368.00	560.00
Other assets		3.40	0.20		3.60	1,793.00	498.06
Total in period	50.40	74.40	201.80	0.00	326.60	124,227.00	380.36

Appendix 4 Summary of Joint Administrators' proposals

As there were no parties wishing to acquire the business and assets as a going concern rescuing TRP in accordance with Paragraph 3(1)(a) is therefore not achievable.

Therefore our primary objective is to achieve a better result for TRP's creditors as a whole than would be likely if TRP 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 TRP in accordance with the objective as set out above;
- to investigate and, if appropriate, to pursue any claims TRP may have;
- to seek an extension to the administration period via creditor approval or the Court if we consider it necessary.

Distributions

- to make distributions to the 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 TRP 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 TRP's creditors, shareholders or the Court for approval as appropriate;
- place TRP into creditors' voluntary liquidation. In these circumstances we propose that we, Blair Nimmo and Tony Friar, be appointed as Joint Liquidators of TRP 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 TRP into liquidation and to consider, if deemed appropriate, appointing us, Blair Nimmo and Tony Friar, as Joint Liquidators of TRP 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. TRP 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 set and drawn on the basis of time properly given by us and the various grades of our staff in accordance with the charge-out rates included in Appendix 3;
- 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 3

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 5 Glossary

Atradius	Atradius NV, TRP's former credit insurers
CMS	CMS Cameron McKenna Nabarro Olswang LLP
CVL	Creditors Voluntary Liquidation
Group, the / TRG	Tullis Russell Group Limited (TRP's parent company)
GVA	GVA Grimley Limited (property agents)
KPMG	KPMG LLP
Mill site	The papermill site in Markinch, Fife previously operated by TRP and formerly owned by TRG
Pension Scheme, the	The Tullis Russell pension scheme (in which TRP was the principal employer)
PPC permit	Pollution Prevention and Control permit
RSK	RSK Group Plc (environmental agents)
TRP / Company, the	Tullis Russell Papermakers Limited - in Administration

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 (Scotland) Rules 1986 respectively.

Appendix 6 Notice: About this report

This report has been prepared by Tony Friar and Blair Nimmo the Joint Administrators of Tullis Russell Papermakers Limited – in Administration (the ‘Company’) solely to comply with their statutory duty to report to creditors under the Insolvency (Scotland) 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.

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 (Scotland) 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.

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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