



TO MEMBERS AND ALL KNOWN CREDITORS

10 February 2014

Our ref: KF/AT/C&G Concrete/CVL/20140129

Dear Sirs

C & G Concrete Limited – in Liquidation (“the Company”)

Please find enclosed the liquidators' second progress report to members and all known creditors in the above liquidation.

If you have any queries in connection with the report, please contact Katharyn Froggett who will be pleased to deal with them.

Yours faithfully

A handwritten signature in black ink, appearing to read 'E. Williams', written over a light blue horizontal line.

Eddie Williams
Joint Liquidator

katharyn.v.froggett@uk.pwc.com
T: 0113 289 4155

Edward Williams and David Matthew Hammond have been appointed as joint liquidators of the Company to manage its affairs, business and property as its agents without personal liability. All are licensed to act in the United Kingdom as insolvency practitioners by the Institute of Chartered Accountants in England and Wales.

The joint liquidators are Data Controllers of personal data as defined by the Data Protection Act 1998. PricewaterhouseCoopers LLP will act as Data Processor on their instructions. Personal data will be kept secure and processed only for matters relating to the administration.

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Second progress report to members & creditors
10 February 2014

Company	C. & G. Concrete Limited - in Liquidation		
Registered Number	00613713		
Registered address	PricewaterhouseCoopers LLP Benson House 33 Wellington Street Leeds LS1 4JP		
Type of Insolvency	Creditors' Voluntary Liquidation		
Date of Appointment	13 December 2011		
Appointees	Eddie Williams and David Matthew Hammond		
Address	PricewaterhouseCoopers LLP Benson House 33 Wellington Street Leeds LS1 4JP		
Dividend Prospects		Current estimate p in £	Previous estimate p in £
	Preferential	100p/£	100p/£
	Unsecured	72p/£	75p/£

Please note that the guidance on dividend prospects is indicative only. It should not be used as the sole or principal basis of any bad debt provision decision.

C. & G. Concrete Limited – In Creditors’ Voluntary Liquidation (“the Company”)

1 Report to Members & Creditors

In accordance with Rule 4.49C of the Insolvency Rules 1986 (“IR86”), this is our second progress report to members and all known creditors in the Liquidation. Attached at appendix A is a summary of the financial information relating to the Liquidation.

2 Asset Realisations

The Company’s assets have been realised as follows:-

	13 December 2011 to 12 December 2012	13 December 2012 to 12 December 2013	Total 13 December 2011 to 12 December 2013
	£	£	£
Assets specifically pledged			
Sale of business	30,276.90	-	30,276.90
Interest received	945.57	-	945.57
	<u>31,222.47</u>	<u>-</u>	<u>31,222.47</u>
Assets not specifically pledged			
Funds transferred from the Administrators	5,784,320.50	-	5,784,320.50
Third party funds	70,407.47	-	70,407.47
Pre-appointment VAT refund	13,501.31	-	13,501.31
Book debts	12,494.57	-	12,494.57
Interest received gross	12,061.06	4,874.36	16,935.42
Refunds	8,161.36	-	8,161.36
Sundry receipts	4,130.27	-	4,130.27
Rent	3,730.18	-	3,730.18
Post appointment trading sales	3,209.24	-	3,209.24
Distributions received	499.92	949.59	1,449.51
Cash in hand	-	210.39	210.39
	<u>5,912,515.88</u>	<u>6,034.34</u>	<u>5,918,550.22</u>

2.1 Interest received gross

Interest received on investments and on the interest bearing account for the period of this report total £4,874.36.

2.2 Distribution received

Distributions received relate to dividends paid by various debtors who are subject to insolvency procedures and total £949.59 in the period of this report.

2.3 Cash in hand

Cash in hand relates to a remaining £92.87 transferred from the pre-appointment bank account and £117.52 relates to unbanked cheques in the administration.

2.4 Aggregates levy claim

The Company may be able to reclaim a rebate on an aggregate levy which it paid between 2002 and 2011. This levy is an environmental tax on the commercial exploitation of aggregate in the UK. The British Aggregates Association ("BAA") submitted a challenge to the levy to the European Commission in 2002, and in 2012 the European General Court annulled part of the legislation that related to State Aid.

We have previously submitted a claim to both HMRC and the High Court for repayment of aggregates levy payments. In accordance with Section 31 of the Finance Act 2001 and related provisions, we are claiming repayment of an amount of c. £6m paid by the Company.

The BAA successfully asked the Court of Appeal in early April 2013 to reactivate their main case against the Levy.

Since then the European Commission opened a formal "phase II" investigation on 31 July 2013 (these investigations typically take 18 months), and the Court of Appeal has to wait for the final decision of the Commission.

The likely outcome is still unknown, and a final ruling on the argument for the repayment of the Levy would require further litigation in the UK and European courts.

2.5 Winding up petition

As previously reported, on 12 May 2011 the petition for the winding up of the Company was advertised in the London Gazette. The petition was issued by the Company's major creditor due to an unpaid debt but it was understood that it would not be advertised whilst discussions were ongoing. The directors of the Company believed that as a consequence of the advertisement, suppliers would decline to continue trading on normal credit terms. Therefore, they requested the Company be placed into an insolvency process.

The ultimate shareholder of the Company is looking into the circumstances behind the advert being placed and if appropriate, we will consider any options available to the Company as further information comes to light.

3 Outcome for Creditors

3.1 Secured Creditor

As previously reported the secured creditor has now recovered its lending in full.

3.2 Preferential Creditors

Preferential claims in this case represent amounts due for any unpaid pension scheme contribution.

We are aware of one preferential claim in the amount of £168.72. To date, we have been unable to pay this claim in full as we are awaiting the lodging of the claim by the Redundancy Payments Service ("RPS"). We are advised that the RPS will be submitting their claim shortly; therefore, we should be able to pay the claim in full within the next few months.

3.3 Unsecured Creditors

An interim dividend of 65 pence in the pound was paid to unsecured creditors (whose claims had been admitted) in October 2012. A total of £3,175,644.03 was distributed against admitted claims totalling £4,986,925.15. In addition, a catch-up interim dividend totalling £41,694.00 was paid in May 2013.

We are pleased to confirm that there are sufficient funds available to pay a further dividend. Based on assets realised to date, claims received and the director's statement of affairs, the estimated dividend is likely to be in the region of 7 pence in the pound. This may change depending on final claims being agreed, final asset realisations and future costs of the liquidation. The timing of a further dividend will depend upon the conclusion of outstanding issues detailed in Section 3. Further details will be given in our next report to creditors.

The claims agreement is ongoing and certain claims have yet to be adjudicated. The agreement of certain creditor claims is proving to be challenging and requiring ongoing legal advice which may be recoverable.

In the circumstances of this case, the prescribed part provisions do not apply, as the floating charge was created prior to 15 September 2003.

4 Professional Advisers

On this assignment we have used the professional advisers listed below.

Name of Professional Adviser	Nature of Work	Basis of Fee Arrangement	Amount Paid in Period (£)
DLA Piper LLP	Legal advice on litigation and claims agreement	Time cost	36,310.00
Gateley LLP	Legal advice on winding up petition	Time cost	1,856.50
Shakespeares Legal LLP	Debt collection	Percentage of realisations	25.00
Herbert Smith LLP	Debt collection	Percentage of realisations	-
Ubiquus UK	Transcription services	Time cost	-
Rapido Print	Postage and printing	Fixed fee	-
Iron Mountain	Storage of books and records	Fixed fee	-

Our choice was based upon our perception of the advisers experience and ability to perform this type of work, the complexity and nature of the assignment and the basis of the fee arrangement with them. We have reviewed the fees charged and are satisfied that they are reasonable in the circumstances of the case.

5 Liquidators' remuneration

You may recall that the basis for our remuneration in the Administration under Rule 2.106 IR86 had been fixed by reference to the time properly given by the Administrators and the various grades of our staff according to the firm's usual charge out rates for work of this nature. In accordance with Rule 4.127 IR86, the remuneration basis agreed in the Administration will continue in the Liquidation.

To 12 December 2013, we have incurred time costs of £282,673.90. This represents 1,225.3 hours at an average hourly rate Of £230.70. Against this, £147,998 has been drawn and the balance will be drawn in due course. These figures include a change in charge out rates effective from 1 July 2013 for insolvency staff.

It has been our policy to delegate the routine administration of the Liquidation to junior staff in order to maximise the cost effectiveness of the work performed. These staff have been supervised by senior staff and the Liquidators. Any matter of particular complexity or significance that has required responsibility of an exceptional kind has also been dealt with by senior staff and the Liquidators.

All staff who work on this assignment (including cashiers, support and secretarial staff) charge time directly to the assignment and are included within any analysis of time charged. Each grade of staff is allocated an hourly charge out rate which is reviewed from time to time. Work undertaken by cashiers, support and secretarial staff is charged for separately and is not included in the hourly rates charged by partners or other members of staff. Time is charged by reference to actual work carried out on the assignment in 6 minute units. The minimum time chargeable is 3 minutes (i.e. 0.5 units),

Details of the time costs incurred from our last report to 12 December 2013, by work category, are attached at appendix B. The key areas of work carried out during this period have been:

Area of work	Work undertaken in the period includes
Strategy and planning	<ul style="list-style-type: none"> • Internal team briefings on case progression and resolution of outstanding issues • Review of ongoing litigation
Accounting and treasury	<ul style="list-style-type: none"> • Periodic bank reconciliations • Arranging payments of office holder's fees, legal fees and other costs of the liquidation
Statutory, reporting and other compliance	<ul style="list-style-type: none"> • Preparing and circulating annual reports to creditors • Regular internal case reviews
Tax/VAT	<ul style="list-style-type: none"> • Preparing and submitting tax returns • Arranging ongoing reclaims of input VAT
Creditor enquiries & claims agreement	<ul style="list-style-type: none"> • Undertaking the claims agreement process • Dealing with creditor enquiries

In common with all professional firms, scale rates increase from time to time over the period of the administration of each insolvency case. PricewaterhouseCoopers LLP, or any successor firm, reserves the right to change the rates and grade structure. Following our previous report, the charge out rates increased on 1 July 2013. Full details of the charge out rates charged to this case from 13 December 2012 to 12 December 2013 are included below.

Grade	Insolvency	Insolvency	Specialist
	(£/hr) <i>From 1 July 2013</i>	(£/hr) <i>To 1 July 2013</i>	(max) (£/hr)
Partner	555	540	1180
Director	465	450	1085
Senior Manager	405	395	870
Manager	320	310	520
Senior Associate	240	233	440
Associate	152	146	230
Support Staff	112	80	120

Specialist departments within PricewaterhouseCoopers LLP, such as tax, VAT, property and pensions, sometimes charge a small number of hours should the liquidators require their expert advice. Their rates vary, however, the figures given provide an indication of the maximum rate per hour.

6 Liquidators' disbursements

Our current policy for Category 2 disbursements, as approved by the creditors, is as follows:

1. Photocopying for circulars or any other bulk copying is charged at 5p per sheet;
2. Mileage – this is reimbursed at a maximum of 64p per mile (up to 2,000cc) and 81p per mile (over 2,000cc).

No Category 2 disbursements have been incurred.

All other disbursements are reimbursed at cost. We have incurred £954.10 in respect of other disbursements during the period 13 December 2012 to 12 December 2013.

An explanatory note giving creditors a statement of their rights in relation to the Liquidators' remuneration and expenses, and their rights to request further information, can be found online at:

<http://www.icaew.com/~media/Files/Technical/Insolvency/creditors-guides/creditors-guide-liquidators-fees-final.pdf>

A copy may also be obtained free of charge by telephoning Katharyn Froggett on 0113 289 4155.

7 Statement of expenses

A statement of expenses is included at Appendix C.

8 Additional information

If any creditor requires further explanations on any aspect of this progress report, then please telephone or write to Katharyn Froggett who will be pleased to deal with such enquiries, however, any request for further information regarding the Liquidators' remuneration or disbursements should be made in writing (Rule 4.49E IR86).

In addition, should any creditor consider our remuneration and disbursements to be excessive or inappropriate, they have the right to challenge the amounts in accordance with Rule 4.131 IR86.

	13 December 2011 to 12 December 2012 (£)	13 December 2012 to 12 December 2013 (£)	Total 13 December 2011 to 12 December 2013 (£)	Estimated Future Costs (£)	Estimated Final Outcome (£)
FIXED CHARGE					
Receipts					
Sale of business	30,276.90	-	30,276.90	-	30,276.90
Interest received gross	945.57	-	945.57	-	945.57
Total	31,222.47	-	31,222.47	-	31,222.47
Payments					
Agents' fees	900.00	-	900.00	-	900.00
Bank charges	1.00	-	1.00	-	1.00
Total	901.00	-	901.00	-	901.00
Distribution to chargeholder	5,762.28	-	5,762.28	-	5,762.28
Fixed charge balance	24,559.19	-	24,559.19	-	24,559.19
FLOATING CHARGE					
Receipts					
Book debts	12,494.57	-	12,494.57	-	12,494.57
Cash in hand	5,784,320.50	210.39	5,784,530.89	-	5,784,530.89
Third party funds	70,407.47	-	70,407.47	-	70,407.47
Interest received gross	12,061.06	4,874.36	16,935.42	-	16,935.42
Refunds	8,161.36	-	8,161.36	-	8,161.36
Sundry receipts	4,130.27	-	4,130.27	-	4,130.27
Post appointment trading sales	3,209.24	-	3,209.24	-	3,209.24
Rent	3,730.18	-	3,730.18	-	3,730.18
Distributions received	499.92	949.59	1,449.51	-	1,449.51
Pre appointment VAT refund	13,501.31	-	13,501.31	-	13,501.31
Total	5,912,515.88	6,034.34	5,918,550.22	-	5,918,550.22
Payments					
Prior appointee fees & expenses (time cost basis)	728,392.54	-	728,392.54	-	728,392.54
Office holder's fees (time cost basis)	-	147,998.00	147,998.00	202,002.00	350,000.00
Office holder's expenses	-	881.51	881.51	100.00	981.51
Legal fees	101,822.94	38,226.50	140,049.44	73,200.00	213,249.44
Legal disbursements	-	41.40	41.40	-	41.40
Rent	20,323.52	-	20,323.52	-	20,323.52
Third party funds	11,486.70	-	11,486.70	-	11,486.70
Sundry receipts	5,200.00	-	5,200.00	-	5,200.00
Rates	2,491.68	-	2,491.68	-	2,491.68
Membership Fees	2,167.50	-	2,167.50	-	2,167.50
PAYE & NIC	746.00	-	746.00	-	746.00
Licenses & trade marks	720.00	-	720.00	-	720.00
Utilities	708.03	7,182.36	7,890.39	-	7,890.39
Agents' fees	357.50	-	357.50	-	357.50
Statutory advertising	199.30	73.62	272.92	200.00	472.92
Regulatory fees	169.34	-	169.34	-	169.34
Purchases*	83.74	-	83.74	-	83.74
Bank charges	70.32	117.20	187.52	100.00	287.52
Storage costs	56.01	-	56.01	450.00	506.01
Repairs & maintenance	-	-	-	8,338.08	8,338.08
Closure expenses	-	-	-	5,000.00	5,000.00
Distribution to preferential creditors	-	-	-	168.72	168.72
Estimated distribution to unsecured creditors	3,175,644.03	41,694.00	3,217,338.03	1,366,696.9	4,584,034.90
Total	4,050,639.15	236,214.59	4,286,853.74	1,656,255.67	5,943,109.41
Floating charge balance	1,861,876.73	(230,180.25)	1,631,696.48	(1,656,255.67)	(24,559.19)
VAT receivable	(7,896.04)	158.99	(7,737.05)	-	-
Grand Total**	1,878,539.88	(230,021.26)	1,648,518.62	(1,656,255.67)	-

*Expense from trading period

** £1.6m held on investment account, balance held in an interest bearing account

Directors' statement of affairs has not be included in the above summary as all the assets were realised in the Administration.

Analysis of time costs for the period from 13 December 2012 to 12 December 2013

Classification of work	Partner / Director (Hrs)	Senior Manager / Manager (Hrs)	Senior Associate (Hrs)	Associate / Support (Hrs)	Total hours (Hrs)	Time cost (£)	Average hourly rate (£/hr)
Strategy and planning	14.9	8.2	0.4	2.5	25.8	10,232.00	396.59
Accounting and treasury	-	4.3	12.1	24.4	40.7	7,187.00	176.54
Statutory, reporting and other compliance	4.3	10.7	3.8	24.7	43.4	10,048.00	231.47
Administration	6.3	8.4	-	2.1	16.8	6,646.00	396.78
Sale of business	-	-	-	-	-	-	-
Freehold/leasehold property	-	1.9	-	-	1.9	758.50	399.21
Trading	-	-	-	-	-	-	0.00
Other assets	-	-	19.5	2.4	21.9	8,140.40	371.71
Employees / pensions	-	-	-	-	-	-	-
Investigations	-	-	-	-	-	-	-
Tax/VAT	1.6	12.8	20.5	11.2	46.0	15,170.00	330.14
Creditor enquiries & claims agreement	6.3	33.7	26.3	29.1	95.3	24,519.00	257.42
Closure/exit routes	-	-	-	-	-	-	-
Total for 13 December 2012 to 12 December 2013	33.4	80.0	82.6	96.4	291.7	82,700.90	283.54
Brought forward from 13 December 2011 to 12 December 2012	33.5	213.3	227.3	459.5	933.6	199,973.00	214.20
Total to 12 December 2013	66.9	293.3	309.9	555.9	1,225.3	282,673.90	230.71

Disbursements for services provided by the Liquidators' own firm (Category 2 disbursements)

From 13 December 2012 to 12 December 2013

	(£)
Photocopying	31.50
Mileage	-
	864.97
Total for 13 December 2012 to 12 December 2013	896.47
Brought forward from 13 December 2011 to 12 December 2013	57.63
Total to 12 December 2013	954.10

At 5 pence per sheet copied, only charged for circulars to creditors and other bulk copying
 At a maximum of 64 pence per mile (up to 2,000cc) or 81 pence per mile (over 2,000cc)
 All other disbursements are charged at cost

APPENDIX C

	Total expenses incurred brought forward from 12 December 2013 (£)	Total expenses paid to 13 December 2013 (£)	Expenses outstanding at 13 December 2013 (£)	Expenses incurred in this period (£)	Total expenses to 13 December 2013 (£)
Agents' fees	900.00	900.00	-	-	900.00
Bank charges	1.00	1.00	-	-	1.00
Prior appointee fees and expenses	728,392.54	728,392.54	-	-	728,392.54
Office holders' fees	200,029.60	147,998.00	134,732.50	82,700.90	282,730.50
Office holders' expenses	203.98	881.51	-	750.12	954.10
Legal fees	46,285.09	77,335.59	7,176.00	38,226.50	84,511.59
Legal disbursements	-	41.40	-	41.40	41.40
Rent	20,296.03	20,323.52	(27.49)	-	20,296.03
Third party funds	11,486.70	11,486.70	-	-	11,486.70
Sundry receipts	5,200.00	5,200.00	-	-	5,200.00
Rates	2,491.68	2,491.68	-	-	2,491.68
Membership fees	2,167.50	2,167.50	-	-	2,167.50
PAYE & NIC	746.00	746.00	-	-	746.00
Licenses & trade marks	720.00	720.00	-	-	720.00
Utilities	708.03	7,890.39	-	7,182.36	7,890.39
Agents' fees	357.50	357.50	-	-	357.50
Statutory advertising	199.30	272.92	-	73.62	272.92
Regulatory fees	169.34	169.34	-	-	169.34
Purchases*	83.74	83.74	-	-	83.74
Bank charges	70.32	187.52	-	117.20	187.52
Storage costs	56.01	56.01	-	-	56.01
Repairs & maintenance	-	-	-	-	-
Legal fees (administration)	62,713.85	62,713.85	-	-	62,713.85
	1,083,278.21	1,070,416.71	141,881.01	129,092.10	1,149,656.46