



Vendside Limited - in administration

High Court of Justice
Chancery Division
Birmingham District Registry
The Priory Courts, 33 Bull Street
Birmingham, B4 6DS
Case No. 8465 of 2013

Joint Administrators' second progress report for the period from 12 March 2014 to 16 July 2014

25 July 2014

www.pwc.co.uk/vendside

PricewaterhouseCoopers LLP
Benson House, 33 Wellington Street
Leeds, LS1 4JP
Email: marcus.r.connew@uk.pwc.com
Telephone: +44 (0) 113 289 4162
Facsimile: +44 (0) 113 289 4460

When telephoning please ask for Marcus Connew

Contents

Section		Pages
1	The Joint Administrators' second progress report	3 – 7
2	Statutory and other information	8
3	Administrators' receipts and payments account	9 – 10
4	Expenses incurred in the period	11
5	Analysis of the Administrators' time costs and Category 2 disbursements	12 – 17
6	Pre administration costs	18
Appendix A	Company background and group structure	19
Form 2.24B	Notice of Administrators' progress report	20
Form 2.25B	Notice of conduct of business by correspondence	21
	Statement of claim form	22

The following abbreviations are used in this report:

<i>"the Company" or "Vendside"</i>	Vendside Limited – in administration
<i>"the Administrators" or "we"</i>	Edward Williams, Lyn Leon Vardy and David Matthew Hammond
<i>"the Administration"</i>	the administration of Vendside
<i>"PwC"</i>	PricewaterhouseCoopers LLP
<i>"LBG"</i>	Lloyds Banking Group
<i>"SBS"</i>	Skipton Building Society
<i>"the UDM"</i>	The Union of Democratic Mineworkers
<i>"EPSG"</i>	Efficient Property Services Group Limited
<i>"Select"</i>	Select Sales and Lettings Limited
<i>"Essential"</i>	Essential Health and Safety Training Limited
<i>"the Group"</i>	Vendside, EPSG, Select and Essential combined
<i>"our solicitors"</i>	DLA Piper UK LLP
<i>"Proposals"</i>	Statement of Proposals dated 28 October 2013
<i>"IA86"</i>	The Insolvency Act 1986
<i>"Sch.B1 IA86"</i>	Schedule B1 to the Insolvency Act 1986
<i>"IR86"</i>	The Insolvency Rules 1986

1 The Joint Administrators' progress report

Introduction

We write to provide an update on the progress of the Administration, covering the period from 12 March 2014 to 16 July 2014. Our first progress report covered the six month period from the date of our appointment to 11 March 2014

Further background information on the Company and events leading up to our appointment can be found in our Proposals circulated to creditors on 28 October 2013, which are still available at www.pwc.co.uk/vendside. Our Proposals were approved, without modification, at the initial creditors meeting on 14 November 2013.

We are approaching the first anniversary of our appointment and, unless the period of the Administration is extended, the Administration will automatically end on 11 September 2014. For the reasons set out in this report, we consider that a six month extension is required and, in the circumstances of this case, it is for the secured and unsecured creditors to decide whether that extension is granted.

This report has been prepared to support our request for an extension. A notice of the extension, if approved, will subsequently be circulated to all creditors and a copy of this report will be available at www.pwc.co.uk/vendside. We are required to provide certain statutory information pursuant to Rule 2.47(1)(a) to (d) IR86, which is included in Section 2.

Actions taken by the Administrators

At the time of our last report, the Company's principal remaining assets were residential properties, inter-company book debts and loans to AD Limited and the UDM.

We have continued to let the Company's property portfolio whilst dealing with the litigation claims and pension deficit. We have also continued to provide administrative support (on a nil cost basis) to the group companies EPSG and Essential. As mentioned in our previous report, this is likely to lead to a better outcome for creditors as it has secured the repayment of £156,493 of book debts, the potential for further repayment of book debts and a contribution to the holding costs of Vendside.

The trading result reflects the minimum holding costs of the Company in connection with the administration of the injury claims, and includes a small profit from the continued trading with Essential and EPSG. As the sister companies are recharged a month in arrears, the loss reflected on the trading account in Section 3 shows only the income for nine months but the costs for ten. Since appointment we have taken steps to minimise the holding costs by letting out the property portfolio. In addition, we have continued to review staffing levels and costs and have sought to reduce these based on trading, claims management and the relocation from the UDM premises (which was completed in February 2014).

The Company employed 16 staff at the date of our appointment. We have made two of these employees redundant and two employees have transferred from the Company to the UDM.

Asset realisation summary

Total realisations in the Administration to date are summarised as follows:

	£
Sale of freehold properties	240,000.00
Balance at bank	353,262.90
Book debts	156,493.24
Fixtures & fittings	500.00
Interest on loans	3,250.00
Interest received gross	418.33
Loans	130,000.00
Office equipment	284.34
Refunds	989.40
Trading account	(153,150.89)
Total	<u>732,047.32</u>

1 The Joint Administrators' progress report

Property portfolio

At the date of our last report, we had sold one of the 13 residential properties owned by the Company. We are continuing to let the remaining properties which are being managed by the Company's employees. Rental income of £69,333.62 has been received since the date of appointment on 12 September 2013.

Litigation progress

In our previous report, we outlined the background to ten claims against the Company where legal proceedings were ongoing. These claims are made by former miners with regard to the handling of their personal injury claims.

The Company is protected by the moratorium which came into effect when the Company entered administration and we have not given consent for claims to continue. However, we are continuing discussions with the solicitors that are representing the ten claimants with a view to establishing a process in the event that we agree the level of the claims as unsecured claims in the Administration. At this stage it is too early to confirm the outcome of these discussions.

In addition to the known litigation claims, the Company has had information requests from around 207 further potential claimants (of which 10 have been received since our appointment).

Pension

Vendside is a participating employer in the Union of Democratic Mineworkers Officials and Permanent Staff Pension Scheme ("the Scheme"). At the last actuarial valuation date (31 December 2011), the Scheme had a deficit on a buyout basis of c£5.6 million, and we understand that c£1.7 million of this was in relation to Vendside.

As a consequence of the Company's insolvency, the Scheme is being assessed by the Pension Protection Fund ("PPF") and we are in discussions with the trustees of the Scheme and currently trying to arrange a meeting to progress this matter. However, the outcome of these discussions is linked to the outcome of litigation claims.

Balance at bank

The Company's bank accounts were in credit on appointment. The bank balances held totalled £554,262 across Natwest and Lloyds Banking Group ("LBG"). LBG recovered £201,000 of its debt against these funds under its floating charge security but we have received the remaining bank balance of £353,262.

Book debts

The Company was owed £76,281 by Select, a group company. Select was no longer trading, and therefore was unable to pay the debt in full. Select's only asset was cash of £36,150 which was accepted in full and final settlement of this inter-company debt. Select has subsequently been struck off.

We have recovered £120,120 in relation to the other inter-company book debts. This relates to £319,491 and £620,438 owed by Essential and EPSG for services provided by the Company prior to the Administrators' appointment.

Depending on the underlying trading of Essential and EPSG, there may be further recoveries in relation to the balance of these debts.

Fixtures & fittings

The Company owned a large ornamental wheel and plaque, which was located on the site of the previous office, which the Company leased from the UDM.

When the Company vacated the premises, it was agreed that the Company would sell these items, which could not be relocated, to the UDM for £500.

1 The Joint Administrators' progress report

Loans

At the time of our previous report, the Company had received no payments from AD Limited in respect of a loan for £200,000. Legal advice was obtained and a full analysis of the options available to the Company in pursuing the debt was undertaken.

Following negotiations, we accepted £3,250 in respect of the interest owed and £130,000 in full and final settlement of the loan amount which was received on 11 July 2014.

A loan of £100,000 made to the UDM by the Company is repayable on the sale of a UDM property. The UDM is in the process of selling this property and we expect to receive payment on completion of the sale.

Refunds

During the period, the Company has received £281.73 in respect of the pre-appointment insurance.

Expenses statement

A statement of the expenses incurred by the Administrators in the period 12 March 2014 to 16 July 2014 is included at Section 4.

The statement excludes any potential tax liabilities that may be payable as an expense of the Administration in due course because amounts due will depend on the position at the end of the tax accounting period.

Administrators' remuneration

Our remuneration was approved on a time costs basis by the unsecured creditors at the initial meeting of creditors held on 14 November 2013.

As at 16 July 2014, we have drawn remuneration of £123,644.58.

From appointment to 16 July 2014, we have incurred timecosts of £328,233.54. This represents 1,224.57 hours at an average hourly rate of £268.04.

In accordance with the requirements of Statement of Insolvency Practice 9, a full analysis of our time costs and Category 2 disbursements for the period 12 March 2014 to 16 July 2014 is provided in Section 5.

Due to an error on our previous report, costs of £23,292.50 representing 35.25 hours were excluded from the costs reported. The majority of this related to the work carried out by our Pensions team. An amended analysis of our time costs for this period is also provided in Section 5. Please accept our apologies for this oversight.

Pre-administration costs

Information regarding the approval of the paid pre-administration costs previously detailed in our Proposals can be found in section 6.

Creditors' rights

An explanation of your rights as a creditor with regards to our remuneration, can be found online at the following address:

<http://www.icaew.com/~media/Files/Technical/Insolvency/creditors-guides/a-creditors-guide-to-administrators-fees-010407.pdf>

Alternatively, a copy can be obtained free of charge by telephoning Marcus Connew on 0113 289 4162.

1 The Joint Administrators' progress report

Investigations into the conduct of directors

We have a duty to review the conduct of everyone who has acted as a director of the Company in the three years prior to the Administration and report to the Insolvency Service on our findings. We can confirm that this report has been completed and submitted. For confidentiality reasons, we are unable to give any further information.

Statutory duties

During the period of this report, we have also been dealing with the statutory requirements of an administration appointment. Section 5 provides more detail of these matters.

Secured creditors

At the date of our appointment, LBG was owed £201,000 secured by fixed and floating charges. As confirmed earlier, this was repaid in full from the credit balance in the account at the time.

SBS were owed £978,000 at the date of the Administration, secured by a number of mortgage charges against the Company's residential properties. To date we have made mortgage interest payments totalling £19,142. We intend to continue to pay the mortgage payments as they fall due which will be funded by the rental income from the properties. In the event that the Company cannot be rescued, we will realise the Company's assets and we expect that the proceeds from the property sales will enable SBS to be repaid in full.

Estimated dividend prospects

Preferential creditors (mainly employees)

Preferential claims relate to arrears of wages, subject to statutory limits, and unpaid holiday pay. For commercial reasons, we decided to pay all arrears of wages which has reduced preferential creditor claims and maintained the support of the employees. As we are continuing to trade the Company, all arrears of wages have been paid. Future claims in respect of holiday pay are currently estimated to be in the region of £3,760.

Unsecured creditors

The Insolvency Act 1986 provides for a prescribed part fund to be made available for unsecured creditors. It is paid out of "net property". Net property is floating charge realisations after costs, and after paying - or setting aside enough to pay - preferential creditors in full. But it only has to be made available where the floating charge was created on or after 15 September 2003.

In this case the prescribed part does not apply because the floating charge was registered before 15 September 2003.

At this stage, the level of dividend that will be available for the unsecured creditors is unclear. As detailed above, the outcome to creditors will be determined by the result of the litigation claims along with future realisations and administration costs.

Extending the Administration

The Administration is due to automatically end on 11 September 2014. In order to allow additional time to deal with the contingent creditor claims and the pension liability, an extension of six months is requested (until 11 March 2015).

Please complete and return the relevant enclosed form 2.25B by 12 August 2014 indicating your approval (or otherwise) to the extension sought.

1 The Joint Administrators' progress report

Next report

We anticipate that we will circulate our next report to creditors at the earlier of the conclusion of the Administration or in approximately six months.

Yours faithfully
For and on behalf of the Company



Eddie Williams
Joint Administrator
Vendside Limited – in Administration

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

The joint administrators 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.

2 Statutory information

Court details for the Administration:	High Court of Justice, Chancery Division Birmingham District Registry Case No. 8465 of 2013
Full name:	Vendside Limited
Trading name:	Vendside Limited
Registered number:	03367773
Registered address:	c/o PricewaterhouseCoopers LLP, Benson House, 33 Wellington Street, Leeds LS1 4JP
Company directors:	David McGarry Trevor Barker David Nettleship Michael Stevens Jeffrey Wood
Company secretary:	David McGarry
Shareholdings held by the directors and secretary:	David Nettleship – one £1 share – held in trust for UDM (Nottingham section)
Date of the Administration appointment:	12 September 2013
Administrators' names and addresses:	Edward Williams of PricewaterhouseCoopers LLP, Donington Court, Pegasus Business Park, Castle Donington, East Midlands DE74 2UZ, Lyn Leon Vardy of PricewaterhouseCoopers LLP, Benson House, 33 Wellington Street, Leeds LS1 4JP and David Matthew Hammond of PricewaterhouseCoopers LLP, One Kingsway, Cardiff CF10 3PW
Appointor's / applicant's name and address:	The directors of the Company, Miners Office, Berry Hill Lane, Mansfield, Nottinghamshire NG18 4JU
Objective being pursued by the Administrators:	Objective (a): rescuing the Company as a going concern, or if that is not possible objective (b): achieving a better result for the Company's creditors as a whole than would be likely if the Company were wound up (without first being in administration)
Division of the Administrators' responsibilities:	In relation to paragraph 100(2) Sch.B1 IA86, during the period for which the administration is in force, any act required or authorised under any enactment to be done together or any of the Administrators acting jointly or alone
Proposed end of the Administration:	Objective (a) Notice under paragraph 80 Sch B1 IA86: Returning the Company to its directors, or objective (b) one of the alternative outcomes listed in the Administrators' proposals dated 28 October 2013
Estimated dividend for unsecured creditors:	Unknown
Estimated values of the prescribed part and the company's net property:	Not applicable
Whether and why the Administrators intend to apply to court under Section 176A(5) IA86:	Not applicable
The European Regulation on Insolvency Proceedings (Council Regulation(EC) No. 1346/2000 of 29 May 2000):	The European Regulation on Insolvency Proceedings applies to this Administration and the proceedings are main proceedings.

3 Administrators' receipts and payments account

Director's Statement of Affairs	12 September 2013 to 11 March 2014	12 March 2014 to 16 July 2014	Total from 12 September 2013 to 16 July 2014
£	£	£	£
FIXED CHARGE REALISATIONS			
2,704,000.00	240,000.00	-	240,000.00
	240,000.00	-	240,000.00
COST OF REALISATION / PAYMENTS			
	(3,600.00)	-	(3,600.00)
	(80,803.60)	-	(80,803.60)
	(3,527.00)	-	(3,527.00)
	-	(2.00)	(2.00)
	(2,232.00)	2,232.00	-
	(11,569.22)	11,569.22	-
	(101,731.82)	13,799.22	(87,932.60)
DISTRIBUTIONS TO FIXED CHARGE CREDITORS			
	(150,644.00)	-	(150,644.00)
NET FIXED CHARGE REALISATIONS/(PAYMENTS)			
	(12,375.82)	13,799.22	1,423.40
UNCHARGED REALISATIONS			
400,335.00	353,262.90	-	353,262.90
	120,120.00	36,373.24	156,493.24
	-	500.00	500.00
	-	3,250.00	3,250.00
	317.70	100.63	418.33
300,000.00	-	130,000.00	130,000.00
	201.00	83.34	284.34
	707.67	281.73	989.40
	3,246.50	1,099.00	4,345.50
	(81,270.80)	(71,880.09)	(153,150.89)
	396,584.97	99,807.85	496,392.82
COST OF REALISATION / PAYMENTS			
	(12.50)	(45.00)	(57.50)
	(28,065.10)	-	(28,065.10)
	-	(4,574.05)	(4,574.05)
	-	(15,200.72)	(15,200.72)
	(7,300.73)	(4,230.00)	(7,230.73)
	(123,644.58)	-	(123,644.58)
	(26,474.19)	-	(26,474.19)
	(150.74)	-	(150.74)
	(540.86)	(1,870.05)	(2,410.91)
	(251,888.70)	(25,919.82)	(277,808.52)
PREFERENTIAL CREDITORS			
-	-	-	-
UNSECURED CREDITORS			
(179,685.00)	-	-	-
	(32,615.42)	41,459.30	8,843.88
Balance held on high interest account			
	99,705.03	129,146.55	228,851.58

Note: LBG had a floating charge of £201,000 at the date of appointment. This amount was repaid from the credit balance in the Company's account before the balance was paid to the Administrators' account.

The Statement of Affairs figure for the Balance at Bank is the total of the amounts from Natwest and LBG accounts, less the floating charge of LBG.

The duress payment principally relates to the release of information from the Company's solicitors in relation to the ongoing litigation.

Property management charges of £2,232 and mortgage interest payments of £11,569.22 from the previous period have been moved into the trading account to more accurately reflect the nature of the payments.

3 Administrators' receipts and payments account

Trading account

	12 September 2013 to 11 March 2014	12 March 2014 to 16 July 2014	Total from 12 September 2013 to 16 July 2014
	£	£	£
TRADING REALISATIONS			
Income from EPSG	76,330.95	62,805.35	139,136.30
Income from Essential	29,324.27	28,103.77	57,428.04
Income from UDM	12,173.79	-	12,173.79
Other trading income	98.33	200.00	298.33
Rental income	36,949.04	32,384.58	69,333.62
	154,876.38	123,493.70	278,370.08
TRADING PAYMENTS			
Cleaning and site clearance	(700.00)	(265.34)	(965.34)
Data Protection Act fees	-	(35.00)	(35.00)
IT costs	(223.02)	(402.00)	(625.02)
Lease/hire charges	(3,742.46)	(2,496.49)	(6,238.95)
Mortgage interest payments	-	(19,142.18)	(19,142.18)
Net wages	(152,090.53)	(103,709.19)	(255,799.72)
Other payroll deductions	(1,197.55)	-	(1,197.55)
PAYE & NIC	(56,295.26)	(47,539.59)	(103,834.85)
Postage, stationary and printing	(572.72)	(1,525.41)	(2,098.13)
Property management charges	-	(6,808.77)	(6,808.77)
Rates	(2,228.43)	-	(2,228.43)
Rent	(3,000.00)	-	(3,000.00)
Repairs and maintenance	(2,143.80)	(1,142.80)	(3,286.60)
Telephone, fax etc	(3,138.29)	(2,269.78)	(5,408.07)
Transport & carriage	-	(8,743.12)	(8,743.12)
Utilities	(9,107.04)	(1,285.72)	(10,392.76)
Water rates	(1,708.08)	(8.40)	(1,716.48)
	(236,147.18)	(195,373.79)	(431,520.97)
NET TRADING ACCOUNT REALISATIONS/(PAYMENTS)	(81,270.80)	(71,880.09)	(153,150.89)

4 Expenses incurred in the period

A statement of expenses incurred by us as administrators between 12 March 2014 to 16 July 2014 is shown below.

The statement provides an estimate of the expenses incurred and unpaid for the period. These are yet to be finalised and may be subject to adjustments before payment. It also excludes any potential tax liabilities that could be classed as an expense of the administration, as these will depend on the Company's position at the end of the tax accounting period.

	Unpaid expenses as at 12 March 2014	Estimated incurred in this period	Expenses paid in this period	Estimated unpaid expenses at 16 July 2014
		£	£	£
PAYMENTS				
FIXED				
Agent's fees	-	-	-	-
Balance held in client account for SBS	-	-	-	-
Legal fees	-	-	-	-
Legal disbursements	-	2.00	(2.00)	-
Management charges	-	(2,232.00)	2,232.00	-
Mortgage payments	-	7,572.96	(7,572.96)	-
Uncharged				
Bank charges	-	45.00	(45.00)	-
Duress payments	-	-	-	-
Insurance	9,697.43	6,817.21	(4,574.05)	11,940.59
Irrecoverable VAT	-	15,200.72	(15,200.72)	-
Legal fees	8,314.50	16,503.50	(4,230.00)	20,588.00
Office holders' fees	121,006.52	81,294.29	-	202,300.81
Pre-administration costs	-	-	-	-
Statutory advertising	-	-	-	-
Storage costs	1,029.54	894.38	(1,870.05)	53.87
Trading				
Cleaning and site clearance	-	265.34	(265.34)	-
Data Protection Act fees	-	35.00	(35.00)	-
IT costs	-	402.00	(402.00)	-
Lease/hire charges	6.79	2,863.76	(2,496.49)	374.06
Net wages	-	103,709.19	(103,709.19)	-
Other payroll deductions	-	-	-	-
PAYE & NIC	-	47,539.59	(47,539.59)	-
Postage, stationary and printing	-	1,525.41	(1,525.41)	-
Property management charges	-	6,808.77	(6,808.77)	-
Rates	-	-	-	-
Rent	-	-	-	-
Repairs and maintenance	312.14	830.66	(1,142.80)	-
Telephone, fax etc	-	2,269.78	(2,269.78)	-
Transport & carriage	-	8,743.12	(8,743.12)	-
Utilities	68.10	1,217.62	(1,285.72)	-
Water rates	-	8.40	(8.40)	-
	140,435.02	302,316.70	(207,494.39)	235,257.33

Note: Office holders' unpaid fees as at 12 March 2014 includes an additional £23,292.50 excluded from our previous report in error.

5 Analysis of Administrators' remuneration and Category 2 disbursements

Analysis of time costs for the period from 12 September 2013 to 11 March 2014

Aspect of assignment	Partner	Director	Senior Manager	Manager	Senior Associate	Associate	Secretarial	Total hours	Time cost £	Average hourly rate £
1 Strategy & Planning	-	15.25	6.40	5.55	6.40	5.50	2.00	41.10	14,340.55	348.92
2 Secured creditors	-	-	0.75	-	-	-	-	0.75	303.75	405.00
3 Trading	-	0.75	30.23	11.28	125.15	63.05	0.50	230.96	55,302.15	239.44
4 Assets	-	1.75	62.85	3.55	9.90	11.65	0.50	90.20	31,520.10	349.45
5 Investigations	-	0.75	10.25	4.05	-	15.90	-	30.95	8,212.80	265.36
6 Contingent creditors	-	13.95	25.90	2.55	0.25	2.65	-	45.30	18,255.05	402.98
7 Creditor claims/distributions	-	0.50	0.50	-	1.40	10.45	-	12.85	2,309.00	179.69
8 Accounting and treasury	-	-	4.83	2.59	37.60	21.00	-	66.02	13,919.15	210.83
9 Statutory and compliance	-	13.50	18.45	19.97	50.35	81.55	5.00	188.82	44,835.20	237.45
10 Tax & VAT	-	-	2.60	19.00	13.75	28.95	-	64.30	17,025.30	264.78
11 Employees & pensions	-	20.60	10.55	12.90	8.90	53.00	-	105.95	38,589.55	364.22
12 Closure procedures	-	-	-	-	-	-	-	-	-	-
Total for the period	-	67.05	173.31	81.44	253.70	293.70	8.00	877.20	244,612.60	278.86

Note: Due to an error in our previous report, £23,292.50 of timecosts relating mainly to work on the pension scheme, were excluded from our last report for the above period.

5 Analysis of Administrators' remuneration and Category 2 disbursements

Explanation of work undertaken for the period 12 September 2013 to 11 March 2014

Earlier in this Section, we included a table showing our time costs for the period, by grade of staff and area of work. This shows time costs of £244,612.60, the key elements of which are explained further below.

Area of work	Work undertaken in the period includes:
Strategy and planning	<ul style="list-style-type: none"> Assessing the risks of the Administration Budgeting and cost monitoring Team strategy meetings Assessment of options
Trading	<ul style="list-style-type: none"> Dealing with suppliers Team update meetings regarding the trading position Trading analysis and decision making Processing trading receipts and payments Dealing with issues arising from office move
Assets	<ul style="list-style-type: none"> Property management Handling property sales Book debt realisations Dealing with sister companies Liaising with debtors and solicitors regarding loans Handling insurance matters and ensuring adequate cover
Investigations	<ul style="list-style-type: none"> Gathering data for CDDA investigations into the Company directors Preparing the statutory report for the Insolvency Service Assessing potential asset recoveries
Contingent creditors	<ul style="list-style-type: none"> Strategy planning on how to approach litigation claims Liaising with solicitors Handling contingent creditor enquiries
Accounting and treasury	<ul style="list-style-type: none"> Opening bank account Accounting for receipts and payments Bank reconciliations
Statutory and compliance	<ul style="list-style-type: none"> Initial letters and notices Preparing Administrators' proposals Preparing for and holding initial creditors meeting Arranging storage of Company books and records Other statutory and compliance matters (such as bonding)
Tax & VAT	<ul style="list-style-type: none"> Obtaining VAT advice Deregistering Company from VAT group and reregistering Preparing, drafting and submitting quarterly VAT returns Obtaining tax advice
Employees & pensions	<ul style="list-style-type: none"> Initial notices to employees and pension scheme trustees Handling TUPE transfers to UDM Wage runs and employee payroll Planning for scheme rescue strategy Liaising with Pension Protection Fund and trustee advisors

5 Analysis of Administrators' remuneration and Category 2 disbursements

Analysis of time costs for the period from 12 March 2014 to 16 July 2014

Aspect of assignment	Partner	Director	Senior Manager	Manager	Senior Associate	Associate	Secretarial	Total hours	Time cost £	Average hourly rate £
1 Strategy & Planning	-	4.00	-	0.90	-	1.35	-	6.25	2,370.60	379.30
2 Secured creditors	-	-	-	-	-	-	-	-	-	-
3 Trading	-	1.00	2.17	2.87	79.35	66.95	-	152.34	32,734.73	214.88
4 Assets	-	0.25	12.25	0.10	1.10	17.55	-	31.25	7,978.85	255.32
5 Investigations	-	-	-	-	-	0.85	-	0.85	129.20	152.00
6 Contingent creditors	-	-	19.25	-	-	-	-	19.25	7,796.25	405.00
7 Creditor claims/distributions	-	-	0.25	-	0.35	7.15	-	7.75	1,251.05	161.43
8 Accounting and treasury	-	-	4.40	0.40	14.30	17.90	-	37.00	7,798.35	210.77
9 Statutory and compliance	-	3.75	2.10	3.40	9.60	29.90	1.00	49.75	10,240.45	205.84
10 Tax & VAT	1.00	-	2.00	0.30	6.25	10.05	-	19.60	5,169.20	263.73
11 Employees & pensions	-	2.90	5.25	0.95	0.50	12.48	-	22.08	7,646.01	346.29
12 Closure procedures	-	-	1.25	-	-	-	-	1.25	506.25	405.00
Total for the period from 12 March 2014	1.00	11.90	48.92	8.92	111.45	164.18	1.00	347.37	83,620.94	240.73
Brought forward at 11 March 2014								877.20	244,612.60	278.86
Total								1,224.57	328,233.54	268.04

5 Analysis of Administrators' remuneration and Category 2 disbursements

Explanation of work undertaken for the period 12 March 2014 to 16 July 2014

Earlier in this report and in our previous correspondence with creditors, we provided details of our strategy, progress to date and additional matters arising in the Administration. Earlier in this Section, we included a table showing our time costs for the period, by grade of staff and area of work. This shows time costs of £83,620.94, the key elements of which are explained further below.

Area of work	Work undertaken in the period includes:
Strategy & planning	<ul style="list-style-type: none"> • Progress updates with team • Strategy meetings regarding contingent creditors and administration exit • Case reviews with appointees and senior management
Trading	<ul style="list-style-type: none"> • Dealing with suppliers • Team update meetings regarding the trading position • Trading analysis and decision making • Processing trading receipts and payments
Assets	<ul style="list-style-type: none"> • Property management • Book debt realisations • Dealing with sister companies • Liaising with debtors and solicitors regarding loans • Negotiating AD Limited loan settlement • Handling insurance matters and ensuring adequate cover
Contingent creditors	<ul style="list-style-type: none"> • Strategy planning on how to approach litigation claims • Liaising with own solicitors and appointees regarding claims • Meeting with claimants' solicitors • Handling contingent creditor enquiries • Discussions with pensions team about effect of contingent creditors on pension scheme rescue plan
Creditor claims / distributions	<ul style="list-style-type: none"> • Dealing with creditor enquiries • Calculating and handling preferential claims
Accounting and treasury	<ul style="list-style-type: none"> • Accounting for receipts and payments • Bank reconciliations
Statutory and compliance	<ul style="list-style-type: none"> • Preparing Administrators' progress reports • Arranging storage of Company books and records • Other statutory and compliance matters (such as bonding)
Tax & VAT	<ul style="list-style-type: none"> • Obtaining VAT advice • Preparing, drafting and submitting quarterly VAT returns • Obtaining tax advice
Employees & pensions	<ul style="list-style-type: none"> • Redundancy tasks • Liaising with Redundancy Payment Service • Monthly payroll and wage payments • Researching pension scheme rescue options • Advice from pension specialists on strategy • Liaising with Pension Trustees and PPF

5 Analysis of Administrators' remuneration and Category 2 disbursements

Hourly charge-out rates

The charge-out rates applicable to this case during the period are set out below.

Grade	Administrators' staff		Specialist departments £/hour
	To 30 June 2014 £/hour	From 1 July 2014 £/hour	
Partner	555	575	1075
Director	465	480	1085
Senior Manager	405	415	915
Manager	320	330	600
Senior Associate - qualified	240	250	410
Senior Associate – unqualified	177	180	-
Associate	152	160	210
Support staff	82	85	120

It has been the Joint Administrators' policy to delegate the routine administration of the Administration to junior staff in order to maximise the cost effectiveness of the work performed. These staff have been supervised by senior staff and the Administrators. 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 Administrators.

Specialist departments within our firm (such as Tax, VAT, Property and Pensions) may charge a small number of hours if and when we require their expert advice. Such specialists' rates do vary but the figures above provide an indication of the maximum rate per hour.

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 in units of not greater than six minutes. Time is charged by reference to actual work carried out on the assignment in six minute units. The minimum time chargeable is three minutes (i.e. 0.05 units)

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.

Disbursements

The table below shows the approved policy for charging the different categories of expenses, together with the costs incurred in the period.

Category	Policy	£
1	All disbursements not falling under Category 2 are recharged at cost	426.21
2	Photocopying - At 5 pence per sheet copied, only charged for circulars to creditors and other bulk copying.	79.44
2	Mileage - At a maximum of 71 pence per mile (up to 2,000cc) or 93 pence per mile (over 2,000cc).	1,227.89
	Total (to 16 July 2014)	<u>1,753.56</u>

5 Analysis of Administrators' remuneration and Category 2 disbursements

Legal and other professional firms

The following table lists the professional firms instructed in this case in relation to the period that the report covers

Service provided	Name of firm / organisation	Reason selected	Basis of fees	Fees paid between 12 March 2014 to 16 July 2014 (£)
Legal advice regarding the administration, property sales, debt collection and litigation claims against the Company	DLA Piper UK LLP	Expertise	Time costs	4,232.00
Marketing of property and liaising with buyer	Savills (UK) Limited	Expertise	Percentage of realisations	Nil

All third party professionals are required to submit time costs analyses and/or narrative in support of invoices rendered. We undertake to review the professional firms' costs to ensure they are reasonable in the circumstances of the case.

6 Pre administration costs

We incurred the costs detailed below prior to our appointment, but with a view to the Company entering administration. These costs were approved by the creditors at the meeting held on 14 November 2013 to be paid as an expense of the administration.

	Unpaid amount (£)	Paid amount (£)
Fees charged by us	-	26,355.42
Expenses incurred by us	-	118.77
Total	-	26,474.19

Aspect of assignment	Partner	Director	Senior		Senior		Secretarial	Total hours	Time cost £	Average hourly rate £
			Manager	Manager	Associate	Associate				
1 Strategy & Planning	-	30.60	16.00	15.40	-	4.00	-	66.00	25,055.50	379.63
2 Pensions	-	-	1.10	-	-	2.55	-	3.65	857.60	234.96
3 Statutory and compliance	-	-	-	-	-	1.55	-	1.55	235.60	152.00
4 Employees	-	-	-	-	-	1.36	-	1.36	206.72	152.00
Total	-	30.60	17.10	15.40	-	9.46	-	72.56	26,355.42	363.22

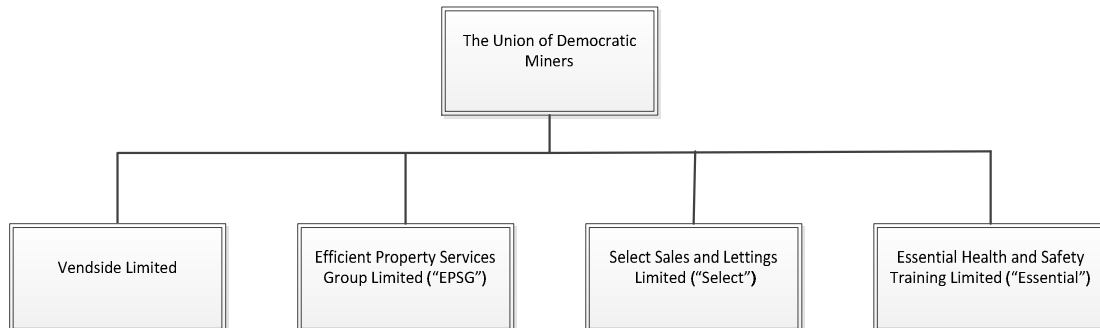
The tasks undertaken included:

- Statutory planning work in relation to the Administration appointment, including internal compliance and risk procedures;
- Discussions with the Bank, pension trustees, UDM and the Company's directors regarding the appointment; and
- Discussions with lawyers and advisors regarding legal issues, placing the Company into Administration and specifically the litigation claims against the Company.

Appendix A Company background and group structure

The Union of Democratic Mineworkers (“the UDM”) established the Company in 1997 to handle the injury claims of miners and former miners, predominantly for vibration white finger, in accordance with a set process laid down by the courts. The Company assisted about 1,500 miners in making claims, all of which are now complete.

The Company subsequently invested its profits into a combination of residential property and establishing three sister companies, all owned by the UDM. The Company had continued to use its assets to support these companies until they reached profitability. A group company structure is shown below:



Administrators' progress report 2.24B

Name of Company Vendside Limited	Company Number 03367773
In the High Court of Justice, Chancery Division, Birmingham District Registry	Court case number 8465 of 2013


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

We (a) Edward Williams of PricewaterhouseCoopers LLP, Donington Court, Pegasus Business Park, Castle Donington, East Midlands DE74 2UZ, Lyn Leon Vardy of PricewaterhouseCoopers LLP, Benson House, 33 Wellington Street, Leeds LS1 4JP and David Matthew Hammond of PricewaterhouseCoopers LLP, One Kingsway, Cardiff CF10 3PW

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

(b) Insert dates

from	to
(b) 12 March 2014	(b) 16 July 2014

Signed 
 Joint Administrator

Dated 25/7/14

Notice of conduct of business by correspondence

Name of Company Vendside Limited	Company Number 03367773
In the High Court of Justice, Chancery Division, Birmingham District Registry	Court case number 8465 of 2013

- (a) Insert full name(s) and address(es) of the administrator(s)
Notice is hereby given by (a) Edward Williams of PricewaterhouseCoopers LLP, Donington Court, Pegasus Business Park, Castle Donington, East Midlands DE74 2UZ, Lyn Leon Vardy of PricewaterhouseCoopers LLP, Benson House, 33 Wellington Street, Leeds LS1 4JP and David Matthew Hammond of PricewaterhouseCoopers LLP, One Kingsway, Cardiff CF10 3PW
- (b) Insert full name and address of registered office of the company
to the creditors of (b) Vendside Limited, Benson House, 33 Wellington Street, Leeds, LS1 4JP
- (c) Insert number of resolutions enclosed
that, pursuant to paragraph 58 of Schedule B1 to the Insolvency Act 1986, enclosed is (c) one resolution for your consideration. Please indicate below whether you are in favour or against this resolution.
- (d) Insert address to which form is to be delivered
This form must be received at (d) PricewaterhouseCoopers LLP, Benson House, 33 Wellington Street, Leeds, LS1 4JP, by 12.00 hours on (e) 12 August 2014 in order to be counted. It must be accompanied by details in writing of your claim, unless those details have already been submitted for the purpose of a meeting of creditors. Failure to do so will lead to your vote being disregarded.
- (e) Insert closing date

Repeat as necessary for the number of resolutions attached

Resolution (1)

THAT the joint administrators' term of office is extended by a period of six months to 11 March 2015.

I am *in Favour / Against

*delete as appropriate

TO BE COMPLETED BY CREDITOR WHEN RETURNING FORM:

Name of creditor:

Signature of creditor:

(If signing on behalf of creditor, state capacity e.g. director/solicitor)

If you require any further details or clarification prior to returning your votes, please contact my colleague Marcus Connew on 0113 289 4152 or marcus.r.connew@uk.pwc.com.

Signed 
Joint Administrator

Dated 25/7/14

This claim form is submitted for the purposes of proving the creditor's debt and for the creditor's entitlement to vote.

Vendside Limited - in Administration – statement of claim

Creditor's name and address.	
Registered number (if creditor is a company)	
<p>Claim amount</p> <ul style="list-style-type: none"> Total amount of your claim (including VAT) at the date the administration commenced*<i>[or, if the company was in liquidation when it entered administration, at the date the prior liquidation commence].</i> Any payment received by the creditor in relation to the claim after the appointment of the administrators <i>[or, if applicable, prior liquidators]</i> Total value (including VAT) of any monies owed by the creditor to the company. Total value (including VAT) of any retention of title in respect of any goods to which the debt relates 	<p>£</p> <p>£</p> <p>£</p> <p>£</p>
Please provide details of any documents that substantiate your claim including where applicable, details of any reservation of title. If available, please attach a statement of account.	
What goods or services did you provide?	
<p>If you have security for your debt, please provide details of the type and value of the security, the date it was given, and provide details of how you have valued your security.</p> <p>If no security held, leave this section blank.</p>	
<p>We have a duty as administrators to consider the conduct of the directors prior to our appointment. Are there any particular matters relating to the purchase of goods and services from yourselves, or any other matters that you feel should be reviewed?</p> <p>If so, please provide brief details on this form, or on a separate sheet if there is insufficient room.</p>	
Signature of creditor or person authorised to act on behalf of the creditor.	Date
Name in block capitals.	
Position with or relation to the creditor (e.g. director, company secretary, solicitor).	

MRC/LN/Vendside/CD019/20130917/D355Ev2

* You must deduct any trade or other discounts which would have been available to the company but for its administration, except any discount for immediate, early or cash settlement.