

Highlands Insurance Company (U.K.) Limited - In Liquidation

Joint Liquidators' progress report to
members and creditors from 17 April
2023 to 16 April 2024 and the final
progress report from 17 April 2024 to
31 May 2024

12 June 2024

Table of Contents

Abbreviations and definitions	3
1. Joint Liquidators' progress report	5
1.1 Introduction.....	5
1.2 Key messages	5
1.3 Liquidation Committee	5
1.4 Summary of the Joint Liquidators' actions.....	6
1.5 Joint Liquidators' remuneration and expenses	6
1.6 Statement of creditors' rights	7
1.7 Enquiries.....	7
2. Receipts and payments	8
2.1 GBP Receipts and Payments Account for the Period	8
2.2 USD Receipts and Payments Account for the Period	9
2.3 EUR Receipts and Payments Account for the Period	10
2.4 GBP Receipts and Payments Account for the Final Period	11
2.5. USD Receipts and Payments Account for Final Period	12
2.6. EUR Receipts and Payments Account for the Final Period	13
3. Remuneration update	14
3.1 Hourly rates	14
3.2 Joint Liquidators' disbursements.....	14
3.3 Other matters	15
3.4 Analysis of the Joint Liquidators' time costs for the Period	15
3.5 Analysis of the Joint Liquidators' time costs for the Final Period.....	16
3.6 Our work in the Period.....	17
3.7 Our work in the Final Period	18
4. Expenses	19
Other information	20

Abbreviations and definitions

The following table shows the abbreviations and insolvency terms that may be used in this report:

Abbreviation or term	Definition or meaning
Administration	UK corporate insolvency process governed by the Insolvency Act 1986, applicable to the Company following its insolvency on 1 November 2007 up to its termination on 17 April 2012.
Cedant Scheme	Scheme of Arrangement of the Company for creditors with claims arising from contracts or policies of reinsurance, effective on 22 September 2011
Cedant Scheme Creditors	Unsecured non-preferential creditors whose claims arise from being insurance companies holding policies of reinsurance issued by the Company.
Company/HUK	Highlands Insurance (U.K.) Limited (in Creditors' Voluntary Liquidation, previously in Administration).
Company Website	https://www.pwc.co.uk/services/business-restructuring/insights/highlands-insurance.html/
Creditors' Committee	Committee of creditors established to assist the Joint Liquidators during the period of the Liquidation.
CVL/Liquidation	Creditors' Voluntary Liquidation of the Company commencing 17 April 2012
FCA	The Financial Conduct Authority, the conduct regulator for financial services firms and financial markets in the UK.
Final Period	17 April 2024 to 31 May 2024
Firm or PwC	PricewaterhouseCoopers LLP
IA86	Insolvency Act 1986 the statutory legislation that provides the legal platform for matters relating to personal and corporate insolvency in the United Kingdom.
IR16	Insolvency (England and Wales) Rules 2016, the statutory rules that provide the legal platform for matters relating to personal and corporate insolvency in England and Wales.
Joint Cedant Scheme Administrators	Dan Yoram Schwarzmenn and Douglas Nigel Rackham of PricewaterhouseCoopers LLP, 7 More London, Riverside, London, SE1 2RT.
Joint Liquidators	Dan Yoram Schwarzmenn and Douglas Nigel Rackham of PricewaterhouseCoopers LLP, 7 More London, Riverside, London, SE1 2RT.
Liquidation Committee	The members of the Creditors' Committee established in the Administration and the Cedant Scheme act in the Liquidation as the Liquidation Committee
Period	17 April 2023 to 16 April 2024
SIP	Statement of Insolvency Practice, issued by the UK regulatory authorities, setting out principles and key compliance standards with which insolvency practitioners are required to comply.
Value Added Tax or VAT	A consumption tax levied on the sale of goods and services in the UK.

This report has been prepared by Dan Yoram Schwarzmann and Douglas Nigel Rackham as Joint Liquidators of the Company, solely to comply with the Joint Liquidators' statutory duty to report to creditors under IR16 on the progress of the Liquidation, 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 it is not suitable to be used, to inform any investment decision in relation to the debt of or any financial investment in the Company. Any persons choosing to rely on this report for any purpose or in any context other than under IR16 do so at their own risk. To the fullest extent permitted by law, the Joint Liquidators do not assume any liability in respect of this report to any such person.

Please note you should read this report in conjunction with the Joint Liquidators' previous reports which can be found at: <https://www.pwc.co.uk/services/business-restructuring/insights/highlands-insurance.html>

Unless stated otherwise, all amounts in this report are stated net of VAT.

Dan Yoram Schwarzmann and Douglas Nigel Rackham have been appointed as Joint Liquidators and Joint Cedant Scheme Administrators of the Company. Both are licensed in the United Kingdom to act as insolvency practitioners by the Institute of Chartered Accountants in England and Wales. The Joint Liquidators are bound by the Insolvency Code of Ethics which can be found at: <https://www.gov.uk/government/publications/insolvency-practitioner-code-of-ethics>

The Joint Liquidators/Joint Cedant Scheme Administrators may act as controllers of personal data as defined by UK data protection law depending upon the specific processing activities undertaken. PricewaterhouseCoopers LLP may act as a processor on the instructions of the Joint Liquidators/Joint Cedant Scheme Administrators. Personal data will be kept secure and processed only for matters relating to the Liquidation/Cedant Scheme of Arrangement. Further details are available in the privacy statement on the PwC.co.uk website or by contacting the Joint Liquidators/Joint Cedant Scheme Administrators.

PricewaterhouseCoopers LLP is a limited liability partnership registered in England with registered number OC303525. The registered office of PricewaterhouseCoopers LLP is 1 Embankment Place, London WC2N 6RH. PricewaterhouseCoopers LLP is authorised and regulated by the Financial Conduct Authority for designated investment business.

1. Joint Liquidators' progress report

1.1 Introduction

On 1 November 2007 Dan Yoram Schwarzmann and Mark Batten of PwC were appointed Joint Administrators of the Company.

On 22 September 2011, after receiving sanction in the UK and permanent injunctive relief under Chapter 15 of the US Bankruptcy Code, the Cedant Scheme became effective.

As previously reported, the Administration concluded on 17 April 2012, being the date the Company went into Creditors' Voluntary Liquidation. In their capacity as Joint Cedant Scheme Administrators, the Joint Liquidators continued to implement the Cedant Scheme.

Following Mark Batten's retirement from PwC, he was replaced as Joint Liquidator by Douglas Nigel Rackham by an order of the High Court of Justice (Chancery Division) Companies Court No CR-2017-005352 dated 21 July 2017, which became effective on 4 August 2017. In addition, Douglas Nigel Rackham replaced Mark Batten as Joint Cedant Scheme Administrator following a meeting of Scheme Creditors held on 16 October 2017 to ratify his appointment by the Creditors' Committee in accordance with clause 4.2.7 of the Cedant Scheme.

We are pleased to let you know that our work in the liquidation of the Company is now complete and set out below the Joint Liquidators' twelfth and final report. You can view earlier reports on the Company Website.

1.2 Key messages

Why we have sent you this report

We are writing to tell you that the Company's affairs are now fully wound up and to provide our final account of the Liquidation including an update since our last progress report.

What you need to do

This report is for your information, and you do not need to do anything.

This report gives details of creditors' rights in relation to requesting further information, challenging the Liquidators' remuneration and expenses, and objecting to the Liquidators' release from liability.

1.3 Liquidation Committee

The last meeting of the Liquidation Committee was held on 21 January 2014. At that meeting it was decided that, given the status of the Liquidation, future meetings would only be held when the Joint Liquidators considered it appropriate or when requested by the Liquidation Committee.

In addition to the information required by SIP9, the Joint Liquidators also provide the Liquidation Committee with a detailed budget and analyses of costs by work activity to enable the Liquidation Committee to fully assess the reasonableness of requests for authority to draw remuneration made by the Joint Liquidators. An update was shared with the Liquidation Committee on 26 February 2024 on the status of the Liquidation, progress made in relation to the final dividend and proposed fee resolutions prior to dissolution of the Company.

The Liquidation Committee members subsequently agreed fee resolutions as detailed in Section 1.5 and, in accordance with clause 3.6.5 of the Cedant Scheme, for unclaimed dividend funds to be paid to a UK charity.

1.4 Summary of the Joint Liquidators' actions

Cedant Scheme and final implementation

On completion of the Administration, surplus funds of approximately £2.07m and US\$13.31m were placed under the control of the Joint Liquidators.

As previously reported, in February 2014 an initial payment of 15% was set in accordance with the terms of the Cedant Scheme and a distribution to Cedant Scheme Creditors was made shortly thereafter. In January 2022, a final payment of 16.7% was set, representing an increase of 1.7% on the initial payment of 15%. During the Period all final payments were issued by the Joint Cedant Scheme Administrators to Cedant Scheme Creditors.

All Cedant Scheme liabilities have been adjudicated or otherwise determined and the final payment has been paid. Accordingly, and in accordance with Clause 8.1 of the Cedant Scheme, effective on 22 May 2024, the Cedant Scheme has been terminated.

Please refer to previous reports on the Company Website for further details of work carried out during the Liquidation. Please refer to Sections 3.6 and 3.7 for further details of work undertaken during the Period and Final Period.

Cash management

The receipts and payments account in Section 2 details expenses met from funds in the Liquidation. During the Period, in preparation for the conclusion of the Cedant Scheme and ending the Liquidation, funds were removed from interest bearing status. Four bank accounts were closed in the Period and the final bank account was closed in the Final Period.

Statutory reporting

During the Period, the Joint Liquidators corresponded with the FCA and on 9 May 2024 submitted a request for cancellation of permission to carry on regulated activities, which was acknowledged on 20 May 2024.

Investigations and actions

We have reviewed the Company's affairs and taken into account any points raised by creditors in discharging our duties under the Company Directors' Disqualification Act 1986 and Statement of Insolvency Practice No.2. Nothing came to our attention to suggest that we needed to do any more work in line with our duties.

Tax and VAT

We fulfilled our duties as proper officers for tax during the Liquidation and filed VAT and corporation tax returns for all relevant accounting periods. During the Period, the Joint Liquidators filed corporation tax returns for the years ended 16 April 2023 and 16 April 2024. Both returns showed a nil liability and no further income giving rise to a tax liability is expected. During the Final Period a final VAT return was prepared and submitted to His Majesty's Revenue and Customs.

What we still need to do

The winding up of the Company is now complete. Following the end of the period within which creditors may object to our release, we will send a copy of this final account to the Registrar of Companies with a statement of whether any creditors of the Company objected. We will vacate office on sending the report and statement.

1.5 Joint Liquidators' remuneration and expenses

As previously reported, during the Administration, the Joint Administrators' fees were fixed by reference to time properly given by the Joint Administrators and their staff in attending to matters arising. The Liquidation Committee resolved that the remuneration basis agreed in the Administration would continue in the Liquidation.

Further to a resolution passed by the Liquidation Committee in the first quarter of 2022 approving fees to be drawn by the Joint Liquidators in line with their agreed budget for the

period from 17 April 2021 to 16 April 2022, the majority of the fees for that period totalling £100,301 plus VAT were billed and paid during August 2023.

An update was prepared and shared with the Liquidation Committee by email on 26 February 2024. Thereafter, the Liquidation Committee passed a resolution approving the Joint Liquidators' costs for the period 17 April 2022 to 26 January 2024, noting that there were insufficient funds remaining to cover all costs incurred by the Joint Liquidators' team. Final fees totalling £76,057.48 plus VAT were drawn during the Final Period. This included previously approved but unbilled fees for the period from 17 April 2021 to 16 April 2022 totalling £5,984 plus VAT.

In accordance with the revised SIP9, which took effect on 1 December 2015, the Joint Liquidators have provided the following information in Section 3:

- (i) An analysis of the Joint Liquidators' time costs for the Period and the Final Period, including the cumulative total time costs from the date of the Joint Liquidators' appointment; and
- (ii) A summary of the Joint Liquidators' time costs for the Period and Final Period, including the key categories of work, details of the work undertaken, a description of why the work was necessary and whether or not the work was of financial benefit to the creditors or if it was required by statute.

1.6 Statement of creditors' rights

Creditors have the right to ask for more information within 21 days of receiving this report as set out in Rule 18.9 IR16. Any request must be in writing. Creditors can also challenge our fees and expenses within eight weeks of receiving this report as set out in Rule 18.34 IR16. This information can also be found in the guide to fees at:

<https://www.icaew.com/regulation/insolvency/understanding-business-restructuring-and-insolvency/creditors-guides>

The guide to fees above is the current version available to creditors; below is a link to the guide which was in force at the time of our appointment:

<https://www.icaew.com/-/media/corporate/files/regulations/insolvency/creditors-guides/2007/creditors-guide-to-liquidators-fees-england-and-wales-1-apr-2007.ashx?la=en>

Copies may also be obtained free of charge on request to the Joint Liquidators.

1.7 Enquiries

If you have any questions, please contact Alison Kaplan (alison.b.lieberman@pwc.com) on +44 (0) 7889 645197.

Signed:



DY Schwarzmenn
Joint Liquidator
Highlands Insurance Company (U.K.) Limited

2. Receipts and payments

2.1 GBP Receipts and Payments Account for the Period

	Total to 16 April 2023 £000's	Transactions in the Period £000's	Total to 16 April 2024 £000's
Receipts			
Funds transferred from the Administration	2,073	-	2,073
Interest received	14	-	14
Reinsurance collections	65	-	65
VAT recoveries (i)	193	-	193
Transfers from USD & EUR accounts (ii)	3,483	-	3,483
Total Receipts	5,828	-	5,828
Payments			
Administrators' remuneration	78	-	78
Liquidators' remuneration	1,313	100	1,413
Liquidators' disbursements	2	-	2
Run-off fees	1,540	-	1,540
Other professional costs	1,564	-	1,564
Legal fees	286	-	286
Legal settlements (iii)	54	-	54
Dividend payment to Cedant Scheme Creditors	119	1	120
Statutory costs	48	-	48
Net VAT	655	20	675
Total Payments	5,659	121	5,780
Closing balance / movement	169	-121	48

Notes:

- (i) Includes £25k recovery relating to the Administration period.
- (ii) Represents transactions undertaken to manage foreign exchange exposures.
- (iii) Settlement with the FSCS to conclude the Company's potential exposure to Employers' Liability policies.

2.2 USD Receipts and Payments Account for the Period

	Total to 16 April 2023 US\$000's	Transactions in the Period US\$000's	Total to 16 April 2024 US\$000's
Receipts			
Funds transferred from the Administration	13,308	-	13,308
Interest received	69	5	74
NAIC Trust fund (i)	2,491	-	2,491
Reinsurance collections	1,450	-	1,450
Total Receipts	17,318	5	17,323
Payments			
Other professional costs	3	-	3
Letter of Credit drawdown (i)	2,500	-	2,500
Bank charges	12	1	13
Transfer to sterling account (ii)	5,540	-	5,540
Transfer to Euro account (ii)	221	-	221
Dividend payment to Cedant Scheme Creditors	8,893	101	8,994
Total Payments	17,169	102	17,271
Closing balance	149	-97	52
Closing balance in Sterling (iii)	120	-78	42

Notes:

- (i) The National Association of Insurance Commissioners trust fund of US\$2.5m was drawn down by the Conservator, in accordance with the Conservation Agreement and returned to the Joint Liquidators, less expenses, in July 2013.
- (ii) Represents transactions undertaken to manage foreign exchange exposures and funding for Cedant Scheme dividend.
- (iii) Exchange rate as at 16 April 2024: 1 USD = 0.8037 GBP.

2.3 EUR Receipts and Payments Account for the Period

	Total to 16 April 2023 EUR 000's	Transactions in the Period EUR 000's	Total to 16 April 2024 EUR 000's
Receipts			
Transfer from US dollar account (i)	162	-	162
Total Receipts	162	-	162
Payments			
Dividend payment to Cedant Scheme Creditors (ii)	161	-	161
Total Payments	161	-	161
Closing balance	1	-	1
Closing balance in Sterling (iii)	1	-	1

Notes:

- (i) Represents transaction undertaken to manage foreign exchange exposure.
- (ii) Exchange rate as at 16 April 2023: 1 EUR = 0.8545 GBP.

2.4 GBP Receipts and Payments Account for the Final Period

	Total to 16 April 2024 £000's	Transactions in the Final Period £000's	Total in the Liquidation £000's
Receipts			
Funds transferred from the Administration	2,073	-	2,073
Interest received	14	-	14
Reinsurance collections	65	-	65
VAT recoveries (i)	193	-	193
Transfers from USD & EUR accounts (ii)	3,483	42	3,525
Total Receipts	5,828	42	5,870
Payments			
Administrators' remuneration	78	-	78
Liquidators' remuneration	1,413	82	1,495
Liquidators' disbursements	2	-	2
Run-off fees	1,540	-	1,540
Other professional costs	1,564	-	1,564
Legal fees	286	-	286
Legal settlements (iii)	54	-	54
Dividend payment to Cedant Scheme Creditors	120	-	120
Unclaimed dividend payment to charity	-	8	8
Statutory costs	48	-	48
Net VAT	675	-	675
Total Payments	5,780	90	5,870
Closing balance / movement	48	-48	-

Notes:

- (i) Includes £25k recovery relating to the Administration period.
- (ii) Represents transactions undertaken to manage foreign exchange exposures.
- (iii) Settlement with the FSCS to conclude the Company's potential exposure to Employers' Liability policies.

2.5. USD Receipts and Payments Account for Final Period

	Total to 16 April 2024 US\$000's	Transactions in the Final Period US\$000's	Total in the Liquidation US\$000's
Receipts			
Funds transferred from the Administration	13,308	-	13,308
Interest received	74	-	74
NAIC Trust fund (i)	2,491	-	2,491
Reinsurance collections	1,450	-	1,450
Total Receipts	17,323	-	17,323
Payments			
Other professional costs	3	-	3
Letter of Credit drawdown (i)	2,500	-	2,500
Bank charges	13	-	13
Transfer to sterling account (ii)	5,540	52	5,592
Transfer to Euro account (ii)	221	-	221
Dividend payment to Cedant Scheme Creditors	8,994	-	8,994
Total Payments	17,271	52	17,323
Closing balance	52	-52	-
Closing balance in Sterling (iii)	42	-42	-

Notes:

- (i) The National Association of Insurance Commissioners trust fund of \$2.5m was drawn down by the Conservator, in accordance with the Conservation Agreement and returned to the Joint Liquidators, less expenses, in July 2013.
- (ii) Represents transactions undertaken to manage foreign exchange exposures and funding for Cedant Scheme dividend.
- (iii) Exchange rate as at 03 May 2024: 1 USD = 0.797 GBP (bank account then closed).

2.6. EUR Receipts and Payments Account for the Final Period

	Total to 16 April 2024 EUR 000's	Transactions in the Final Period EUR 000's	Total in the Liquidation EUR 000's
Receipts			
Transfer from US dollar account (i)	162	-	162
Total Receipts	162	-	162
Payments			
Transfer to sterling account	-	1	1
Dividend payment to Cedant Scheme Creditors	161	-	161
Total Payments	161	1	162
Closing balance	1	-1	-
Closing balance in Sterling (ii)	1	-1	-

Notes:

- (i) Represents transaction undertaken to manage foreign exchange exposure.
- (ii) Exchange rate as at 03 May 2024: 1 EUR = 0.8581 GBP (bank account then closed).

3. Remuneration update

The fees charged to the Liquidation are by reference to the time properly given by the Joint Liquidators and their staff in attending to matters arising.

It is the Joint Liquidators' policy to delegate tasks in the Liquidation to appropriate members of staff considering their level of experience and any 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 the Joint Liquidators' themselves.

All our staff who work on the liquidation (including our cashiers, support and secretarial staff) charge time directly to the case and are included in any analysis of time charged. Each grade of staff has an hourly charge out rate which is reviewed from time to time. Time is charged in three-minute units (i.e., 0.05 units). We don't charge general or overhead costs.

3.1 Hourly rates

Set out below are the relevant maximum charge-out rates per hour for the grades of the Joint Liquidators' staff actually or likely to be involved on this assignment, for the period of this report. 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, the scale rates used by the Joint Liquidators may periodically rise (for example to cover annual inflationary cost increases) over the period of the Liquidation.

However, in this case, the charge-out rates of the Liquidators' staff have remained unchanged since 2013 as a reflection of the estate's mothballing status. Specialist departments within the Joint Liquidators' firm, such as Tax, VAT and actuarial work, are also being used where the Joint Liquidators require their expert advice. Such specialists' rates do vary but the figures below provide an indication of the maximum rate per hour for the Period and Final Period.

Grade	Core Team (£)	Specialist Team (£)
Partner	627	1,520
Director	565	1,095
Senior Manager	437	1,258
Manager	370	772
Senior Associate	313	575
Associate	202	240

3.2 Joint Liquidators' disbursements

The Joint Liquidators' firm's expenses policy allows for all properly incurred expenses to be recharged to the case. Disbursements fall into two categories:

Expense	SIP 9 Definition
Category 1	Payments to persons providing the service to which the expense relates who are not an associate of the office holder.
Category 2	Payments to our Firm or our associates or which have an element of shared costs (for example, photocopying and mileage disbursements, or costs shared between different insolvent estates).

We do not need approval from creditors to draw Category 1 expenses as these have all been provided by third parties, but we do need approval from the Liquidation Committee to draw

Category 2 expenses. The rate for services provided by the Firm (Category 2 expenses) may periodically rise (for example to cover annual inflationary cost increases) over the period of the Liquidation. All other disbursements to be charged at cost.

There were no Category 1 or Category 2 expenses incurred in the Period or Final Period.

Total Category 1 Disbursements during the Liquidation totalled £2k. There were no Category 2 Disbursements.

3.3 Other matters

Payments to associates

No payments have been made to associates or any party who could reasonably be perceived as an associate during the Liquidation.

Our relationships

We had no business or personal relationships with the parties who approved our fees or who provided services to the administration where the relationship could give rise to a conflict of interest.

3.4 Analysis of the Joint Liquidators' time costs for the Period

	Hours							Costs (£'s)		
Classification of work type	Partner	Director	Senior Manager	Manager	Senior Associate	Associate	Total	Period	Cumulative	Average hourly rate
Total costs incurred to 17 April 2023	1,756,709									
Administration and compliance	0.0	0.0	4.5	5.0	22.0	1.9	33.4	11,077		332
Administrative Creditor Support	0.0	0.0	0.0	19.0	37.2	0.0	56.2	18,674		332
Creditor and statutory reporting	0.0	6.3	2.1	122.0	59.7	0.0	190.1	68,304		359
Finance	0.0	0.0	6.2	29.7	99.0	42.6	177.5	54,149		305
Forensics	0.0	0.0	0.0	0.0	4.6	2.0	6.6	1,844		279
Tax & VAT	0.0	0.0	0.5	6.5	0.0	49.9	56.9	17,623		310
Project Management	1.0	7.6	5.5	93.0	210.7	0.0	317.8	107,981		340
Total in the Period	1.0	13.9	18.8	275.2	433.2	96.4	838.4	279,652		334
Total costs incurred to 16 April 2024	2,036,361									

3.5 Analysis of the Joint Liquidators' time costs for the Final Period

	Hours							Costs (£'s)		
Classification of work type	Partner	Director	Senior Manager	Manager	Senior Associate	Associate	Total	Final Period	Cumulative	Average hourly rate
Total costs incurred to 17 April 2024	2,036,361									
Administration and compliance	0.0	0.3	0.1	0.0	9.2	1.3	10.9	3,340		308
Creditor and statutory reporting	0.0	6.6	78.0	0.0	63.5	4.5	152.6	58,590		385
Finance	0.0	0.0	0.0	0.9	20.6	2.8	24.3	7,331		303
Forensics	0.0	0.0	0.0	0.0	0.0	0.4	0.4	71		203
Tax & VAT	0.0	0.0	0.3	0.2	0.0	5.1	5.6	1,693		306
Project Management	0.0	0.5	6.2	0.0	28.9	0.0	35.6	12,022		339
Total in the Final Period	0.0	7.4	84.6	1.1	122.1	14.0	229.1	83,047		363
Total costs incurred to 31 May 2024	2,119,408									

3.6 Our work in the Period

Area of work	Work undertaken	Why the work was necessary	What, if any, financial benefit the work provided to creditors OR whether it was required by statute
Administration and compliance	<ul style="list-style-type: none"> Budget setting, monitoring and updating. Collation, review and recording of estate costs. Maintaining and updating case records and internal case management systems. Complying with internal compliance requirements. 	<ul style="list-style-type: none"> Ongoing maintenance of the Liquidation. 	<ul style="list-style-type: none"> Statutory duty to keep proper books and records.
Creditors and statutory reporting	<ul style="list-style-type: none"> Preparation and distribution of progress reports. Dealing with ad hoc creditor queries. Complying with other statutory requirements. Liaising with the Liquidation Committee. 	<ul style="list-style-type: none"> To comply with regulatory requirements or statute. 	<ul style="list-style-type: none"> Required by statute.
Finance	<ul style="list-style-type: none"> Preparing, reviewing, and processing transactions. Reconciling bank accounts to internal systems. Preparing and reviewing receipts and payments reports, authorising all payments and reviewing and managing cash flow. Preparing, processing, and distributing dividends. 	<ul style="list-style-type: none"> In order to pay Liquidation expenses. Ongoing maintenance of the Liquidation. 	<ul style="list-style-type: none"> Statutory duty to keep proper books and records. Required by statute.
Forensic Services	<ul style="list-style-type: none"> Undertaking sanction screening including Ultimate Beneficial Owner identification and searches. 	<ul style="list-style-type: none"> To enable the payment of the final dividend. 	<ul style="list-style-type: none"> Overriding duty to realise the assets to the best advantage and distribute the proceeds, net of costs, to Scheme Creditors.
Project management	<ul style="list-style-type: none"> Internal meetings to oversee day-to-day operations. Internal meetings to review and update ongoing strategy. Planning, preparation and execution of the closure plan, and all related tasks. 	<ul style="list-style-type: none"> Ongoing maintenance of the Liquidation. 	<ul style="list-style-type: none"> Statutory duty to keep proper books and records.
Tax and VAT	<ul style="list-style-type: none"> Preparing and submitting corporation tax returns for the years ended 16 April 2023 and 16 April 2024. Closure planning and advice. 	<ul style="list-style-type: none"> In compliance with duties as proper officers for tax. 	<ul style="list-style-type: none"> Required by statute. Overriding duty to realise the assets to the best advantage and distribute the proceeds, net of costs, to Scheme Creditors.

3.7 Our work in the Final Period

Area of work	Work undertaken	Why the work was necessary	What, if any, financial benefit the work provided to creditors OR whether it was required by statute
Administration and compliance	<ul style="list-style-type: none"> • Maintaining and updating case records and internal case management systems. • Complying with internal compliance requirements. 	<ul style="list-style-type: none"> • Ongoing maintenance of the Liquidation. 	<ul style="list-style-type: none"> • Statutory duty to keep proper books and records.
Creditors and statutory reporting	<ul style="list-style-type: none"> • Preparation and distribution of progress reports. • Complying with other statutory requirements. • Communication with the FCA for cancellation of permission. 	<ul style="list-style-type: none"> • To comply with regulatory requirements or statute. 	<ul style="list-style-type: none"> • Required by statute.
Finance	<ul style="list-style-type: none"> • Preparing, reviewing, and processing transactions. • Reconciling bank accounts to internal systems. • Preparing and reviewing receipts and payments reports, authorising all payments and reviewing and managing cash flow. • Closure of bank accounts. 	<ul style="list-style-type: none"> • In order to pay Liquidation expenses. • Ongoing maintenance of the Liquidation. 	<ul style="list-style-type: none"> • Statutory duty to keep proper books and records. • Required by statute.
Project management	<ul style="list-style-type: none"> • Internal meetings to oversee day-to-day operations. • Internal meetings to review and update ongoing strategy. • Execution of the closure plan, and all related tasks. 	<ul style="list-style-type: none"> • Ongoing maintenance of the Liquidation. 	<ul style="list-style-type: none"> • Statutory duty to keep proper books and records.
Tax and VAT	<ul style="list-style-type: none"> • Preparing and submitting the final VAT return. 	<ul style="list-style-type: none"> • In compliance with duties as proper officers for tax. 	<ul style="list-style-type: none"> • Required by statute.

4. Expenses

The following tables provide details of the Joint Liquidators' expenses. Expenses are defined as amounts payable by the Joint Liquidators from the estate. They include the Joint Liquidators' fees but exclude distributions to creditors. The tables also exclude any potential tax liabilities that may be payable as a Liquidation expense, as amounts becoming due will depend on the position at the end of the tax accounting period.

The following tables should be read in conjunction with the receipts and payments account in Section 3 of this report, which shows expenses actually paid during the Period, the Final Period and the overall total paid.

	Brought forward from preceding period £k	Incurred the Period £k	Total incurred £k
Administrators' remuneration	78	-	78
Liquidators' remuneration *	1,757	280	2,037
Liquidators' disbursements	2	-	2
Run-off fees	1,540	-	1,540
Other professional costs	1,691	-	1,691
Legal fees	286	-	286
Legal settlements	54	-	54
Statutory costs	48	-	48
Irrecoverable VAT	554	15	569
Total	6,010	295	6,305

	Brought forward balance £k	Incurred in the Final Period £k	Total incurred during the Liquidation £k
Administrators' remuneration	78	-	78
Liquidators' remuneration *	2,037	83	2,120
Liquidators' disbursements	2	-	2
Run-off fees	1,540	-	1,540
Other professional costs	1,691	-	1,691
Legal fees	286	-	286
Legal settlements	54	-	54
Statutory costs	48	-	48
Irrecoverable VAT	569	12	581
Total	6,305	95	6,400

* Please note there were insufficient funds remaining to cover all costs incurred by the Joint Liquidators' team.

Other information

Company's registered name:	Highlands Insurance Company (U.K.) Limited (in Liquidation) (the "Company" or "Highlands UK")
Registered number:	01190948
Registered address:	c/o PricewaterhouseCoopers LLP, 7 More London Riverside, London SE1 2RT
Activity	Insurance and reinsurance run-off
Appointment details for the liquidation:	Appointed by the Creditors, pursuant to Schedule B1 Paragraph 83 of the Insolvency Act 1986 (as amended), converting from Administration to Creditors' Voluntary Liquidation
Date of the Liquidators' appointment:	17 April 2012
Liquidators' names, addresses and contact details:	<p>Dan Yoram Schwarzmenn and Douglas Nigel Rackham of PricewaterhouseCoopers LLP, 7 More London Riverside, London SE1 2RT</p> <p>They may also be contacted via telephone number +44 (0) 7889 645197 or email to alison.b.lieberman@pwc.com</p>