

Joint
Liquidators'
progress
report for the
period 26 April
2022 to 25
April 2023

Tullis Russell Papermakers Limited -
in Liquidation

3 May 2023

Notice to creditors

Please note that KPMG LLP sold its Restructuring practice in the UK to Interpath Ltd ('Interpath Advisory') on 4 May 2021. This will not have an impact on your day to day dealings of the administration of the Company and your case contacts remain the same. Please note that the contact details for your primary case contacts may have changed, please check the insolvency portal at:

www.ia-insolv.com/case+INTERPATH+TI42394603.html for the latest contact details.

This report provides an update on the liquidation of the Company.

We have included (Appendix 2) an account of all amounts received and payments made during the period 26 April 2022 to 25 April 2023, including the cumulative receipts and payments since the date of our appointment.

We have also explained our future strategy for the liquidation and how likely it is that we will be able to pay each class of creditor.

You will find other important information in this report such as the costs which we have incurred to date.

A glossary of the abbreviations used throughout this document is attached (Appendix 4).

Finally, we have provided answers to frequently asked questions and a glossary of insolvency terms on the following website:

www.ia-insolv.com/case+INTERPATH+TI42394603.html (Creditors Voluntary Liquidation) and <https://www.ia-insolv.com/case+INTERPATH+TF427D5259.html> (Administration)

We hope this is helpful to you.

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

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1 Executive summary

- This progress report covers the period from 26 April 2022 to 25 April 2023.
- All assets have been realised. (Section 2 - Progress to date).
- We have paid interim unsecured dividends totalling 34.81p in the £. A final, nominal distribution to unsecured creditors shall be paid in the near future. (Section 3 - Dividend prospects and dividends paid).
- Please note: you should read this report in conjunction with any previous reports issued to the Company's creditors; these can be found at:
www.ia-insolv.com/case+INTERPATH+TI42394603.html (Creditors Voluntary Liquidation) and <https://www.ia-insolv.com/case+INTERPATH+TF427D5259.html> (Administration).
- Unless stated otherwise, all amounts in this report and appendices are stated net of VAT.



Alistair McAlinden
Joint Liquidator

2 Progress to date

This report covers the period from 26 April 2022 to 25 April 2023. However, please refer to previous reports where relevant information has been disclosed.

This section updates you on our strategy for the liquidation and on our progress to date. It follows the information provided in our previous reports.

Since the date of our last report, the following matters have been finalised:

- final costs of the liquidation have been settled;
- tax and VAT clearance has been requested and obtained from HM Revenue & Customs; and
- all statutory and compliance matters have been completed.

2.1 Asset realisations

All assets were realised in earlier periods.

2.2 Costs

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

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

Storage costs

Storage costs in the sum of £71.72 have been settled in the period.

3 Dividend prospects and dividends paid

3.1 Secured creditors

Please refer to the Joint Administrators' proposals for details of the secured creditors, which can be viewed at <https://www.ia-insolv.com/case+INTERPATH+TF427D5259.html>.

3.2 Preferential creditors

Preferential creditors were paid in full in the Administration.

3.3 Unsecured creditors

Based on current estimates, we anticipate that unsecured creditors should receive a nominal, third and final dividend.

3.4 Liquidation committee

The Liquidation committee, as detailed in our previous reports, continues to be in place.

4 Joint Liquidators' remuneration, expenses and payments to Interpath

4.1 Joint Liquidators' remuneration and expenses

Time costs

During the period from 26 April 2022 to 25 April 2023, we have incurred time costs of £19,055.00. These represent 47.70 hours at an average rate of £399.48 per hour.

A detailed analysis of the time spent is provided at Appendix 3.

Liquidators' Remuneration

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

Liquidators' expenses

During the period, we have not incurred any expenses and no expenses have been paid.

Additional information

We have attached (Appendix 3) an analysis of the time spent, the charge-out rates for each grade of staff and the expenses paid directly by Interpath for the period from 26 April 2022 to 25 April 2023. We have also attached our charging and expenses policy.

5 Future strategy

5.1 Future conduct of the liquidation

The following matters are still ongoing in the liquidation:

- facilitate the final nominal dividend distribution to the unsecured creditors; and
- continue to comply with all statutory and compliance matters as they arise.

5.2 Future reporting

We will report again on the progress of this liquidation by 2 June 2024 or in the final report if matters have been concluded earlier.

Appendix 1 Statutory information

Company information

Company name	Tullis Russell Papermakers Limited
Date of incorporation	21 May 1906
Company registration number	SC006195
Previous registered office	Rothsfield, Markinch, Fife, KY7 6PB
Present registered office	Interpath Ltd, 5th Floor, 130 St Vincent Street, Glasgow, G2 5HF
Trading address	Auchmuty & Crocker, Paper Mills, Glenrothes, Fife, KY7 6PB
Nature of business	Papermaking

Statutory information

Appointed by	Creditors pursuant to Paragraph 83 of Schedule B1 of the Act
Date of appointment	26 April 2018
Joint Liquidators' details	Alistair McAlinden and Blair Nimmo
Joint Liquidators' address	Interpath Ltd, 5th Floor, 130 St Vincent Street, Glasgow, G2 5HF
Functions	The functions of the Joint Liquidators are being exercised by them individually or together in accordance with Section 231(2) of the Insolvency Act 1986
EU Regulations	EU Regulations apply and these proceedings will be the Main Proceedings as defined in Article 3 of the EU regulations.

Appendix 2

Joint Liquidators' receipts and payment account

Tullis Russell Papermakers Limited - in Liquidation			
Trading accounts			
Statement of Affairs (£)		From 26/04/2022 To 25/04/2023 (£)	From 26/04/2018 To 25/04/2023 (£)
OTHER DIRECT COSTS			
	Direct labour	NIL	(15,860.37)
	Consigned Bonus payments	NIL	(837.83)
		NIL	(16,698.20)
TRADING EXPENSES			
6,285,000.00	Stock	NIL	NIL
		NIL	NIL
6,285,000.00	Trading surplus/(deficit)	NIL	(16,698.20)

Tullis Russell Papermakers Limited - in Liquidation			
Abstract of receipts & payments			
Statement of affairs (£)		From 26/04/2022 To 25/04/2023 (£)	From 26/04/2018 To 25/04/2023 (£)
ASSET REALISATIONS			
	Transfer from Administration	NIL	4,904,524.44
6,000,000.00	Plant & machinery	NIL	NIL
200,000.00	Stock	NIL	NIL
1,458,000.00	Stock - work in progress	NIL	NIL
654,000.00	Cash at bank	NIL	NIL
		NIL	4,904,524.44
OTHER REALISATIONS			
	Bank interest, gross INCLUDING FINAL	NIL	52,424.05
4,000.00	Petty cash	NIL	NIL
	Sundry refunds	NIL	94,381.85
6,285,000.00	Trading surplus/(deficit)	NIL	(16,698.20)
150,000.00	Carbon credits	NIL	NIL
26,000.00	Intercompany loans	NIL	NIL
		NIL	130,107.70
COST OF REALISATIONS			
	Payroll bureau costs	NIL	(957.50)
	Liquidator's fees	NIL	(49,980.00)
	Liquidator's expenses	NIL	(1,149.99)
	Irrecoverable VAT	NIL	127.36

Tullis Russell Papermakers Limited - in Liquidation

Abstract of receipts & payments

Statement of affairs (£)	From 26/04/2022 To 25/04/2023 (£)	From 26/04/2018 To 25/04/2023 (£)
Settlement fee to transfer PPC permit	NIL	(560,000.00)
Agents'/Valuers' fees	NIL	(18,824.84)
Legal fees	NIL	(26,989.56)
Corporation tax	NIL	(1,122.71)
Storage costs	(71.72)	(12,480.17)
Statutory advertising	NIL	(71.00)
Insurance of assets	NIL	(1,005.59)
Wages & salaries	NIL	(34,391.91)
Other Staff Costs	NIL	(13,052.68)
Bank charges	NIL	(1,998.77)
Unclaimed dividends	NIL	(34,928.30)
	<hr/>	<hr/>
	(71.72)	(756,825.66)
UNSECURED CREDITORS		
Trade & expense	NIL	(4,112,753.03)
Non preferential PAYE	NIL	(15,699.84)
Non-preferential NIC	NIL	(2,897.33)
	<hr/>	<hr/>
	NIL	(4,131,350.20)
<hr/>		
14,777,000.00	<hr/>	<hr/>
	(71.72)	146,456.28
REPRESENTED BY		
(10,270.00) Trade debtors		NIL
VAT receivable		19,640.48
Current account		144,056.66
Floating ch. VAT control		(17,240.86)
		<hr/>
		146,456.28
		<hr/>

Appendix 3 Joint Liquidators' charging and expenses policy

Joint Liquidators' charging policy

The time charged to the liquidation is by reference to the time properly given by us and our staff in attending to matters arising in the liquidation. This includes work undertaken by in-house Interpath Advisory tax, VAT and employee specialists.

Our policy is to delegate tasks in the liquidation to appropriate members of staff considering their level of experience and requisite specialist knowledge, supervised accordingly, so as to maximise the cost effectiveness of the work performed. Matters of particular complexity or significance requiring more exceptional responsibility are dealt with by senior staff or us.

A copy of "A Creditors' Guide to Liquidators' Remuneration Scotland" from Statement of Insolvency Practice 9 ('SIP 9') produced by the Association of Business Recovery Professionals is available at:

https://www.r3.org.uk/technical-library/scotland/technical-guidance/fees/more/29162/page/1/liquidation-a-guide-for-creditors-on-insolvency-practitioner-fees-scotland/?utm_source=Association%20of%20Business%20Recovery%20Professionals&utm_medium=email&utm_campaign=12943265_Technical%20Alert%20%28X%20January%202022%29%20-%20Scotland%20updated%20creditor%20guides&dm_i=133C,7PF35,60LAAZ,VENP5,1

If you are unable to access this guide and would like a copy, please contact Nicole Leonard on 0141 648 4339.

Hourly rates

Set out below are the relevant charge-out rates per hour worked for the grades of our staff actually or likely to be involved on this liquidation. Time is charged by reference to actual work carried out on the liquidation.

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

Charge-out rates (£) for: Tullis Russell Papermakers Limited – in liquidation			
Grade	From 01 Jan 2022 £/hr	From 28 May 2022 £/hr	From 01 Mar 2023 £/hr
Managing Director	725	725	780
Director	675	675	725
Associate Director	590	590	635
Manager	495	495	530
Senior Associate	345	345	370
Associate	245	245	265
Support	145	155	165

The charge-out rates used by us might periodically rise (for example to cover annual inflationary cost increases) over the period of the liquidation. You will note that our rates have been subject to change.

Policy for the recovery of expenses

Where funds permit the officeholders will seek to recover both Category 1 and Category 2 expenses from the estate. For the avoidance of doubt, such expenses are defined within SIP 9 as follows:

Expenses: These are any payments which are neither an office holder's remuneration nor a distribution to a creditor or a member. Expenses also includes disbursements which are payments first met by the office holder, and then reimbursed to the office holder from the estate.

Category 1 expenses: These are payments to persons providing the service to which the expense relates who are not an associate of the office holder. These may include, for example, advertising, room hire, storage, postage, telephone charges, travel expenses, and equivalent costs reimbursed to the officeholder or his or her staff.

Category 2 expenses: These are payments to associates or which have an element of shared costs. They may include shared or allocated costs that can be allocated to the appointment on a proper and reasonable basis, for example, business mileage.

Associates: are defined in the insolvency legislation but also extends to parties where a reasonable and informed third party might consider there would be an association between the third party and the office holder or their firm.

Category 2 expenses charged by Interpath Advisory include mileage. This is calculated as follows:

Mileage claims fall into three categories:

- Use of privately-owned vehicle or car cash alternative – 45p per mile.
- Use of company car – 60p per mile.
- Use of partner's car – 60p per mile.

For all of the above car types, when carrying Interpath passengers an additional 5p per mile per passenger will also be charged where appropriate.

We have not incurred any expenses during the period.

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

Category 2 expenses have been approved in the same manner as our remuneration.

Creditors' right to challenge our remuneration

If you wish to challenge the basis of our remuneration, the remuneration charged, or the outlays incurred during the period covered by this report, you must do so by making an application to Court within 14 days of receipt of this report.

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

The full text of the relevant Rules can be provided on request by writing to Nicole Leonard at Interpath Advisory, Interpath Ltd, 5th Floor, 130 St Vincent Street, Glasgow, G2 5HF.

Narrative of work carried out for the period 26 April 2022 to 25 April 2023.

The key areas of work have been:

Statutory and compliance	<ul style="list-style-type: none"> ■ dealing with some closure related formalities; ■ ensuring compliance with all statutory obligations within the relevant timescales.
Strategy documents, Checklist and reviews	<ul style="list-style-type: none"> ■ reviewing the liquidation strategy; ■ regular case management and reviewing of progress; ■ reviewing and authorising junior staff correspondence and other work; ■ dealing with queries arising during the appointment; ■ reviewing matters affecting the outcome of the liquidation; ■ complying with internal filing and information recording practices, including documenting strategy decisions.
Cashiering	<ul style="list-style-type: none"> ■ preparing and processing vouchers for the payment of post-appointment invoices; ■ reconciling post-appointment bank accounts to internal systems; ■ ensuring compliance with appropriate risk management procedures in respect of receipts and payments.
Tax	<ul style="list-style-type: none"> ■ dealing with post appointment tax compliance.
General	<ul style="list-style-type: none"> ■ reviewing time costs data and producing analysis of time incurred which is compliant with Statement of Insolvency Practice 9; ■ dealing with the ongoing storage of the Company's books and records.
Creditors and claims	<ul style="list-style-type: none"> ■ responding to enquiries from creditors regarding the liquidation; ■ drafting our annual progress report.

Time costs

SIP 9 – Time costs analysis (26/04/2022 to 25/04/2023)

	Hours				Time Cost (£)	Average Hourly Rate (£)
	Partner / Director	Manager	Administrator	Support		
Administration & planning						
Bankrupt/Director/Member						
General correspondence		0.20	5.30		5.50	1,916.50
Cashiering						
General (Cashiering)			0.70		0.70	241.50
Reconciliations (& IPS		0.30	1.00		1.30	532.00

SIP 9 – Time costs analysis (26/04/2022 to 25/04/2023)

	Hours				Time Cost (£)	Average Hourly Rate (£)	
	Partner / Director	Manager	Administrator	Support			Total
accounting reviews)							
General							
Books and records		4.10	12.50		16.60	6,614.50	398.46
Statutory and compliance							
Checklist & reviews		0.60			0.60	354.00	590.00
Closure and related formalities		0.60	3.60		4.20	1,578.00	375.71
Tax							
Post appointment VAT		1.30			1.30	701.00	539.23
Creditors							
Committees							
Reports	0.20	0.40	0.70		1.30	612.50	471.15
Creditors and claims							
Agreement of unsecured claims			0.40		0.40	138.00	345.00
General correspondence		0.60	3.20		3.80	1,463.00	385.00
Payment of dividends		0.60	0.80		1.40	612.00	437.14
Statutory reports	0.90	1.20	6.50		8.60	3,563.00	414.30
Employees							
Correspondence			0.90		0.90	310.50	345.00
Investigation							
Investigations							
Mail redirection			0.10		0.10	24.50	245.00
Realisation of assets							
Asset Realisation							
Insurance		0.20	0.40		0.60	256.00	426.67
Trading							
Employee Matters / PAYE			0.40		0.40	138.00	345.00
Total in period	1.10	10.10	36.50	0.00	47.70	19,055.00	399.48

Brought forward time (appointment date to SIP 9 period start date)	919.20	341,663.70
SIP 9 period time (SIP 9 period start date to SIP 9 period end date)	47.70	19,055.00
Carry forward time (appointment date to SIP 9 period end date)	966.90	360,718.70

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

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

Appendix 4 Glossary

Company	Tullis Russell Papermakers Limited - in Liquidation
Joint Liquidators/we/our/us	Alistair McAlinden and Blair Nimmo
Interpath/Interpath Advisory	Interpath Ltd
KPMG	KPMG LLP

Any references in this report to Sections, Paragraphs and Rules are to Sections, Paragraphs and Rules in the Insolvency Act 1986, and the Insolvency (Scotland) (Receivership and Winding up) Rules 2018 respectively.

Appendix 5 Notice: About this report

This progress report has been prepared by Alistair McAlinden and Blair Nimmo, the Joint Liquidators of Tullis Russell Papermakers Limited (the 'Company'), solely to comply with their statutory duty under the Insolvency (Scotland) (Receivership and Winding up) Rules 2018 to provide members and creditors with an update on the progress of the liquidation of the estate, and for no other purpose.

This report is not suitable to be relied upon by any other person, or for any other purpose or in any other context including any decision in relation to the debt of or any financial interest in the Company. Any person that chooses to rely on this report for any purpose or in any context other than under the Insolvency (Scotland) (Receivership and Winding up) Rules 2018 does so at their own risk. Any estimated outcomes for creditors included in this report are illustrative only and cannot be relied upon as guidance as to the actual outcomes for individual creditors.

Alistair McAlinden and Blair Carnegie Nimmo are authorised to act as insolvency practitioners by the Institute of Chartered Accountants of Scotland.

We are bound by the Insolvency Code of Ethics.

The Officeholders are Data Controllers of personal data as defined by the Data Protection Act 2018. Personal data will be kept secure and processed only for matters relating to the appointment. For further information, please see our Privacy policy at – www.interpathadvisory.com/privacy-insolvency.

The appointments of the Joint Liquidators are personal to them and, to the fullest extent permitted by law, Interpath Ltd does not assume any responsibility and will not accept any liability to any person in respect of this Report or the conduct of the liquidation.

www.interpathadvisory.com

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