

Joint
Liquidators'
progress
report for the
period 26 April
2020 to 25
April 2021

Tullis Russell Papermakers Limited -
in Liquidation

3 June 2021

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 liquidation 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 2020 to 25 April 2021, 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 websites, 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).

Contents

1	Executive summary	1
2	Progress to date	2
3	Dividend prospects and dividends paid	3
4	Joint Liquidators' remuneration, expenses and payments to KPMG	4
5	Future strategy	5
Appendix 1	Statutory information	6
Appendix 2	Joint Liquidators' receipts and payment account	7
Appendix 3	Joint Liquidators' charging and expenses policy	9
Appendix 4	Glossary	14
Appendix 5	Notice: About this report	15

1 Executive summary

- This progress report covers the period from 26 April 2020 to 25 April 2021.
- All assets have now been realised and we will now look to bring the liquidation to a close in the near future (Section 2 - Progress to date).
- We paid a dividend of 6.71p in the £ during the period taking total dividends paid to 34.81p in the £. We will pay a final dividend to unsecured creditors once the liquidation costs have been finalised and paid. (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

2.1 Case update

This report covers the period from 26 April 2020 to 25 April 2021. However, please refer to previous reports where information has previously been disclosed.

We have paid out a dividend of 6.71p in the £ to unsecured creditors during the period. We expect to pay a final dividend to unsecured creditors once the costs of liquidation have been finalised and paid, and clearance from HMRC has been received.

All assets have been realised. We intend to close the liquidation after tending to all statutory matters and paying the final dividend to unsecured creditors.

2.2 Receipts and payments

I attach a copy of our receipts & payments account for the period 26 April 2020 to 25 April 2021 at Appendix 2.

A refund of £94,320.85 was remitted to us by Lloyds Banking Group (the Company's pre-administration bank). This was in respect of the funds which were being held as a security bond by the Bank of Nova Scotia in connection with a potential liability of the Company to the Canadian Tax Revenue Authorities. Bank interest of £3,305.45 was also received.

There have been minimal costs paid in settlement of agents and solicitors fees and storage costs.

The balance of funds on hand as at 25 April 2021 was £164,519.55 which, subject to deduction of the final liquidation costs, will be distributed to unsecured creditors.

We are now in the process of finalising the liquidation costs. These include amounts payable to Company employees under a guaranteed performance related pay scheme, legal costs and agents costs associated with the Company's Canadian operations.

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>.

TRP had granted standard securities in favour of the Pension Scheme over two areas of freehold land, capped at a maximum debt of £13.5 million. The sites were sold to TRG for £800,000 and the sales proceeds, net of costs, were distributed to the Pension scheme. The Pension Scheme securities were released as part of the sale.

3.2 Preferential creditors

Claims from employees in respect of (1) arrears of wages up to a maximum of £800 per employee, (2) unlimited accrued holiday pay and (3) certain pension benefits, rank preferentially. Preferential creditors were repaid in full during the Administration.

3.3 Unsecured creditors

A dividend to unsecured creditors of 6.71p in the £ was paid during the period, taking total distributions to unsecured creditors to 34.81p in the £.

The total amount distributed to unsecured creditors during the period was £4,244,685.39. Unclaimed/uncashed dividend cheques totalling £34,928.30 have been consigned to the Accountant of Court.

Unsecured creditors will receive a further final dividend, the amount of which will comprise the balance of funds held, less the final costs of liquidation.

3.4 Liquidation committee

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

During the period the liquidation committee have provided approval that:

- The Joint Liquidators be authorised to draw fixed remuneration of £50,000 plus VAT to cover the entire period of the liquidation from 23 April 2018 to the closure of the liquidation.

4 Joint Liquidators' remuneration, expenses and payments to KPMG

Time costs

During the period from 26 April 2020 to 25 April 2021, we have incurred time costs of £121,816.50. These represent 335 hours at an average rate of £363.63 per hour.

Our total costs for the entire liquidation period were £313,563.00 as at 25 April 2021.

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

Liquidators' Remuneration

During the period, we have drawn floating charge remuneration of £49,980.00, relating to the period from 23 April 2018 to the closure of the liquidation. This comprises the £50,000.00 fee which was approved by the liquidation committee minus bank charges. We have agreed with the liquidation committee that no further fee will be drawn, despite our costs being significantly in excess of this fee.

Liquidators' expenses

During the period, we have incurred third party expenses of £1,149.99. Of these, none have been recovered but we intend to recover these costs from the Company's estate shortly.

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 2020 to 25 April 2021. 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:

- Settle the remaining costs of the liquidation process;
- Obtain clearance that there are no tax matters that would prevent the closure of the liquidation from HMRC;
- Facilitate final distribution to unsecured creditors;
- Consign any unclaimed dividends;
- Continue to attend to all statutory matters as and when they fall due; and
- Close the liquidation.

5.2 Future reporting

We will report again on the progress of this liquidation by 6 June 2022, 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	319 St Vincent Street, Glasgow, G2 5AS
Trading address	Auchmuty & Crocker, Paper Mills, Glenrothes, Fife, KY7 6PB
Nature of business	Papermaking

Liquidation 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 Carnegie Nimmo
Joint Liquidators' address	319 St Vincent Street, Glasgow, G2 5AS
Change of office holder	Alistair McAlinden replaced Tony Friar as Joint Liquidator with effect from 27 September 2018
Prescribed Part distribution	The Prescribed Part is not applicable as the floating charge holder had no outstanding debt at the date of the Administration appointment
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			
Abstract of receipts & payments			
Statement of affairs (£)		From 26/04/2020 To 25/04/2021 (£)	From 26/04/2018 To 25/04/2021 (£)
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	3,305.45	52,424.05
4,000.00	Petty cash	NIL	NIL
	Sundry refunds	94,320.85	94,320.85
6,285,000.00	Trading surplus/(deficit)	NIL	NIL
150,000.00	Carbon credits	NIL	NIL
26,000.00	Intercompany loans	NIL	NIL
		97,626.30	146,744.90
COST OF REALISATIONS			
	Liquidator's fees	(49,980.00)	(49,980.00)
	Settlement fee to transfer PPC permit	NIL	(560,000.00)
	Agents'/Valuers' fees	(5,794.07)	(18,824.84)
	Legal fees	(8,014.86)	(26,989.56)
	Corporation tax	(1,122.71)	(1,122.71)
	Storage costs	(8,571.15)	(11,160.67)
	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	(474.67)	(1,998.77)
	Unclaimed dividends	(34,928.30)	(34,928.30)
		(108,885.76)	(753,526.03)
UNSECURED CREDITORS			
	Trade & expense	(4,190,994.55)	(4,113,039.72)
	Non preferential PAYE	(15,699.84)	(15,699.84)

Tullis Russell Papermakers Limited - in Liquidation**Abstract of receipts & payments**

Statement of affairs (£)	From 26/04/2020 To 25/04/2021 (£)	From 26/04/2018 To 25/04/2021 (£)
Non-preferential NIC	(2,897.33)	(2,897.33)
	(4,209,591.72)	(4,131,636.89)
14,777,000.00	(4,220,851.18)	166,106.42
REPRESENTED BY		
VAT receivable		1,586.87
Current account		164,519.55
		166,106.42

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.icas.com/_data/assets/pdf_file/0020/573221/SIP-9-Scot-April-2021.pdf

If you are unable to access this guide and would like a copy, please contact Kristian Bell on 0131 385 7918.

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 2020 £/hr
Managing Director	690
Director	620
Associate Director	560
Manager	467
Senior Associate	325
Associate	236
Support	147

The charge-out rates used by us might periodically rise (for example to cover annual inflationary cost increases) over the period of the liquidation. In our next statutory report, we will inform creditors of any material amendments to these rates.

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 incurred the following expenses (excluding VAT) during the period 26 April 2020 to 25 April 2021.

SIP 9 - Expenses					
Expenses	Category 1		Category 2		Totals (£)
	Paid (£)	Unpaid (£)	Paid (£)	Unpaid (£)	
External printing	250.62	NIL	NIL	NIL	250.62
Postage	899.37	NIL	NIL	NIL	899.37
Total	1,149.99	NIL	NIL	NIL	1,149.99

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 Kristian Bell at Interpath Advisory, 319 St Vincent Street, Glasgow, G2 5AS.

Narrative of work carried out for the period 26 April 2020 to 25 April 2021.

The key areas of work have been:

Statutory and compliance	<ul style="list-style-type: none"> ■ posting information on a dedicated web page; ■ preparing statutory receipts and payments accounts; ■ arranging bonding and complying with statutory requirements; ■ dealing with all closure related formalities; ■ ensuring compliance with all statutory obligations within the relevant timescales.
Strategy documents, Checklist and reviews	<ul style="list-style-type: none"> ■ formulating, monitoring and reviewing the liquidation strategy; ■ briefing of our staff on the liquidation strategy and matters in relation to various work-streams; ■ regular case management and reviewing of progress, including regular team update meetings and calls; ■ reviewing and authorising junior staff correspondence and other work; ■ dealing with queries arising during the appointment; ■ reviewing matters affecting the outcome of the liquidation; ■ allocating and managing staff/case resourcing and budgeting exercises and reviews; ■ liaising with legal advisors regarding the various instructions; ■ complying with internal filing and information recording practices, including documenting strategy decisions.
Reports to the liquidation committee	<ul style="list-style-type: none"> ■ providing written and oral updates to representatives of the Liquidation Committee regarding the progress of the liquidation and case strategy.
Cashiering	<ul style="list-style-type: none"> ■ preparing and processing vouchers for the payment of post-appointment invoices; ■ creating remittances and sending payments to settle post-appointment invoices; ■ reconciling post-appointment bank accounts to internal systems; ■ ensuring compliance with appropriate risk management procedures in respect of receipts and payments; ■ work relating to the issuing of dividend cheques to each creditor in the liquidation; ■ consigning unbanked cheques to the Accountant of Court.
Tax	<ul style="list-style-type: none"> ■ completing and submitting tax returns relating to the periods affected by the liquidation; ■ analysing VAT related transactions; ■ reviewing the Company's duty position to ensure compliance with duty requirements; ■ dealing with post appointment tax and VAT compliance; ■ completion and submitting final returns and seeking VAT and tax clearance from HMRC.
Shareholders	<ul style="list-style-type: none"> ■ providing copies of statutory reports to the shareholders.
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; ■ drawing remuneration in accordance with the basis and amount which has been approved including expenses as determined by the Liquidation Committee; ■ dealing with the ongoing storage of Company books and records and payment of invoices in regards to this.

Asset realisations	<ul style="list-style-type: none"> ingathering of monies due to the Company in regards to the surety bond held by the Bank of Nova Scotia.
Health and safety	<ul style="list-style-type: none"> liaising with health and safety specialists in order to manage all health and safety issues and environmental issues, including ensuring that legal and licensing obligations are complied with; liaising with the Health and Safety Executive regarding the liquidation and ongoing health and safety compliance.
Employees	<ul style="list-style-type: none"> dealing with queries from employees regarding various matters relating to the liquidation and their employment; communicating and corresponding with HM Revenue and Customs; dealing with issues arising from employee injury claims; managing claims from employees.
Creditors and claims	<ul style="list-style-type: none"> updating the list of unsecured creditors; responding to enquiries from creditors regarding the liquidation and submission of their claims; reviewing completed forms submitted by creditors, recording claim amounts and maintaining claim records; dealing with suppliers with retention of title claims, including reviewing supporting documentation; agreeing unsecured claims; arranging distributions to the unsecured creditors; drafting our report.

Time costs

SIP 9 – Time costs analysis (26/04/2020 to 25/04/2021)

	Hours				Total	Time Cost (£)	Average Hourly Rate (£)
	Partner / Director	Manager	Administrator	Support			
Administration & planning							
Cashiering							
General (Cashiering)		1.40	28.90	2.20	32.50	10,436.00	321.11
Reconciliations (& IPS accounting reviews)		0.50	2.60		3.10	1,125.00	362.90
General							
Books and records			1.30		1.30	306.80	236.00
Fees and WIP			1.20		1.20	309.90	258.25
Statutory and compliance							
Budgets & Estimated outcome statements		1.30			1.30	728.00	560.00
Checklist & reviews	0.60		0.30		0.90	484.80	538.67
Closure and related formalities			8.90		8.90	2,100.40	236.00
Mail redirection			3.70		3.70	873.20	236.00
Strategy documents	0.70	0.20	0.60		1.50	741.00	494.00
Tax							
Post appointment corporation tax		0.90	8.00		8.90	2,326.10	261.36

SIP 9 – Time costs analysis (26/04/2020 to 25/04/2021)							
	Hours				Time Cost (£)	Average Hourly Rate (£)	
	Partner / Director	Manager	Administrator	Support			Total
Post appointment overseas tax		0.10			0.10	56.00	560.00
Post appointment VAT	1.20	0.80	4.00		6.00	2,136.00	356.00
Creditors							
Committees							
Meetings			3.60		3.60	849.60	236.00
Reports	3.50	3.60	3.10		10.20	4,917.60	482.12
Creditors and claims							
Agreement of unsecured claims		1.10	2.80		3.90	1,526.00	391.28
General correspondence		0.60	40.20		40.80	12,608.90	309.04
Payment of dividends	3.40	46.80	105.90		156.10	62,538.20	400.63
Statutory reports	2.60	3.00	12.10		17.70	6,147.60	347.32
Employees							
Correspondence		3.60	5.50		9.10	3,468.70	381.18
Pensions reviews			2.20		2.20	715.00	325.00
Employee Matters / PAYE		0.40	18.50		18.90	6,236.50	329.97
Realisation of assets							
Asset Realisation							
Cash and investments		1.40			1.40	784.00	560.00
Debtors			0.60		0.60	141.60	236.00
Other assets			1.10		1.10	259.60	236.00
Total in period	12.00	65.70	255.10	2.20	335.00	121,816.50	363.63
Brought forward time (appointment date to SIP 9 period start date)					497.90	191,746.50	
SIP 9 period time (SIP 9 period start date to SIP 9 period end date)					335.00	121,816.50	
Carry forward time (appointment date to SIP 9 period end date)					832.90	313,563.00	

Appendix 4 Glossary

BONS	Bank of Nova Scotia
Company / TRP	Tullis Russell Papermakers Limited - in Liquidation (formerly in Administration)
CVL	Creditors Voluntary Liquidation
Group / TRG	Tullis Russell Group Limited (TRP's parent company)
Interpath / Interpath Advisory	Interpath Ltd
Joint Liquidators/we/our/us	Alistair McAlinden and Blair Nimmo
KPMG	KPMG LLP
Mill site	the papermill site in Markinch, Fife previously operated by TRP and formerly owned by TRG
Pension scheme	The Tullis Russell pension scheme (in which TRP was the principal employer)
RSK	RSK Group Plc (environmental agents)

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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