

**ONTARIO  
SUPERIOR COURT OF JUSTICE  
(IN BANKRUPTCY AND INSOLVENCY)**

**IN THE MATTER OF THE *BANKRUPTCY AND INSOLVENCY ACT*, R.S.C, 1985, c. B-3,  
AS AMENDED**

**AND IN THE MATTER OF A PROCEEDING IN THE UNITED KINGDOM OF TULLIS  
RUSSELL PAPERMAKERS LIMITED (IN ADMINISTRATION)**

**APPLICATION OF BLAIR CARNEGIE NIMMO AND GERARD ANTHONY FRIAR  
OF KPMG LLP UNDER SECTION 269 OF THE BANKRUPTCY AND INSOLVENCY  
ACT, R.S.C., 1985, c. B-3, AS AMENDED.**

**FIRST REPORT OF KPMG INC. IN ITS CAPACITY AS  
INFORMATION OFFICER**

(NOVEMBER 13, 2015)

**INTRODUCTION**

1. On April 23, 2015, the directors of Tullis Russell Papermakers Limited (“**TRP**” or the “**Foreign Debtor**”) resolved to place TRP in administration. On April 27, 2015, Mr. Gerard Friar and Blair Nimmo of KPMG LLP were appointed Joint Administrators (the “**Joint Administrators**”) in TRP’s administration proceeding commenced in the United Kingdom pursuant to *The Insolvency Act 1986* (c. 45) (the “**TRP Administration**”).

2. On July 14, 2015, the Ontario Superior Court of Justice (Commercial List) (the “**Court**”) granted an Order (the “**Recognition Order**”), inter alia, recognizing the United Kingdom administration proceedings of the Foreign Debtor as “foreign main proceedings” (the “**Foreign Proceedings**”) for the purposes of section 268 of the *Bankruptcy and Insolvency Act*, R.S.C.

1985, c. B-3, as amended (the “**BIA**”) and recognizing the Joint Administrators as “foreign representatives” (in such capacity, the “**Foreign Representatives**”) as defined in Section 268.

3. Additionally, on July 14, 2015 the Court granted a supplemental order (the “**Supplemental Order**”) appointing KPMG Inc. (“**KPMG**”) as information officer (in such capacity, the “**Information Officer**”), to among other things, assist the Joint Administrators in the performance of their duties and to report to the Court on the status of the Foreign Proceedings.

4. Pursuant to the Recognition Order, a copy of which is attached hereto as **Appendix A**, the Information Officer on behalf of the Foreign Representatives, caused to be published the notice attached thereto, on July 17, 2015 and July 23, 2015 in the National Post.

5. Pursuant to the endorsement of his Honour Justice Wilton-Siegel (the “**Endorsement**”), on July 15, 2015 the Joint Administrators’ counsel served the Canada Revenue Agency (“**CRA**”) with copies of the Recognition Order, the Supplemental Order, the Endorsement and a copy of the application record.

6. On June 17, 2015, the Joint Administrators issued their report to the creditors of TRP (the “**Joint Administrators’ Report**”) outlining among other things, the background and events leading up to the TRP Administration, progress on the TRP Administration proceedings and the proposals to the creditors including, but not limited to, maximizing realizations and making of distributions where funds allow (the “**Proposals**”). A copy of the Joint Administrators’ Report is attached hereto as **Appendix B**.

7. This constitutes the first report of the Information Officer to the Court (the “**First Report**”) for the purpose of providing an update on the status of the Foreign Proceedings, which pursuant to the Supplemental Order are to be provided at least once every four months.

8. In preparing this report, the Information Officer has relied upon financial information obtained from the Foreign Representatives and discussions with the Foreign Representatives (the “**Information**”). The Information Officer has not audited, reviewed or otherwise attempted to verify the accuracy or completeness of the Information and expresses no opinion or other form of assurance in respect of the Information.

## **Background**

9. A more detailed description of TRP’s business and its operations can be found in the Joint Administrators’ Report.

10. TRP, a producer of premium paper and board products for end customers operating in a wide range of sectors, including cosmetics, pharmaceuticals, food and beverages, audio visual and IT, was incorporated on May 21, 1906 and is a duly incorporated corporation under the laws of Scotland. Although incorporated in 1906, TRP has long standing roots in Scotland dating back to as early 1809.

11. Prior to the commencement of the TRP Administration, TRP operated from premises and were principally managed from its registered office in Markinich, Fife, Scotland wherefrom it carried out all corporate and strategic business decisions together with its human resources, accounting, marketing and other managerial functions. TRP did not have a place of business in Canada nor employees, but it did routinely solicit orders for delivery of goods to customers in Canada through its sales office in the United States or its head office in Scotland.

12. As a result of significant challenges adversely impacting the papermaking industry, weakening global demand and downward pressure on margins including volatile raw material prices and unfavourable currency exchange, TRP incurred substantial operating losses. Additionally, with the insolvency of its third largest customer in April 2015, TRP's directors concluded, acting in the best interests of the company's creditors, that it was appropriate to appoint administrators.

13. As outlined in the Joint Administrators' Report, despite exhaustive sales processes, both prior and subsequent to the TRP Administration, no expressions of interest to purchase TRP's business and assets on a going concern basis were received. Accordingly, the TRP Administration focused on implementing an orderly wind down plan and realization of TRP's assets, including the sale of a wide range of specialized papermaking plant and equipment and other assets.

### **Update on Foreign Proceedings**

14. At this time, the Joint Administrators are continuing with the Proposals as outlined in the Joint Administrators' Report, including continuing with the wind-down strategy for TRP's worldwide operations and realization of its assets by collecting accounts receivable and selling inventory and fixed assets.

15. As at the date of issuing the Recognition Order, TRP inventory stored at a third party warehouse in Windsor, Ontario totaled approximately \$1.86 million. All of this remaining inventory has now been sold to TRP's main customer in Canada.

16. The only other assets of TRP located in Canada were account receivables owing by certain customers. The Joint Administrators have advised that as at the date of this First Report, they have collected or otherwise fully exhausted their collection efforts on these accounts receivable.

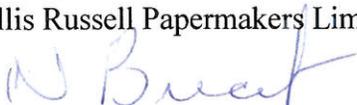
17. In June 2015, the Joint Administrators commenced a claim process requesting creditors to file their claims in the TRP Administration proceedings. The only known creditor in Canada is the CRA which is owed certain tax remittances that arose prior to the TRP Administration. As at the date of this First Report, the Joint Administrators advise that CRA has not yet filed a proof of claim in these proceedings. The Joint Administrators claims process is ongoing.

18. The Joint Administrators will be issuing to all known creditors, including CRA, its six month progress report on the Foreign Proceedings on or around December 7, 2015 (the “**Progress Report**”). The Information Officer understands that further information relating to proposed next steps in these proceedings will be included in the Progress Report. The Information Officer will post the Progress Report on its website and the Joint Administrators’ counsel will also forward a copy to CRA.

19. The Information Officer will continue to provide updates to the Court as necessary and in accordance with paragraph 11 of the Supplemental Order.

All of which is respectfully submitted this 13<sup>th</sup> day of November, 2015.

KPMG INC., in its capacity as  
Information Officer of  
Tullis Russell Papermakers Limited

  
Per: Nicholas Brearton  
*President*

# APPENDIX A



Court File No.

CV-15-11036-00 CC

ONTARIO  
SUPERIOR COURT OF JUSTICE  
(IN BANKRUPTCY AND INSOLVENCY)

THE HONOURABLE MR. ) TUESDAY, THE 14<sup>th</sup>  
JUSTICE H.J. WILTON - Sidor ) DAY OF JULY, 2015

Handwritten initials/signature.

IN THE MATTER OF THE *BANKRUPTCY AND INSOLVENCY ACT*, R.S.C, 1985, c. B-3,  
AS AMENDED

AND IN THE MATTER OF A PROCEEDING IN THE UNITED KINGDOM OF TULLIS  
RUSSELL PAPERMAKERS LIMITED (IN ADMINISTRATION)

APPLICATION OF BLAIR CARNEGIE NIMMO AND GERARD ANTHONY FRIAR  
OF KPMG LLP UNDER SECTION 269 OF THE BANKRUPTCY AND INSOLVENCY  
ACT, R.S.C., 1985, c. B-3, AS AMENDED.

INITIAL RECOGNITION ORDER  
(FOREIGN MAIN PROCEEDING)

THIS APPLICATION, made by Blair Carnegie Nimmo and Gerard Anthony Friar of KPMG LLP in their respective capacity as the foreign representatives (the "**Foreign Representatives**") of Tullis Russell Papermakers Limited (In Administration) (the "**Debtor**") pursuant to the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended (the "**BIA**") for an Order substantially in the form enclosed in the Application Record, was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the Notice of Application, the affidavit of Mr. Blair Carnegie Nimmo sworn July 13<sup>th</sup>, 2015, filed, and upon being provided with copies of the documents required by s. 269 of the BIA,

AND UPON BEING ADVISED by counsel for the Foreign Representative that in addition to this Initial Recognition Order, a Supplemental Order (Foreign Main Proceeding) is being sought,

AND UPON HEARING the submissions of counsel for the Foreign Representative, and upon being advised that no other persons were served with the Notice of Application:

**SERVICE**

1. THIS COURT ORDERS that the time for service of the Notice of Application and the Application Record is hereby abridged and validated so that this Application is properly returnable today and hereby dispenses with further service thereof.

**FOREIGN REPRESENTATIVE**

2. THIS COURT ORDERS AND DECLARES that the Foreign Representatives are each a "foreign representative" (as defined in section s. 268 of the BIA) of the Debtor in respect of the administration proceeding of the Debtor in the United Kingdom pursuant to *The Insolvency Act 1986* (c. 45) (the "**Foreign Proceeding**").

**CENTRE OF MAIN INTEREST AND RECOGNITION OF FOREIGN PROCEEDING**

3. THIS COURT DECLARES that the centre of its main interests for the Debtor is the United Kingdom, and that the Foreign Proceeding is hereby recognized as a "foreign main proceeding" as defined in section 268 of the BIA.

**STAY OF PROCEEDINGS**

4. THIS COURT ORDERS that until otherwise ordered by this Court:
- (a) all proceedings taken or that might be taken against the Debtor under the *Bankruptcy and Insolvency Act* or the *Winding-up and Restructuring Act* are stayed;
  - (b) further proceedings in any action, suit or proceeding against the Debtor are restrained; and
  - (c) the commencement of any action, suit or proceeding against the Debtor is prohibited.

**NO SALE OF PROPERTY**

5. THIS COURT ORDERS that, except with leave of this Court, the Debtor is prohibited from selling or otherwise disposing of:

- (a) outside the ordinary course of its business, any of its property in Canada that relates to the business; and
- (b) any of its other property in Canada.

**GENERAL**

6. THIS COURT ORDERS that without delay the Foreign Representatives shall cause to be published a notice substantially in the form attached to this Order as Schedule "A", once a week for two consecutive weeks, in the National Post.

7. THIS COURT HEREBY REQUESTS the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada, to give effect to this Order and to assist the Debtor and the Foreign Representatives and their respective counsel and agents in carrying out the terms of this Order.

8. THIS COURT ORDERS AND DECLARES that this Order shall be effective as of the date of this Order.

9. THIS COURT ORDERS that any interested party may apply to this Court to vary or amend this Order or seek other relief on not less than seven (7) days notice to the Debtor and the Foreign Representatives and their respective counsel, and to any other party or parties likely to be affected by the order sought, or upon such <sup>lesser</sup>~~other~~ notice, if any, as this Court may order.

*Hand*

*W. Hon-dul J.*

ENTRENEE / REGISTRE A  
ON / BOOK NO.  
LE / DANS LE REGISTRE NO.

JUL 15 2015

*MB*

ENTRENEE / REGISTRE A  
ON / BOOK NO.  
LE / DANS LE REGISTRE NO.

JUL 15 2015

## SCHEDULE "A"

### Tullis Russell Papermakers Limited

PLEASE TAKE NOTICE that on July 14<sup>th</sup>, 2015, the Ontario Superior Court of Justice (Commercial List) issued orders (the "**Recognition Orders**") recognizing the administration proceeding in respect of Tullis Russell Papermakers Limited (the "**Foreign Debtor**") in the United Kingdom for protection under *The Insolvency Act 1986* (c. 45) as a foreign main proceeding pursuant to section 269 of the *Bankruptcy and Insolvency Act*, R.S.C., 1985, c. B-3, as amended.

Pursuant to a notice of appointment by its directors, Blair Carnegie Nimmo and Gerard Anthony Friar of KPMG LLP (the "**Foreign Representatives**") were appointed as Joint Administrators of the affairs, business and property of the Foreign Debtor. Pursuant to the supplemental recognition order, KPMG Inc. was appointed as Information Officer in Canada.

A copy of the Canadian court materials in relation to this matter may be viewed online at: [www.kpmg.com/ca/tullisrussellpapermakers](http://www.kpmg.com/ca/tullisrussellpapermakers)

For additional information you may contact the Information Officer by e-mailing Mike Schwartzentruber at [mikes@kpmg.ca](mailto:mikes@kpmg.ca) or by fax at 416-777-3364 or the Foreign Representatives at: [calum.pickett@kpmg.co.uk](mailto:calum.pickett@kpmg.co.uk) or by fax at +44 131 527 6666 (Attention: Calum Pickett); the Foreign Representatives' Canadian Counsel by email [jgage@mccarthy.ca](mailto:jgage@mccarthy.ca) or by fax at 416-868-0673 (Attention: James Gage).

Dated at the City of Toronto, this \_ day of July, 2015.

**APPLICATION OF BLAIR CARNEGIE NIMMO AND GERARD ANTHONY FRIAR OF  
KPMG LLP UNDER SECTION 269 OF THE BANKRUPTCY AND INSOLVENCY ACT,  
R.S.C., 1985, c. B-3, AS AMENDED.**

Court File No:

**ONTARIO  
SUPERIOR COURT OF JUSTICE  
COMMERCIAL LIST**

Proceeding commenced at Toronto

**INITIAL RECOGNITION ORDER**

**McCarthy Tétrault LLP**  
Suite 5300, P.O. Box 48  
Toronto Dominion Bank Tower  
Toronto ON M5K 1E6

**James D. Gage LSUC#: 346761**  
Tel: 416-601-7539  
Fax: 416-868-0673

**Kelly Peters LSUC#: 59914W**  
Tel: 416-601-8281  
Fax: 416-868-0673

Lawyers for the Applicants

#14669981

## **APPENDIX B**



*cutting through complexity™*

# **Tullis Russell Papermakers Limited - in Administration**

Joint Administrators' proposals

17 June 2015



## Notice to creditors

We have made this document available to you to set out the purpose of the administration and to explain how we propose to achieve it.

We have also explained why the Company entered administration and how likely it is that we will be able to pay each class of creditor.

You will find other important information in the document such as the proposed basis of our remuneration.

A glossary of the abbreviations used throughout this document is attached (Appendix 5).

Finally, we have provided answers to frequently asked questions and a glossary of insolvency terms on the following website, <http://www.insolvency-kpmg.co.uk/case+KPMG+TF427D5259.html>. We hope this is helpful to you.

**Please also note that an important legal notice about this statement of proposals is attached (Appendix 6).**





# Contents

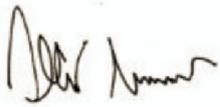
<b>1</b>	<b>Executive summary</b>	<b>1</b>
<b>2</b>	<b>Background and events leading to the administration</b>	<b>3</b>
<b>3</b>	<b>Strategy and progress of the administration to date</b>	<b>4</b>
<b>4</b>	<b>Dividend prospects</b>	<b>12</b>
<b>5</b>	<b>Ending the administration</b>	<b>13</b>
<b>6</b>	<b>Approval of proposals and creditors' meeting</b>	<b>14</b>
<b>7</b>	<b>Joint Administrators' remuneration and outlays, disbursements and pre-administration costs</b>	<b>15</b>
<b>8</b>	<b>Summary of proposals</b>	<b>15</b>
<b>Appendix 1</b>	<b>Statutory information</b>	<b>18</b>
<b>Appendix 2</b>	<b>Joint Administrators' receipts and payments account</b>	<b>19</b>
<b>Appendix 3</b>	<b>Joint Administrators' charging and disbursements policy</b>	<b>21</b>
<b>Appendix 4</b>	<b>Statement of Affairs, including creditor list</b>	<b>29</b>
<b>Appendix 5</b>	<b>Glossary</b>	<b>45</b>
<b>Appendix 6</b>	<b>Notice: About this statement of proposals</b>	<b>46</b>



# 1 Executive summary

- In recent years, TRP incurred substantial trading losses as a result of significant challenges adversely impacting the papermaking industry, weakening global demand and downward pressure on margins.
- TRP was also materially affected by a number of specific issues, including volatile raw material prices and unfavourable currency movements.
- Recognising the industry-wide decline and the need for consolidation, TRP's directors took steps to seek a buyer for the business, with a comprehensive sales process commenced in October 2014. This process continued until April 2015, but ultimately no buyer was found.
- As a consequence, and also due to projected challenging trading conditions and the insolvency of its third largest customer, Paperlinx UK, in April 2015, TRP's directors concluded that, acting in the best interests of the company's creditors, it was appropriate to appoint administrators. Accordingly, we - Blair Nimmo and Tony Friar of KPMG - were appointed Joint Administrators of TRP on 27 April 2015. (see Section 2 - Background and events leading to the administration)
- In light of the negative outlook for future trading, and as a recent comprehensive sales process had already been undertaken with no party expressing an interest in acquiring TRP, continued trading on a full scale basis was not considered to be in creditors' interests. Furthermore, manufacturing of paper had already ceased in the weeks immediately preceding TRP's administration.
- As a consequence, upon our appointment it was necessary to take immediate steps to reduce TRP's costs to a level commensurate with the reduced operational activity. Unfortunately, this resulted in 325 of TRP's employees being made immediately redundant.
- Our initial strategy focused on assisting those employees who were made redundant with completing their claims to the RPO and on maximising value for TRP's assets. This included: converting WIP to finished goods; selling remaining finished goods products; and securing all necessary records to commence the collection of TRP's book debts.
- In tandem, the sales process run prior to our appointment was reignited and extended to establish if any party had an interest in acquiring TRP on a business and assets basis. However, it became clear that achieving a going concern sale of all or significant parts of TRP's business and assets was unlikely.
- Accordingly, plant and machinery agents have now been appointed to sell TRP's tangible assets on a piecemeal basis. Separate sales processes for TRP's brands/intellectual property and its Electrical Crepe Paper business remain ongoing.
- At the date of our appointment, TRP had no outstanding secured debt. (see Section 4.1 – Secured creditors)
- We expect that TRP's preferential creditors will be paid in full. (see Section 4.2 – Preferential creditors)
- We anticipate that unsecured creditors will receive a dividend, however, the amount and timing of such a dividend is currently uncertain. (see Section 4.3 – Unsecured creditors)
- At this stage, we anticipate the most likely exit route from administration will be by conversion to a creditors' voluntary liquidation. (see Section 5 - Ending the administration)
- A meeting of TRP's creditors is scheduled on 2 July 2015 at 10am to consider our proposals. (see Section 6 - Creditors' meeting)

- We propose that our remuneration be drawn on the basis of time properly given by us and the various grades of our staff. We will seek approval for this from the Creditors' Committee should one be established, or alternatively from the preferential and unsecured creditors. (see Section 7 – Joint Administrators' remuneration, disbursements and pre-administration costs)
- This document in its entirety is our statement of proposals. A summary list of the proposals is shown in Section 8 together with all relevant statutory information included by way of appendices. Unless stated otherwise, all amounts in the proposals and appendices are stated net of VAT.



Blair Nimmo  
Joint Administrator

## 2 Background and events leading to the administration

### 2.1 Background information

TRP was incorporated on 21 May 1906 however, the papermaking business has roots dating back to 1809. TRP produced premium paper and board products for end customers operating in a wide range of sectors, including cosmetics, pharmaceuticals, food and beverages, audio visual and IT.

TRP operated from premises owned by Group at Markinch, Fife and at the date of appointment employed a workforce of 474.

### 2.2 Funding and financial position

In the year to 31 March 2014, TRP recorded a turnover of £124.6 million, but suffered a pre-tax loss of £3.4 million. TRP has incurred cumulative losses of £18.5 million over the last five years, largely as a result of the structural decline in the UK papermaking industry, weakening global demand and pressure on its margins. In its audited accounts to 31 March 2014, TRP recorded net assets of £7.4 million.

TRP utilised a confidential invoice discounting facility with LBCF to manage working capital. At the date of our appointment, LBCF had no outstanding debt.

### 2.3 Events leading to the administration

#### Overview

TRP's market has been in long term decline as media, consumers and other outlets move from paper to digitally-based products, resulting in worldwide oversupply and price competition.

This decline was, in part, offset by steps taken by TRP to widen its product and customer base and improve the efficiency of its operations. In March 2014 a £200 million biomass plant was opened on site in partnership with RWE Npower with the aim to reduce TRP's energy costs. Despite these efforts, TRP remained significantly loss making, resulting in a degree of cash flow pressure.

TRP has also faced a number of specific challenges recently, including *inter alia*:

- A significant portion of sales are to Europe and the strengthening of Sterling against the Euro in early 2015 had an adverse impact on competitiveness;
- The cost of TRP's main raw material, wood pulp, has been trading at consistently higher levels than historically experienced; and
- TRP's third largest customer, the Paperlinx UK group of companies ('Paperlinx'), was placed into insolvency on 1 April 2015. This resulted in the immediate loss of over 15% of annualised turnover and cash flow issues with collecting Paperlinx' outstanding debtor balances.

Recognising the structural changes in the industry, the challenging outlook for TRP and the need for consolidation, the directors took steps in October 2014 to seek a buyer for the business. This process continued until April 2015, however, despite in excess of 60 parties being contacted, no offers or material interest in the business were generated.

With financial forecasts indicating that losses would continue, and having taken independent legal advice, the directors concluded that, acting in the best interests of TRP's creditors, it was appropriate and necessary to take steps to appoint administrators.

## 2.4 Pre-administration work

### Involvement prior to administration

In August 2014, KPMG was engaged by Tullis Russell Group Limited ("Group"), a company which owns 100% of the issued share capital of TRP, to perform the following tasks for Group and TRP:

- Assess the refinancing options available to Group, including TRP.
- Advise Group on the potential strategy for selling TRP, including:
  - assist Group with identifying potential purchasers of TRP;
  - provide input into the preparation of marketing collateral used to offer TRP for sale;
  - liaise with any potential interested parties during the course of the sales process; and
  - assist Group with the evaluation of any offers received for TRP.
- Provide Group with guidance on contingency options in the event that a sale of TRP was not achievable.
- Assist Group with understanding the implications for the pension scheme (in which TRP is the principal employer) under a sale or contingency scenario.
- Planning for an Administration of TRP in the event that this should arise.

### Work relating to preparation for administration

The following work was carried out prior to our appointment as part of the process of placing TRP into administration:

- KPMG advised the Directors in relation to the implications for the business and stakeholders of an administration appointment.
- KPMG assisted the Directors with the preparation of the appointment documents.
- CMS assisted with the preparation and lodging of the appointment documents.

This work was necessary in order to place the Company into administration.

KPMG's work was carried out under an engagement letter with Group and all costs relating to the period before TRP's administration are excluded from the analysis of time costs in Section 7.

We are satisfied that the work carried out by KPMG before our appointment, including the pre-administration work summarised below, has not resulted in any relationships which create a conflict of interest or which threaten our independence.

Furthermore, we are satisfied that we are acting in accordance with the relevant guides to professional conduct and ethics.

## 2.5 Appointment of Joint Administrators

The directors resolved on 24 April 2015 to place TRP into administration. A notice of appointment was lodged at the Court of Session on 27 April 2015 and we were duly appointed.

# 3 Strategy and progress of the administration to date

## 3.1 Strategy to date

### Strategy

TRP had ceased the manufacturing of paper prior to our appointment, with only finishing and conversion processes remaining operational. Given the very difficult trading conditions referred to above, the negative outlook for the business, significant anticipated funding requirements and that an extensive process to seek a buyer for TRP had not been successful, recommencing full manufacturing and trading was not considered beneficial.

Our overall strategy at the outset of the case was, therefore, to:

- Reduce TRP's costs to a level commensurate with the reduced operational activity;
- Assist redundant employees with making claims to the RPO for their entitlements;
- Run a focused sale of business process to establish if any party wished to acquire TRP as a going concern on a business and assets basis;
- Maximise value for WIP by completing and converting items into finished goods;
- Liaise with TRP's customers in order to sell finished goods stock through normal sales channels;
- Collect TRP's pre-administration book debts and ensure timely payment for sales made post-administration;
- In the event that a going concern sale was not achievable, commence marketing and selling TRP's plant and machinery on a piecemeal basis;
- Run separate sales process to identify any interest in TRP's brands/intellectual property and its Electrical Crepe Paper business;
- Liaise with TRP's creditors as effectively and efficiently as possible; and
- Adhere to all statutory and other legal requirements of the administration process.

In the sub-sections below, we have set out additional detail on the key areas of focus during the administration to date.

### Employees

On our appointment, meetings were held with all staff and, as a consequence of the significantly reduced trading activity and the cessation of manufacturing, it was necessary to reduce costs and 325 of the workforce of 474 were immediately made redundant.

To assist staff in making claims to the RPO for redundancy, holiday pay, and pay lieu of notice, we set up a processing centre at a site near TRP's main premises. All employees were invited to attend the centre and were guided through the online application process by specialists from the KPMG Employment Rights team. Whilst this process involved a significant amount of our staff's time, as a result all claimants who attended the centre had their claims processed and submitted to the RPO within 5 days of their redundancy. A similar process was followed in relation to the redundancies made subsequent to those in the initial days of the administration.

There are currently 99 employees who have been retained to assist with asset realisation and the decommissioning process.

Until 2002 TRP participated in a multi-employer defined benefit pension scheme, at which time it was closed to defined benefit members. The pension deficit of £15.7 million shown in the Directors' Statement of Affairs is the most recent estimate of the buy-out or section 75 deficit from the funding update provided by the Scheme Actuary.

On our appointment we submitted the necessary s120 form to the scheme trustees, the Pensions Regulator ('tPR') and the Pension protection Fund ('PPF'), and the scheme then entered a PPF assessment period. We also confirmed to the trustees that tRP would no longer make payments under the current Schedule of Contributions. We were subsequently advised that the trustees and Group were considering a scheme rescue, whereby Group would become the principal employer of the scheme. We therefore took legal advice on the actions that would be required by the Joint Administrators as part of a scheme rescue, including the requirement by the Joint Administrators to confirm a scheme rescue could take place in a s122 form to be submitted to the PPF.

At the date of this report, we understand that the trustees and Group remain in discussion regarding a scheme rescue. In any event, we have been advised that the section 75 debt due to the scheme will likely rank as an unsecured creditor of TRP.

### Sale of business

As noted in section 2.3, in October 2014, Group engaged KPMG Corporate Finance to sell TRP and various overseas entities (sales offices) which were subsidiaries of Group, together comprising Group's Premium Paper and Board division. During this process, KPMG Corporate Finance contacted 64 parties from across the world. Six of these parties signed Non-Disclosure Agreements and were provided with an Information Memorandum relating to the business, however, none of these parties pursued their interest.

Following our appointment, we re-contacted these parties to establish whether they would have an interest in acquiring TRP's business on an assets basis as opposed to the share sale, which Group had previously been pursuing. Unfortunately, the parties reconfirmed their position that they were not interested in acquiring TRP's business, notwithstanding that it had entered administration.

We also opened up the sales process to a wider audience and sent approximately 200 sales flyers to KPMG's network of distressed investor contacts, setting out the potential opportunity to acquire TRP's business and assets. This generated nine replies, from which seven parties signed Non-Disclosure Agreements and received an Information Memorandum. None of these parties conducted site visits or met with TRP's management team.

Due to TRP's long history and reputation, the administration attracted considerable media interest in both the local and national press. It was also well publicised within the paper industry. As a consequence, we were contacted by a further 14 parties who expressed an interest in acquiring the business and assets, six of whom signed Non-Disclosure Agreements and received an Information Memorandum. Two of these parties conducted site visits and met with TRP's management team.

Having advertised and marketed TRP's business and assets extensively, we set a closing date for indicative offers for 18 May 2015. Unfortunately, no offers were received at that time, which confirmed the lack of interest that had been expressed in the business prior to our appointment.

Having exhausted the sale of business process and determined at that stage that there were no parties wishing to acquire the business and assets as a going concern, we turned our attention to implementing an orderly wind down plan and piecemeal realisation of TRP's assets.

## 3.2 Asset realisations

Realisations from the date of our appointment to 12 June 2015 are set out in the attached receipts and payments account (Appendix 2).

Summaries of the most significant assets together with realisations to date are provided below.

### Freehold property

TRP owns freehold property consisting of two separate parcels of land situated to the north and south of the paper making facility in Markinch. As noted in Section 4.1, the land is secured to the Pension Scheme.

#### North Site

The North site has an area of 11.79 acres of undeveloped land which was valued by GVA in 2013 on the basis that it would be for residential use. Although the land was marketed for sale prior to our appointment, no purchaser with the ability to complete a transaction at the valuation level was identified. Whilst the outcome from the sale of business process remained pending, we took the decision not to seek a purchaser for the land. As this exercise is now complete, we intend to market the land for sale.

#### South Site

The South site is understood to have been a former operational area of 10.6 acres which was previously cleared of building structures. The site is immediately adjacent to the Queensgate Estate, which is mixed in character, providing a range of industrial and commercial occupiers including food and non-food retail accommodation.

On our appointment we met with GVA who had been advising TRP prior to administration in relation to the South Site and made us aware of the urgent need to progress the sale of this site, where terms of sale were well advanced with Ediston. We engaged with GVA who stated that their advice to us was to proceed towards completing a transaction with Ediston. Given that GVA are sector specialists, that a competitive and recent marketing process had been undertaken by then, and that Ediston's offer was in line with GVA's valuation and approved by the secured creditor, we agreed to the sale and a conditional missive was concluded with Ediston on 22 May 2015. The longstop for completion is November 2015. As the land sale has not yet concluded, the value of the sale at this stage is commercially sensitive and has not been disclosed.

### Leasehold property

The main operational premises in Markinch were previously owned by TRP. In March 2014, TRP sold the paper mill site plus an adjacent area of land to Group for £11.05 million. This sales price matched a valuation of the properties carried out by James Barr (now part of GVA) in August 2013.

Following the sale of the properties to Group, TRP continued to occupy and utilise the premises. No formal lease was put in place and no rent was paid by TRP to Group. This has remained the case following our appointment.

### Plant and machinery

TRP owns a wide range of specialist papermaking plant and equipment and other assets. Although a large proportion of the plant and equipment has been fully written-down in TRP's statutory accounts, it was nevertheless operational prior to our appointment and is believed to be of significant value.

TRP owns three twin wire paper machines producing coated and uncoated SBS board, heavyweight offsets and a range of other speciality grades. TRP also owns two off-line coaters which allowed the business to produce coated SBS and cast coated board to a broad range of specifications.

In addition, TRP owns a broad range of finishing and conversion equipment, including winders, an embosser, cutters, sheeters, wrapping and packaging lines.

As a purchaser for TRP's business and assets as a going concern has not been identified, we have engaged John Wilkie and GMG on a joint agency basis to market and sell TRP's plant and machinery. We have agreed a commission structure to incentivise the agents based on the level of asset realisations linked to the time taken to sell the plant and equipment and clear the site. Nevertheless, at this stage, the timing and quantum of realisations from sales of plant and machinery remain uncertain.

With the assistance of TRP's retained employees and our agents, we have implemented a decommissioning program to mothball and preserve the plant and equipment pending it being sold and to ingather all machine spares and other information such as engineering and electrical drawings and maintenance records so as to maximise value. Due to the nature of the plant and equipment and particularly the size of the paper machines and coating machines it could take a considerable length of time for it to be sold, dismantled and removed from site.

With input from TRP's health and safety team, we will ensure that all Health, Safety and Environmental matters are dealt with appropriately and the plant and machinery is dismantled and removed from site in a safe and controlled manner that complies with all relevant rules and regulations.

#### Book debts

At the date of our appointment, TRP's book debts (excluding intercompany debts) totalled £16.9 million, with over 300 individual customers. As noted above, TRP operated a confidential invoice discounting facility with LBCF who had an assignation over TRP's debtor balances. There were no outstanding amounts due to LBCF under this facility at the date of our appointment.

Immediately following our appointment we liaised with retained staff in TRP's finance department and undertook a comprehensive review of book debts to ascertain their collectability. A high proportion of TRP's customers are located overseas, with a significant number of customers being entitled to contractual discounts agreed in the normal course of business prior to our appointment. To assist with collection of debtors, certain TRP staff who have extensive knowledge and experience of TRP's customers were retained to assist us in securing maximum recovery from book debts.

Whilst TRP's debtor balances have arisen through the supply of goods and are not contractual in nature, the inability to complete certain customer orders as a consequence of the administration has made the collection of debts more challenging. Since the administration, we have had extensive dialogue and negotiations with a number of TRP's main customers to discuss their outstanding debtor balances. For any customers who have purchased stock following the administration, we have made it a pre-requisite of accepting their order that all outstanding debtor balances be settled in full and on time.

Where customers have made claims for deductions from their balance (for example, for discounts, quality issues or volume rebates), together with TRP's staff, we have assessed each claim to determine its legitimacy.

To date, debtor realisations total approximately £8.2 million representing 48% of the opening gross ledger. Given the early stage of the Administration it is not currently possible to accurately determine future debtor recoveries, however, we will continue to pursue all remaining debts, via the legal process if necessary, and whilst it remains cost effective to do so.

## Paperlinx

Included within the opening book debts balance noted above is £1.2 million owed by Paperlinx. Paperlinx, together with a number of its sister and subsidiary entities, entered into insolvency proceedings on 1 April 2015, casting doubt over the recoverability of the debt. Prior to our appointment, TRP's staff had:

- placed Atradius (who provided TRP with credit insurance in relation to sums owed by certain customers) on notice of a potential claim under the insurance policy in force; and
- contacted Deloitte LLP, who were dealing with the Paperlinx administration in the UK, to make them aware of TRP's Retention of Title claim over stocks supplied, estimated at 570 tonnes, which had not yet been paid for by Paperlinx.

Following our appointment, we have established contact with Atradius to discuss matters and have instructed CMS to consider the claim under the credit insurance policy. We have also progressed TRP's Retention of Title claim with Deloitte LLP/Paperlinx. Matters remain ongoing and we will work with all parties to ensure that recoveries are maximised under both the Retention of Title claim and the credit insurance claim.

## Inter-company debtors

At the date of our appointment, there were three inter-company debtor balances due to TRP:

- Group - £106,822.97
- Tullis Russell Coaters - £44,608.50
- Tullis Russell Coaters (Korea)- £344,887.92

Due to sums owed by TRP to other entities, TRP is in a net inter-company creditor position. We are in the process of determining whether any amounts for debtor balances will be recoverable in the administration.

## Stock

### WIP and finished goods

Upon our appointment, TRP had approximately 11,500 tonnes of finished goods stock and 3,000 tonnes of WIP which could be converted into finished goods, representing significant assets to realise in the administration. To assist with the conversion of WIP and the paper finishing process, we retained a number of TRP's operatives and technical staff. Similarly, staff from TRP's sales, logistics and invoicing teams were retained to support the sale of stock to customers and manage its distribution.

Prior to our appointment, TRP utilised the services of a number of third party warehousing providers both in the UK and overseas. TRP's main warehousing and haulage provider, DSV, had approximately 6,500 tonnes of TRP's finished goods stock in its possession at its UK warehouses on the date of our appointment. DSV also had an outstanding balance due to it by TRP in excess of £2.5 million.

Upon being notified of TRP's insolvency, DSV intimidated that it wished to enforce a lien claim over TRP's stock. Our lawyers, CMS, confirmed that DSV was legally entitled to take this action and had a valid lien. Without access to the stock held and the distribution support provided by DSV, our ability to achieve maximum value for TRP's stocks would have been greatly reduced. Furthermore, it would have been extremely challenging to transport and warehouse the WIP, being completed at TRP's premises in Markinch, without continued service from DSV.

Consequently, and after a period of negotiation with DSV, we reached a settlement agreement to allow TRP's stock to be released. The terms of this agreement, the specifics of which are



confidential, will result in DSV being paid for a portion of the balance owed by TRP while also being paid for ongoing warehousing and distribution while stocks continue to be stored and transported.

Similar agreements have been reached with TRP's other warehousing providers in Holland, Canada and the USA, albeit the stock held by these parties and the level of their debts is substantially lower than DSV.

Since reaching agreement to release TRP's stock, we have continued to sell and despatch items to TRP's customers who have agreed to our terms of supply. In a number of cases, this has involved extensive discussion, correspondence and negotiation with customers who are not familiar with transacting with a UK company in administration.

The ultimate level of recoveries from stock sales is unknown at present, however, sales of finished goods up to 12 June 2015 totalled £6.6 million (with the cash collection process ongoing under agreed credit terms) and we will continue to sell stock to TRP's customers in the normal manner whilst it remains cost effective to do so.

#### Raw materials and Retention of Title ("ROT")

TRP sourced raw materials such as wood pulp, chemicals, packaging products, machinery and spare parts from all over the world. A significant number of TRP's suppliers (over 60) have claimed ROT over goods supplied prior to our appointment and not paid for by TRP.

The process for resolving ROT claims involves organising site visits to inventory materials and liaising with suppliers to ingather documentation relating to their claims. Each claim has to be evaluated to determine validity.

To date, 17 ROT claims have been agreed and we will continue to work through the remainder. At present, we do not anticipate any material recoveries from the sale of raw materials.

#### Cash at bank

At the date of our appointment, TRP had cash balances in its bank accounts totalling approximately £0.6 million. We have arranged for these amounts to be transferred to the administration bank accounts.

#### Other assets

##### Brand names/intellectual property

TRP owns several brand names, which are protected by a number of registered trademarks in the countries in which the business operated. In addition, these brands are supported by intellectual property such as finished and production know-how.

*Trucard* was TRP's most prominent brand accounting for approximately 60% of revenues and representing the broadest range of solid bleached sulphate carton-board on the market, with a comprehensive range of surfaces, finishes and weights. *Trucard* commands a premium position in the market, with upper end pricing. *Trucard* had applications in luxury packaging such as cosmetics and spirits and TRP enjoyed strong relationships with a number of blue chip customers.

Other key brand names include *Advocate*, *Naturalis* and *Mellotex*, which were used for graphical papers with applications such as corporate stationery, annual reports, brochures and presentation materials.

We prepared a sales flyer on TRP's brand names and issued this to approximately 80 parties. Nine parties signed Non-Disclosure Agreements and received an Information Memorandum containing further information on each brand.



We set a closing date of Monday, 8 June 2015 for offers for the brand names on and received four offers for individual brand names. We are currently in the process of negotiating a sale of the *Naturalis* brand and associated stock. Due to the level of the offers received for the brands being lower than our expectations, these have not been progressed and consequently, we have engaged Metis Partners to assist with realising TRP's remaining brand names and intellectual property and to maximise value.

#### Electrical Crepe Paper business

TRP operated an Electrical Crepe Paper business, which converted externally sourced base paper into reels and coils of high specification creped material used as an insulator for high voltage electrical cables and transformers. The business was a separate standalone division within TRP and sold approximately 300 tonnes of Electrical Crepe Paper per annum and consistently generated turnover in excess of £1.0 million per annum and achieved double digit gross margin.

Recognising that it was profitable and generating cash, and that it was autonomous from TRP's wider business, we have continued to trade the Electrical Crepe Paper business whilst seeking a buyer for the business and assets as going concern.

In offering the business for sale, we prepared and issued a sales flyer with highlights of the Electrical Crepe Paper business to eight parties. Five parties signed Non-Disclosure Agreements and received an Information Memorandum containing further information on the business and three parties conducted site visits to view the operation and meet with staff.

We set a closing date of Monday, 8 June 2015 for offers for the Electrical Crepe Paper business. Three offers were received and we are currently reviewing these with a view to appointing a preferred bidder. The terms of the offers are confidential and cannot be disclosed at this time, but further details will be provided in future creditor reports where possible.

#### Other matters

##### Health and Safety

We notified the Scottish Environment Protection Agency ("SEPA"), the Health & Safety Executive ("HSE") and the local council of our appointment.

We have retained a number of key staff members who have the experience, qualifications and knowledge to ensure that standards under certain licences and permits are maintained during the administration process. KPMG Sustainability Services ("KSS"), specialists in health and safety and environmental matters, are also providing ongoing support and advice.

Collectively, we are working to ensure that the orderly wind down of the site is managed safely and in accordance with guidelines as set down by SEPA, HSE and the local council.

##### VAT and sales taxes

TRP had VAT/sales and import tax registrations in Germany, Canada and the Netherlands, as well as the UK. We have engaged the following advisors in these countries to assist with reviewing the VAT positions, notifying the relevant authorities and to assist with future returns:

Germany	–	Mundhenke & Partner
Canada	–	KPMG Inc (a member of the KPMG network of independent firms)
Netherlands	–	Meijburg & Co (a member of the KPMG network of independent firms)

## Investigations

We are reviewing the affairs of TRP to establish if there are any actions which should be taken against third parties to increase recoveries for creditors.

In this regard, if you wish to bring to our attention any matters which you believe to be relevant, please do so by writing to Calum Pickett at KPMG LLP, Saltire Court, 20 Castle Terrace, Edinburgh, EH1 2EG United Kingdom.

## 3.3 Costs

Payments made from the date of our appointment to 12 June 2015 are set out in the attached receipts and payments account (Appendix 2).

Summaries of the most significant payments made to date are provided below. This summary does not include costs which have been accrued and not yet paid.

### Employees

As previously noted, we initially retained 149 of TRP's employees (with staff numbers presently at 99) following the administration to assist us with the sale of business process and realising TRP's assets. The costs associated with paying employees are shown under the 'Direct labour' caption in Appendix 2 and total £771,299.43.

### Warehouses and distribution

As noted above, in order to continue ongoing supply to customers and to realise TRP's stock, we reached various agreements with warehouses and hauliers in the UK, the Netherlands, Canada and the United States. The costs incurred to date are shown under the 'Warehousing and distribution' caption in Appendix 2 and amount to (£801,780.95)

### Other trading costs

We have purchased £26,099.00 of base paper from Tervakoski OY, for use in production in the Electrical Crepe Pape Pape business, which has continued to trade while we market the business for sale.

We have paid £2,799.16 in relation to the hire of vehicles and IT equipment and £1,300.00 to Concept Group and Pollock (Scotrans) Limited for the hire of equipment.

We have paid £1,653.82 to Neopost Limited in relation to stationery and postage, and £320.09 to Scottish Power for heat and light.

We are accruing certain ongoing costs and will make payments to settle these as they fall due.

# 4 Dividend prospects

## 4.1 Secured creditors

TRP granted standard securities in favour of the Pension Scheme over two areas of freehold land (referred to in section 3.2 above). The amount secured is for all sums due to the Pension Scheme up to a maximum of £13.5 million. As stated in section 3.1, the estimated amount owed to the Pension Scheme exceeds the value of its security. It is highly unlikely that realisations from the sale of the



two areas of land will exceed the £13.5 million the Pension Scheme is entitled to, therefore there will be no surplus funds available to TRP's other creditors.

TRP granted an assignation of its trade debtors to LBCF in August 2012. LBCF had no outstanding debt at the date of our appointment.

TRP granted a floating charge over certain of its assets to BoS. BoS had no outstanding debt due by TRP, hence its floating charge has not crystallised and no amounts are due to BoS.

## 4.2 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.

We estimate the amount of preferential claims at the date of our appointment to be £733,000.

Based on current estimates, we anticipate that preferential creditors will be paid in full.

## 4.3 Unsecured creditors

Based on current estimates, we anticipate that a dividend will be available to unsecured creditors. It is not currently possible to estimate the level of this dividend as this will depend on *inter alia*:

- The level of stock and debtor realisations achieved;
- The value obtained from sales of TRP's plant and machinery;
- The costs of the administration process; and
- The level of creditor claims received.

Where possible, future reports to creditors will outline the potential quantum and timing of any dividend to unsecured creditors. If achievable, we may seek to make an interim dividend payment to creditors pending finalisation of realisations and costs.

# 5 Ending the administration

## 5.1 Exit route from administration

We currently consider it prudent to retain all of the options available to us, as listed in Section 8 to bring the administration to a conclusion in due course.

However, at this stage we anticipate that the most likely exit route will be through conversion of the administration to a creditors' voluntary liquidation.

## 5.2 Discharge from liability

We propose to seek approval from the creditors committee (or in the event that a committee is not formed, the preferential and unsecured creditors) that we will be discharged from liability in respect of any action as Joint Administrators upon the filing of our final receipts and payments account with the Registrar of Companies.

Discharge does not prevent the exercise of the Court's power in relation to any misfeasance action against us.

See Section 6 for details regarding the meeting of creditors.

## 6 Approval of proposals and creditors' meeting

### 6.1 Creditors' meeting

Notice of a meeting of creditors to be held on 2 July 2015 at 10am at the Doubletree by Hilton, 34 Bread Street, Edinburgh, EH3 9AF is attached to the covering letter. We are convening it in order to present our statement of proposals.

#### Creditors' Committee

A Creditors' Committee will be formed if sufficient creditors are willing to act. The minimum number of Committee members is three and the maximum is five.

#### Function of the Creditors' Committee

The Creditors' Committee represents the interests of the creditors as a whole, rather than the interests of certain parties or individuals.

Its statutory function is to help us to discharge our responsibilities as Joint Administrators.

If a Creditors' Committee is formed it is for that body to approve, for instance:

- the basis and amount of our remuneration and outlays
- the amount and drawing of Category 2 disbursements
- our discharge from liability in respect of any actions as Joint Administrators

Members of the Creditors' Committee are not remunerated for their time. Other than receiving travel expenses, they will receive no payment from TRP.

### 6.2 Resolutions

Creditors will be asked to vote on the following matters at the initial meeting of creditors:

- our proposals;
- the formation of a Creditors' Committee.

If a Creditors' Committee is not formed the resolutions in Section 7.1 which would have been considered by the Creditors' Committee will be voted on by the creditors.

# 7 Joint Administrators' remuneration and outlays, disbursements and pre-administration costs

## 7.1 Approval of the basis of remuneration and disbursements

Agreement to the basis and amount of our remuneration and outlays and the drawing of Category 2 disbursements is subject to specific approval. They are not agreed as part of our proposals.

Should a Creditors' Committee be formed at the creditors' meeting, we will seek to obtain approval from the Creditors' Committee that:

- our remuneration will be set and drawn on the basis of time properly given by us and the various grades of our staff in accordance with the charge-out rates included in Appendix 3;
- disbursements for services provided by KPMG (defined as Category 2 disbursements in Statement of Insolvency Practice 9) will be charged in accordance with KPMG's policy as set out in Appendix 3.

If a Creditors' Committee is not formed, the creditors represented at the meeting in person or by proxy will be asked to vote on the resolutions with regards to our remuneration and drawing of Category 2 disbursements.

### Time costs

From the date of our appointment to 12 June 2015, we have incurred time costs of £1,071,080.25. These represent 2,970.30 hours at an average rate of £360.60 per hour.

### Disbursements

We have incurred disbursements of £12,937.38 during the period. None of these have yet 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 disbursements paid directly by KPMG for the period from our appointment to 12 June 2015. We have also attached our charging and disbursements recovery policy.

# 8 Summary of proposals

As there were no parties wishing to acquire the business and assets as a going concern rescuing TRP in accordance with Paragraph 3(1)(a) is therefore not achievable.

Therefore our primary objective is to achieve a better result for TRP's creditors as a whole than would be likely if TRP were wound up, in accordance with Paragraph 3(1)(b).

In addition to the specific itemised proposals below, this document in its entirety constitutes our proposals.

We propose the following:



## General matters

- to continue to do everything that is reasonable, and to use all our powers appropriately, in order to maximise realisations from the assets of TRP in accordance with the objective as set out above;
- to investigate and, if appropriate, to pursue any claims TRP may have;
- to seek an extension to the administration period via creditor approval or the Court if we consider it necessary.

## Distributions

- to make distributions to the preferential creditors where funds allow;
- to make distributions to the unsecured creditors if funds become available, and to apply to the Court for authority to do so, where applicable.

## Ending the administration

We might use any or a combination of the following exit route strategies in order to bring the administration to an end:

- apply to Court for the administration order to cease to have effect from a specified time and for control of TRP to be returned to the Directors;
- formulate a proposal for either a company voluntary arrangement (CVA) or a scheme of arrangement and put it to meetings of TRP's creditors, shareholders or the Court for approval as appropriate;
- place TRP into creditors' voluntary liquidation. In these circumstances we propose that we, Blair Nimmo and Tony Friar, be appointed as Joint Liquidators of TRP without any further recourse to creditors. If appointed Joint Liquidators, any action required or authorised under any enactment to be taken by us may be taken by us individually or together. The creditors may nominate different persons as the proposed Joint Liquidators, provided the nomination is received before these proposals are approved;
- petition the Court for a winding-up order placing TRP into liquidation and to consider, if deemed appropriate, appointing us, Blair Nimmo and Tony Friar, as Joint Liquidators of TRP without further recourse to creditors. Any action required or authorised under any enactment to be taken by us as Joint Liquidators may be taken by us individually or together;
- file notice of move from administration to dissolution with the Registrar of Companies if we consider that liquidation is not appropriate because (1) no dividend will become available to creditors, and (2) there are no other outstanding matters that require to be dealt with in liquidation. TRP will be dissolved three months after the registering of the notice with the Registrar of Companies.

Alternatively, we may allow the administration to end automatically.

## Joint Administrators' remuneration

We propose that:

- our remuneration will be set and drawn on the basis of time properly given by us and the various grades of our staff in accordance with the charge-out rates included in Appendix 3;
- disbursements for services provided by KPMG (defined as Category 2 disbursements in Statement of Insolvency Practice 9) will be charged in accordance with KPMG's policy as set out in Appendix 3

## Discharge from liability

We propose that we shall be discharged from liability in respect of any action of ours as Joint Administrators upon the filing of our final receipts and payments account with the Registrar of Companies.

## Appendix 1 Statutory information

### Company information

Company and Trading name	Tullis Russell Papermakers Limited
Date of incorporation	21 May 1906
Company registration number	SC006195
Trading address	Auchmuty & Crocker, Paper Mills, Glenrothes, Fife, KY7 6PB
Previous registered office	Rothsfield, Markinch, Fife, KY7 6PB
Present registered office	20 Castle Terrace, Edinburgh, EH1 2EG
Company Directors	Niall Gille Anndrais MacDonald Frderick Alexander William Bowden Mark Thomas Steadman Geoffrey Douglas Miller Nicholas Shepherd Malcolm Mainland Sinclair Christopher Alick George Parr
Company Secretary	Geoffrey Douglas Miller

### Administration information

Administration appointment	The administration appointment granted in Court of Session, P415 of 2015
Appointor	The Directors of the Company.
Date of appointment	27 April 2015
Joint Administrators	Blair Nimmo and Tony Friar
Purpose of the administration	Achieving a better result for the Company's creditors as a whole than would be likely if the Company were wound up.
Functions	The functions of the Joint Administrators are being exercised by them individually or together in accordance with Paragraph 100(2).
Current administration expiry date	26 April 2016
Prescribed Part	The Prescribed Part is not applicable on this case as the floating chargeholder has no outstanding debt at the date of our appointment.
Application of EC Regulations	EC Regulations apply and these proceedings will be the Main Proceedings as defined in Article 3 of the EC Regulations.

## Appendix 2 Joint Administrators' receipts and payments account

### Trading accounts

Tullis Russell Papermakers Limited - in Administration		
Joint Administrators' trading accounts		
Statement of Affairs (£)	From 27/04/2015 To 12/06/2015 (£)	From 27/04/2015 To 12/06/2015 (£)
TRADING INCOME		
Sales	2,472,035.55	2,472,035.55
TRADING EXPENSES		
Direct Labour	(771,299.43)	(771,299.43)
Warehousing & distribution	(801,780.95)	(801,780.95)
Materials	(26,099.00)	(26,099.00)
Heat & light	(320.09)	(320.09)
Telephone/Fax/IT	(30.00)	(30.00)
Stationery & postage	(1,653.82)	(1,653.82)
HP/Leasing payments	(3,825.43)	(3,825.43)
Hire of equipment	(1,826.26)	(1,826.26)
Repairs and maintenance	(9,618.69)	(9,618.69)
Sundry expenses	(100.00)	(100.00)
Bank charges	(10,370.73)	(10,370.73)
	<u>(1,626,924.39)</u>	<u>(1,626,924.39)</u>
<b>Trading surplus/(deficit)</b>	<b>845,111.16</b>	<b>845,111.16</b>

## Receipts and payments

Tullis Russell Papermakers Limited - in Administration		
Joint Administrators' abstract of receipts & payments		
Statement of affairs (£)	From 27/04/2015 To 12/06/2015 (£)	From 27/04/2015 To 12/06/2015 (£)
ASSET REALISATIONS		
Cash at bank	592,944.62	592,944.62
Book debts	8,237,973.28	8,237,973.28
	<b>8,830,917.91</b>	<b>8,830,917.91</b>
OTHER REALISATIONS		
Sundry refunds	26,719.96	26,719.96
Employee health insurance	11,335.68	11,335.68
Miscellaneous income	5.00	5.00
Trading surplus/(deficit)	845,111.16	845,111.16
	<b>883,171.80</b>	<b>883,171.80</b>
	<b>9,714,089.71</b>	<b>9,714,089.71</b>
REPRESENTED BY		
Floating charge VAT	36,309.90	36,309.90
Floating charge current	9,780,381.82	9,780,381.82
Other trading payroll deductions	(29,982.22)	(29,982.22)
	<b>9,714,089.71</b>	<b>9,714,089.71</b>

The Joint Administrators are operating bank accounts in three currencies – GBP, EUR & USD. For the purposes of this consolidated receipts and payments accounts, figures for the Euro and Dollar accounts were translated into Sterling at the spot rate prevailing on 12 June 2015 - the date of the receipts and payments account.

It is the intention of the Joint Administrators to continue operating the currency accounts until all remaining stocks have been realised. No foreign exchange gain or loss has been recognised to date. Any foreign exchange gain or loss will be recognised in full when the final figures are translated.

## Appendix 3 Joint Administrators' charging and disbursements policy

### Joint Administrators' charging policy

The time charged to the administration is by reference to the time properly given by us and our staff in attending to matters arising in the administration. This includes work undertaken in respect of tax, VAT, employee, pensions and health and safety advice from KPMG in-house specialists.

Our policy is to delegate tasks in the administration 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 Administrators' 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/media/documents/technical\\_library/SIPS/Creditors' Guide to Administrators' Remuneration Scotland.pdf](https://www.r3.org.uk/media/documents/technical_library/SIPS/Creditors'_Guide_to_Administrators'_Remuneration_Scotland.pdf)

If you are unable to access this guide and would like a copy, please contact Calum Pickett on 0131 527 6615.

### Hourly rates

Set out below are the relevant hourly charge-out rates for the grades of our staff actually or likely to be involved on this administration. Time is charged by reference to actual work carried out on the administration, using a minimum time unit of six minutes.

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

Charge-out rates (£)	
Grade	From 1 Oct 2014 £/hr
Partner	595
Director	535
Senior Manager	485
Manager	405
Assistant Manager	280
Administrator	205
Support	125

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

## Policy for the recovery of disbursements

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

*Category 1 disbursements:* These are costs where there is specific expenditure directly referable to both the appointment in question and a payment to an independent third party. 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 disbursements:* These are costs that are directly referable to the appointment in question but not to a payment to an independent third party. They may include shared or allocated costs that can be allocated to the appointment on a proper and reasonable basis, for example, business mileage.

Category 2 disbursements charged by KPMG Restructuring 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 KPMG passengers an additional 5p per mile per passenger will also be charged where appropriate.

We have incurred the following disbursements during the period 27 April 2015 to 12 June 2015.

SIP 9 - Disbursements					
Disbursements	Category 1		Category 2		Totals (£)
	Paid (£)	Unpaid (£)	Paid (£)	Unpaid (£)	
Accommodation	5,035.47		NIL		<b>5,035.47</b>
Meals	2,272.41		NIL		<b>2,272.41</b>
Mileage	NIL		4,555.16		<b>4,555.16</b>
Sundry	50.22		NIL		<b>50.22</b>
Travel	1,024.12		NIL		<b>1,024.12</b>
<b>Total</b>	<b>8,382.22</b>		<b>4,555.16</b>		<b>12,937.38</b>

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

Category 2 disbursements are to be approved in the same manner as our remuneration.

## Narrative of work carried out for the period 27 April 2015 to 12 June 2015

The key areas of work have been:

Statutory and compliance	<ul style="list-style-type: none"> <li>■ collating initial information to enable us to carry out our statutory duties, including creditor information, details of assets and information relating to licences and permits;</li> <li>■ providing initial statutory notifications of our appointment to the Registrar of Companies, The Registrar of Inhibitions and Adjudications, creditors and other stakeholders, and advertising our appointment;</li> <li>■ issuing regular press releases and posting information on a dedicated web page;</li> <li>■ arranging bonding and complying with statutory requirements;</li> <li>■ ensuring compliance with all statutory obligations within the relevant timescales.</li> </ul>
Strategy documents, Checklist and reviews	<ul style="list-style-type: none"> <li>■ formulating, monitoring and reviewing the administration strategy, including the decision to trade and meetings with internal and external parties to agree the same;</li> <li>■ briefing of our staff on the administration strategy and matters in relation to various work-streams;</li> <li>■ regular case management and reviewing of progress, including regular team update meetings and calls;</li> <li>■ meeting with management to review and update strategy and monitor progress;</li> <li>■ reviewing and authorising junior staff correspondence and other work;</li> <li>■ dealing with queries arising during the appointment;</li> <li>■ reviewing matters affecting the outcome of the administration;</li> <li>■ allocating and managing staff/case resourcing and budgeting exercises and reviews;</li> <li>■ liaising with legal advisors regarding the various instructions, including agreeing content of engagement letters;</li> <li>■ complying with internal filing and information recording practices, including documenting strategy decisions.</li> </ul>
Cashiering	<ul style="list-style-type: none"> <li>■ setting up administration bank accounts and dealing with TRP's pre-appointment Sterling and foreign currency accounts;</li> <li>■ preparing and processing vouchers for the payment of post-appointment invoices;</li> <li>■ creating remittances and sending payments to settle post-appointment invoices;</li> <li>■ preparing payroll payments for retained staff, dealing with salary related queries and confirming payments with the employee's banks;</li> <li>■ reviewing and processing employee expense requests;</li> <li>■ reconciling post-appointment bank accounts to internal systems;</li> <li>■ ensuring compliance with appropriate risk management procedures in respect of receipts and payments.</li> </ul>
Tax	<ul style="list-style-type: none"> <li>■ gathering initial information from TRP's records in relation to the taxation position of the company;</li> <li>■ submitting relevant initial notifications to HM Revenue and Customs;</li> <li>■ reviewing TRP's pre-appointment corporation tax and VAT position;</li> <li>■ analysing and considering the tax effects of various sale options, tax planning for efficient use of tax assets and to maximise realisations;</li> <li>■ working initially on tax returns relating to the periods affected by the administration;</li> <li>■ analysing VAT related transactions;</li> <li>■ reviewing TRP's duty position to ensure compliance with duty requirements;</li> <li>■ dealing with post appointment tax compliance.</li> </ul>
Shareholders	<ul style="list-style-type: none"> <li>■ providing notification of our appointment;</li> <li>■ responding to enquiries from shareholders regarding the administration.</li> </ul>
General	<ul style="list-style-type: none"> <li>■ reviewing time costs data and producing analysis of time incurred which is compliant with Statement of Insolvency Practice 9.</li> </ul>
Trading	<ul style="list-style-type: none"> <li>■ preparing cash flow statements to monitor the cash position;</li> <li>■ attending to supplier and customer queries and correspondence;</li> <li>■ raising, approving and monitoring purchase orders and setting up control systems for trading;</li> <li>■ negotiating and making direct contact with various suppliers as necessary to provide additional information and undertakings, including agreeing terms and conditions, in order to ensure continued support;</li> <li>■ securing petty cash on site and monitoring spend;</li> <li>■ dealing with issues in relation to stock and other assets required for trading;</li> <li>■ communicating and negotiating with customers regarding ongoing supplies, including agreeing terms and conditions;</li> <li>■ monitoring stock and stock reconciliations;</li> <li>■ dealing with hauliers and warehousing providers to ensure ongoing services;</li> <li>■ ensuring ongoing provision of emergency and other essential services to site.</li> </ul>
Asset realisations	<ul style="list-style-type: none"> <li>■ collating information from TRP's records regarding the assets;</li> <li>■ liaising with finance companies in respect of assets subject to finance agreements;</li> <li>■ liaising with agents regarding the sale of assets;</li> </ul>

	<ul style="list-style-type: none"> <li>■ dealing with issues associated with the sale of stock;</li> <li>■ reviewing outstanding debtors and management of debt collection strategy;</li> <li>■ liaising with TRP credit control staff and communicating with debtors;</li> <li>■ seeking legal advice in relation to book debt collections, including Paperlinx.</li> </ul>
Property matters	<ul style="list-style-type: none"> <li>■ assess the position as regards TRP's freehold land;</li> <li>■ liaise with Pension Scheme trustees regarding the strategy for realising the freehold land over which it holds security.</li> </ul>
Sale of business	<ul style="list-style-type: none"> <li>■ planning the strategy for the sale of the business and assets, including instruction and liaison with professional advisers;</li> <li>■ seeking legal advice regarding sale of business, including regarding non-disclosure agreements;</li> <li>■ collating relevant information and drafting information memorandum in relation to the sale of TRP's business and assets and advertising the business for sale;</li> <li>■ dealing with queries from interested parties and managing the information flow to potential purchasers, including setting up a data room;</li> <li>■ managing site visits with interested parties, fielding due diligence queries and maintaining a record of interested parties;</li> </ul>
Health and safety	<ul style="list-style-type: none"> <li>■ liaising with internal 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;</li> <li>■ liaising with the Health and Safety Executive regarding the administration and ongoing health and safety compliance.</li> </ul>
Open cover insurance	<ul style="list-style-type: none"> <li>■ arranging ongoing insurance cover for TRP's business and assets;</li> <li>■ liaising with the post-appointment insurance brokers to provide information, assess risks and ensure appropriate cover in place;</li> <li>■ assessing and managing the level of insurance premiums.</li> </ul>
Employees	<ul style="list-style-type: none"> <li>■ dealing with employee redundancies;</li> <li>■ dealing with queries from retained and redundant employees regarding various matters relating to the administration and their employment;</li> <li>■ dealing with statutory employment related matters, including statutory notices to employees and making statutory submissions to the relevant government departments;</li> <li>■ holding employee briefing meetings to update employees on progress in the administration and our strategy;</li> <li>■ administering payroll, including associated taxation and other deductions, and preparing PAYE and NIC returns;</li> <li>■ communicating and corresponding with HM Revenue and Customs;</li> <li>■ dealing with issues arising from employee redundancies, including statutory notifications and liaising with the Redundancy Payments Office;</li> <li>■ managing claims from employees;</li> <li>■ ensuring security of assets held by employees.</li> </ul>
Pensions	<ul style="list-style-type: none"> <li>■ collating information and reviewing TRP's pension schemes;</li> <li>■ calculating employee pension contributions and review of pre-appointment unpaid contributions;</li> <li>■ ensuring compliance with our duties to issue statutory notices;</li> <li>■ liaising with the trustees of the defined benefit pension scheme, the Pensions Regulator and the Pensions Protection Fund concerning the changes caused to the pension scheme as a result of our appointment;</li> <li>■ ensuring death-in-service cover for employees remains in place;</li> <li>■ communicating with employees representatives concerning the effect of the administration on pensions and dealing with employee queries.</li> </ul>
Creditors and claims	<ul style="list-style-type: none"> <li>■ drafting and circulating our proposals;</li> <li>■ convening and preparing for the meeting of creditors;</li> <li>■ creating and updating the list of unsecured creditors;</li> <li>■ responding to enquiries from creditors regarding the administration and submission of their claims;</li> <li>■ reviewing completed forms submitted by creditors, recording claim amounts and maintaining claim records;</li> <li>■ dealing with suppliers with retention of title claims, including reviewing supporting documentation and arranging and carrying out stock inspection visits.</li> </ul>
Investigations/ directors	<ul style="list-style-type: none"> <li>■ reviewing company and directorship searches and advising the directors of the effect of the administration;</li> <li>■ liaising with management to produce the Statement of Affairs and filing this document with the Registrar of Companies;</li> <li>■ reviewing the questionnaires submitted by the Directors of TRP;</li> <li>■ reviewing pre-appointment transactions;</li> <li>■ Carrying out investigative work including reviewing TRP's books and records in preparation for submission of a report to the Insolvency Service.</li> </ul>



## Time costs

### SIP 9 - Time costs analysis

SIP 9 - Time costs analysis (27/04/2015 to 12/06/2015)							
	Hours				Total	Time Cost (£)	Average Hourly Rate (£)
	Partner / Director	Manager	Administrator	Support			
<b>Administration &amp; planning</b>							
<b>Cashiering</b>							
General (Cashiering)			20.80		<b>20.80</b>	5,801.50	278.92
<b>General</b>							
Books and records			16.90		<b>16.90</b>	4,177.00	247.16
Fees and WIP			0.50		<b>0.50</b>	140.00	280.00
<b>Statutory and compliance</b>							
Appointment and related formalities	91.40	34.20	48.30	20.00	<b>193.90</b>	82,480.50	425.38
Checklist & reviews			2.20		<b>2.20</b>	616.00	280.00
Strategy documents	13.80	22.70	1.90		<b>38.40</b>	18,924.50	492.83
<b>Tax</b>							
Initial reviews - CT and VAT		2.50	14.20		<b>16.70</b>	4,988.50	298.71
Post appointment corporation tax		1.00			<b>1.00</b>	405.00	405.00
Post appointment overseas tax			2.00		<b>2.00</b>	560.00	280.00
Post appointment VAT		97.20	20.60		<b>117.80</b>	45,328.00	384.79
<b>Creditors</b>							
<b>Creditors and claims</b>							
Agreement of unsecured claims			1.80		<b>1.80</b>	369.00	205.00
General correspondence	8.60	17.50	69.65	11.90	<b>107.65</b>	30,660.50	284.82
Legal claims			1.80		<b>1.80</b>	504.00	280.00
Notification of appointment			13.00		<b>13.00</b>	3,640.00	280.00
Pre-appointment overseas tax			1.60		<b>1.60</b>	448.00	280.00
Pre-appointment VAT / PAYE / CT			1.60		<b>1.60</b>	448.00	280.00
ROT Claims		77.10	120.00		<b>197.10</b>	65,069.00	330.13
Statutory reports	0.60	8.65	5.80	2.00	<b>17.05</b>	6,315.25	370.40
<b>Employees</b>							
Correspondence	8.55	255.50	624.30		<b>888.35</b>	294,600.75	331.63
DTI redundancy payments service			1.90		<b>1.90</b>	532.00	280.00

**SIP 9 - Time costs analysis (27/04/2015 to 12/06/2015)**

	Hours				Time Cost (£)	Average Hourly Rate (£)	
	Partner / Director	Manager	Administrator	Support			Total
Pension funds	27.00	8.60			<b>35.60</b>	18,616.00	522.92
Pensions reviews	2.10	4.60	16.40		<b>23.10</b>	7,689.50	332.88
<b>Investigation</b>							
<b>Directors</b>							
Correspondence with directors	1.10	5.95			<b>7.05</b>	3,098.25	439.47
Statement of affairs		3.30	2.20		<b>5.50</b>	2,216.50	403.00
<b>Realisation of assets</b>							
<b>Asset Realisation</b>							
Cash and investments			5.90		<b>5.90</b>	1,652.00	280.00
Debtors		52.70	22.80		<b>75.50</b>	31,568.50	418.13
Freehold property	7.50	19.50			<b>27.00</b>	13,470.00	498.89
Goodwill		32.30			<b>32.30</b>	15,665.50	485.00
Health & safety	1.10	42.70	20.50		<b>64.30</b>	23,862.00	371.10
Leasehold property	0.90	15.80	2.90		<b>19.60</b>	7,924.50	404.31
Office equipment, fixtures & fittings		0.10			<b>0.10</b>	40.50	405.00
Open cover insurance		0.70	15.10		<b>15.80</b>	4,511.50	285.54
Other assets	2.10				<b>2.10</b>	1,123.50	535.00
Plant and machinery	2.80	55.10	6.10		<b>64.00</b>	29,247.50	456.99
Sale of business	74.60	109.50	164.40		<b>348.50</b>	137,333.00	394.07
Stock and WIP	13.30	128.25	225.70		<b>367.25</b>	124,859.25	339.98
Vehicles		4.90			<b>4.90</b>	1,984.50	405.00
<b>Trading</b>							
Cash & profit projections & strategy	0.30	2.75			<b>3.05</b>	1,494.25	489.92
Purchases and trading costs	9.70	99.30	97.20		<b>206.20</b>	74,103.50	359.38
Sales		1.60	18.90		<b>20.50</b>	4,612.50	225.00
<b>Total in period</b>	<b>265.45</b>	<b>1,104.00</b>	<b>1,566.95</b>	<b>33.90</b>	<b>2,970.30</b>	<b>1,071,080.25</b>	<b>360.60</b>

Brought forward time (appointment date to SIP 9 period start date)	0.00	0.00
SIP 9 period time (SIP 9 period start date to SIP 9 period end date)	2,970.30	1,071,080.25
Carry forward time (appointment date to SIP 9 period end date)	2,970.30	1,071,080.25

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 Statement of Affairs

The Directors have provided a Statement of Affairs for TRP as at the date of our appointment, a copy of which is set out in the following pages.

We have not carried out anything in the nature of an audit on the information provided.

The figures provided in the statement of affairs do not take into account the costs of the administration process, such as employee costs, site holding costs, insurance and administration fees.

# Statement of Affairs

**Pursuant to paragraph 47 of Schedule B1 to the Insolvency Act 1986 and Rule 2.21(1) of the Insolvency (Scotland) Rules 1986**

Insert name of the company

Statement as to the affairs of

Tullis Russell Papermakers Limited

as at the 27<sup>th</sup> April 2015, the date that the company entered administration.

### Statutory Declaration

I solemnly and sincerely declare that the information provided in this statement and the lists A to G annexed and signed as relative hereto is, to the best of my knowledge and belief, true and complete,

**AND I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act 1835.**

Declared at MARKINCH

Signed [Signature]

This 12<sup>TH</sup> day of JUNE 2015

Before me [Signature]

A Notary Public or Justice of the Peace or Solicitor

IAIN DAVID HAYWOOD  
SOLICITOR  
[Signature]

STATEMENT as to the affairs of the Company on the \_\_\_\_\_

Please do not write in this margin

Please complete legibly, preferably in black type, or bold block lettering

		Estimated Realisable Values £'000
<b>ASSETS</b>		
Assets not specifically secured (as per List "A") _____		25,147
Assets specifically secured (as per List "B") _____	4,500	
Estimated realisable value		
<b>Less:</b> Amount due to secured creditors	<u>-15,700</u>	
Estimated Surplus _____	-11,200	
Estimated Total Assets available for preferential creditors, holders of floating charges and unsecured creditors _____		25,147
<b>LIABILITIES</b>		
Preferential creditors (as per List "C") _____		-1,033
Estimated balance of assets available for holders of floating charges and unsecured creditors _____		24,114
Estimated prescribed part of net property where applicable (to carry forward) _____		0
Holders of floating charges (as per List "D") _____		0
Estimated surplus/deficiency as regards holders of floating charges _____		0
Estimated prescribed part of net property where applicable (brought down) _____		0
Unsecured Creditors		
Trade accounts (as per List "E") _____	-42,439	
Bills payable (as per List "F") _____	0	
Contingent or other liabilities (as per List "G") _____	-8,000	
Total unsecured creditors (excluding any shortfall to floating charge holders) _____	-----	
		-50,439
Estimated Surplus/Deficiency as regards creditors unsecured - creditors (excluding any shortfall to floating charge holders)		-26,325
Estimated deficiency after floating charge where applicable (brought down)		-11,200
Estimated Surplus/Deficiency as regards creditors		-37,525
Issued and Called-up Capital _____		-5,449
Estimated Surplus/Deficiency as regards members		-42,974

These figures must be read subject to the following:--

\*delete as appropriate

\*[(a) There is no unpaid capital liable to be called up]

\*[(b) The nominal amount of unpaid capital liable to be called up is £ \_\_\_\_\_ estimated to produce £ \_\_\_\_\_ which is/is not charged in favour of the holder of the floating charges(s)]--

The estimates are subject to the expenses of the liquidation and to any surplus or deficiency on trading pending realisation of the Assets.

Please do not write in this margin

Please complete legibly, preferably in black type, or bold block lettering

**Statement of affairs LIST 'A'**  
Assets not specifically secured

Particulars of assets	Book value £'000	Estimated to produce £'000
Balance at bank .....	654	654
Cash in hand .....	4	4
Marketable securities (as per Schedule I) .....	150	150
Bills receivable (as per Schedule II) .....	0	0
Trade debtors (as per Schedule III) .....	14,788	10,270
Loans and advances (as per Schedule IV) .....	26	26
Unpaid calls (as per Schedule V) .....	0	0
Stock in trade _____	7,856	6,285
Work in progress _____	1,823	1,458
Raw Mats and other stocks	618	200
Heritable property .....	0	0
Leasehold property .....	0	0
Plant, machinery and vehicles .....	7,340	6,000
Furniture and fittings, etc .....	0	0
Patents, trade marks, etc .....	0	100
Investments other than marketable securities .....	0	0
Other property .....	0	0
Total	33,259	25,147

Signed



Date 12 JUNE 2015

Please do not write in this margin

**SCHEDULE I TO LIST 'A'**  
**Statement of affairs**  
**Marketable Securities**

Please complete legibly,  
preferable in black type,  
or bold block lettering

Names to be arranged in alphabetical order and numbered  
consecutively

No	Name of organisation in which securities are held	Details of securities held	Book value £	Estimated to produce £'000
	EEC	Carbon Credits	0	150

Signed



Date 12 JUNE 2015

Please do not write in this margin

## SCHEDULE II TO LIST 'A'

### Statement of affairs

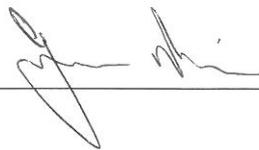
#### Bills of exchange, promissory notes, etc. available as assets

Please complete legibly, preferably in black type, or bold block lettering

Names to be arranged in alphabetical order and numbered consecutively

No	Name and address of acceptor of bill or note	Amount of bill or note £	Date when due	Estimated to produce £	Particulars of any property held as security for payment of bill or note
	N/A	N/A		N/A	N/A

Signed



Date 12 JUNE 2015

Please do not write in this margin

**SCHEDULE III TO LIST 'A'**  
**Statement of affairs**  
**Trade debtors**

Please complete legibly,  
preferably in black type,  
or bold block lettering

Names to be arranged in alphabetical order and numbered  
consecutively

No	Name and address of debtor	Particulars of any securities held for debt	Book value £000	Estimated to produce £000
	See Separate List		14,788	10,270

Signed



Date 12 JUNE 2015

Please do not write in this margin

**SCHEDULE IV TO LIST 'A'**  
**Statement of affairs**  
**Loans and Advances**

Please complete legibly,  
preferably in black type,  
or bold block lettering

Names to be arranged in alphabetical order and numbered consecutively

No	Name and address of debtor	Particulars of any securities held for debt	Book value £000	Estimated to produce £000
	See separate list		26	26

Signed



Date 12 June 2015

Please do not write in this margin

## SCHEDULE V TO LIST 'A'

### Statement of affairs

#### Loans and Advances

Please complete legibly, preferably in black type, or bold block lettering

Names to be arranged in alphabetical order and numbered consecutively

No	No in share register	Name and address of shareholder	No of shares held	Amount of call per share unpaid £	Total amount due £	Estimated to produce £
	N/A	N/A	N/A	N/A	N/A	N/A

Signed



Date 12 JUNE 2015

Please do not write in this margin

LIST 'B' (consisting of 1 pages)

**Statement of affairs**

**Assets specifically secured and creditors fully or partly secured (see note below) (not including debenture holders secured by a floating charge)**

Please complete legibly, preferably in black type, or bold block lettering

No	Particulars of assets specifically secured and nature of security	Date when security granted	Name of creditor	Address and occupation
	Specific plots of land	23/3/2013	Trustees of Tullis Russell Pension Scheme	Markinch Glenrothes Fife KY76PB

**Note:** For this purpose treat as a creditor but identify separately

- (a) an owner of goods in the company's possession under a hire-purchase agreement or an agreement for the hire of goods for more than 3 months, or
- (b) a seller of goods to the company claiming a retention of title or a seller under a conditional sale agreement.

Please do not write in this margin

Please complete legibly, preferably in black type, or bold block lettering

**LIST 'C' (consisting of 1page)**  
**Statement of affairs**  
**Preferential creditors for salaries, wages and otherwise**

Names to be arranged in alphabetical order and numbered consecutively

No	Name of creditor	Address
	Employees of Tullis Russell Papermakers Limited See Separate List	

Please do not write in this margin  
Please complete legibly, preferably in black type, or bold block lettering

Nature of claim	Total amount of claim £000	Amount ranking as preferential £000	Balance not preferential carried to List 'E' £000
Wage arrears, holiday pay etc.	1,033	1,033	0

Signed



Date 12 JUNE 2015

Please do not write in this margin

Please complete legibly, preferably in black type, or bold block lettering

**LIST 'D'**  
**Statement of affairs**  
**List of holders of debentures secured by a floating charge**

Names to be arranged in alphabetical order and numbered consecutively

No	Name and address of Holder	Amount £	Description of assets over which security extends
	N/A	N/A	N/A

Signed



Date 12 JUNE 2015

Please do not write in this margin

Please complete legibly, preferable in black type, or bold block lettering

LIST 'E' (consisting of 1 pages)

### Statement of affairs

Unsecured creditors – trade accounts.

Identify separately on this list customers claiming amounts paid in advance of the supply of goods and services

Names to be arranged in alphabetical order and numbered consecutively

No	Name of and address of creditor	Amount of the debt
		£000
	Various Trade Creditors – See Separate List	18,543
	HMRC	1,437
	Tullis Russell Papermakers Employees	18,403
	Canadian Revenue Agency	420
	German Revenue Agency	25
	Business Stream	74
	Fife Council	81
	Inter Company Loans -	2,956
	Other	500
		42,439

Signed



Date 12 JUNE 2015

Please do not write in this margin

## LIST 'F'

### Statement of affairs

#### Unsecured creditors – Bills payable, promissory notes, etc

Please complete legibly, preferably in black type, or bold block lettering

Names to be arranged in alphabetical order and numbered consecutively

**\*Note**

The particulars of any bills of exchange and promissory notes held by a holder should be inserted immediately below the name and address of such creditor.

No	Name and address of acceptor of bill or note	Name and address of holder*	Date when due	Amount of claim £
	N/A	N/A	N/A	N/A

Signed



Date 12 JUNE 2015

Please do not write in this margin

Please complete legibly, preferably in black type, or bold block lettering

**LIST 'G'**  
**Statement of affairs**  
**Unsecured creditors – contingent liabilities**

Names to be arranged in alphabetical order and numbered consecutively

No	Name and address of creditor	Nature of liability	Amount of claim £000
	Various	Site Clearance, contract penalties etc - Estimate	8,000

Signed



Date

12 JUNE 2015

## LIST "E" TRADE CREDITORS

Creditor Name	Creditor Value
3M UNITED KINGDOM PLC	4,651.78C
3V SIGMA SPA	163,639.51C
ABB AUTOMATION LTD	31,812.74C
ABB LIMITED	5,952.60C
AC CABS	648.40C
ADFLEX LTD	12.00C
ADVANCED FIBER TECHNOLOGIES	3,551.00C
AES SEALTEC LIMITED	3,286.90C
AIRFOR ENGINEERING LIMITED	617.76C
ALLIANZ CORNHILL ENGINEERING	4,865.14C
ALLSTAR BUSINESS SOLUTIONS LTD	445.57C
ANGLIA FORWARDING	132.38C
ANGUS SMART & SON	1,510.74C
ANTALIS AG INDUSTRIESTRASSE	1,397.72C
ANTALIS GMBH	23,538.64C
ANTALIS LIMITED	12,394.35C
ANTALIS NV	25,589.78C
ANTALIS SNC	3,266.79C
AON LIMITED PREMIUM ACCOUNTS	722,581.06C
APPLIED SOFTWARE CONTROL LTD	10,800.00C
ARCHROMA DISTRIBUTION & MANAGEMENT	25,894.08C
ASA RECRUITMENT	4,752.00C
ASHTREAD ENGINEERING CO LTD	990.00C
ATRADIUS	58,089.49C
AVEBE BA	115,042.93C
AZELIS UK LTD	40,168.80C
BALBIRNIE HOUSE	85.00C
BARR PRINTERS LTD	4,676.26C
BASF PLC	341,891.21C
BELL GROUP U.K.	456.00C
BIELOMATIK JAGENBERG GmbH & Co	5,437.48C
BISSETT PRINTERS LTD	4,360.52C
BM TRADA CERTIFICATION LTD	502.92C
BOC LIMITED	440.40C
BONETTI ACCIA SPA	1,194.04C
BOOTS OPTICIANS	205.00C
BRECHIN TINDAL OATTS SOLICITORS	1,232.82C
BRENNTAG COLOURS LIMITED	3,312.00C
BRENNTAG UK LIMITED	999.86C
BRIGGS EQUIPMENT UK LIMITED	40,146.40C
BRIGHTSOLID LTD	36.00C
BRITISH BUNG MANUFACT COM LTD	6,515.94C
BRITISH STANDARDS INSTITUTION	5,495.62C
BRITISH TELECOM	120.60C
BUTTERWORTH LABORATORIES LTD	4,453.20C
BYK-GARDNER GMBH	631.10C
CALEDONIA FIRE AND SECURITY LIMITED	96.00C

CAMLAB LIMITED	134.63C
CARGILL PLC	736,229.80C
CELULOSE BEIRA IND (CELBI) SA	2,092,310.47C
CHAMELEON COLOUR SERVICES (UK) LTD	1,919.87C
CHRISTIAN DIOR (EUR INVOICE)	314.54C
CHUBB ELECTRONIC SECURITY LTD	368.29C
CLARA NET LTD	102.32C
CLEAR-VIEW	237.00C
CMS CAMERON MCKENNA LLP	1,800.00C
COMPANIES HOUSE	4.00C
COMPANY BARCLAYCARD	8,525.63C
COMPUTER LINKS LTD	594.00C
CONCEPT GROUP LIMITED	64.80C
CORDSTRAP LTD	12,268.80C
CORMACKS CAFÉ	185.00C
COVERIS FLEXIBLES (WINSFORD) UK LTD	51,691.19C
CRAIG RECRUITMENT SOLUTIONS	5,280.00C
DALRYMPLE CONSTRUCTION LTD	2,146.98C
DATASERVE UK	328.92C
DELILICIOUS CATERING LTD	1,127.07C
DELOITTE BELASTINGADVISEURS B.V	1,268.81C
DEMAG CRANES & COMPONENTS LTD	23,635.81C
DENHOLM WILHELMESEN LTD	8,477.95C
DP SALES LTD	214.61C
DP SERVICES (SCOTLAND) LTD	25,008.90C
DP SYSTEMS (SCOTLAND) LTD	15,460.80C
DSV AIR & SEA LIMITED	2,464.20C
DSV ROAD LTD	2,684,469.45C
DUNSIRE ASSOC.(ELECT.) LTD	1,350.00C
EDEN SPRINGS UK LIMITED	0
EKMAN AG	556,512.34C
ELP ARBUTHNOTT MCCLANACHAN	420.00C
EOLAS TECHNOLOGY	1,468.80C
ERIKS INDUSTRIAL SERVICES	397,701.07C
ERIKS INDUSTRIAL SERVICES	43,593.81C
ERIKS INDUSTRIAL SERVICES LTD	4,842.07C
EUROFILMS EXTRUSION LTD	34,698.38C
EUROPEAN CARTON MAKERS ASSOCIATION	2,178.81C
EUROPEAN GAS CONSULTANCY LTD	7,778.52C
EUROPEAN SAFETY SYSTEMS LTD	130.37C
EXCEL ENGINEERING SERV LTD	2,425.20C
EXCEL ENVIRONMENTAL SERVICES	670.00C
FASTNET INTERNATIONAL LIMITED	108.00C
FCE HYDRAULIC POWER SERV LTD	17,158.28C
FCE MATERIALS HANDLING LTD	6,666.96C
FERALCO (UK) LTD	24,484.45C
FIBRE SOURCE NORTH AMERICA CORP.	747,393.69C
FIFE CHAMBER OF COMMERCE & ENTERPRIS	842.40C
FIFE CHAMBER OF COMMERCE & ENTERPRISE	949.00C
FIFE FORKLIFTS	15,591.41C

FISHERS SERVICES (CUPAR) LTD	168.00C
FMW INDUSTRIEANLAGENBAU GMBH	476.43C
FORKLIFT TRAINING SCOTLAND LTD	720.00C
FORTH PORTS PLC	3,630.00C
FORTH VIBRATION SERVICES	10,560.95C
FRASER COYLE	3,825.00C
FRY HEATH AND SPENCE LLP	1,466.51C
FUCHS LUBRICANTS (UK) PLC	7,351.31C
FUGLESANGS GLASGOW	28,644.00C
GAZPROM ENERGY	47,370.59C
GB LPG LTD	11,446.91C
GEA HEAT EXCHANGERS LTD	2,644.68C
GEODIS WILSON LTD	273.79C
GF SMITH	1,669.44C
GLENROTHES LOCKSMITHS	142.84C
GP PLANTSCAPE LTD	1,528.00C
H.B. FULLER UK LIMITED	2,304.96C
HAAG LOGISTIC GROUP	1,263.56C
HAMPTON KNIGHT LIMITED	4,284.00C
HAZCO ENVIRONMENTAL LIMITED	624.00C
HERTZ LEASE	643.69C
HONEYWELL CONTROL SYSTEMS LTD	18,132.50C
HUTCHINSON NETWORKS LTD	2,591.20C
IMERYS MINERAUX BELGIQUE SA	57,248.59C
INITIAL WASHROOM SOLUTIONS	297.48C
INSIGHT DIRECT (UK) LTD	3,827.40C
INSPIREPAC LTD	3,421.08C
INTERNATIONAL FOREST PRODUCTS	39,880.74C
INVISTA LIMITED	5,983.20C
ISEGA	101.40C
ITOCHU FIBRE LIMITED	2,880,566.88C
JAMES CROPPER CONVERTING LTD	11,580.50C
JAMES MCCAIG T/A JAMES MCCAIG FARMS	20,865.24C
JAMES REIDY ENGINEERING	2,840.00C
JOHN SHORT	8,716.00C
JOHN WHITE & SONS LTD	3,498.24C
JUBILEE ELECTRONICS LTD	295.00C
JUD AG PAPIERMASCHINEN	3,369.12C
KADANT UK LTD	8,516.42C
KALAMAZOO SECURE SOLUTIONS LTD	930.06C
KD DOORS	9,741.13C
KERR COMPRESSOR ENGINEERS (EK)	25,944.00C
KONECRANES SERVICE LIMITED	2,880.00C
LA COMPAGNIE GREENFIELD S.A.	138,770.32C
LAMOND & MURRAY	4,224.00C
LANDFALL SCAFFOLDING LIMITED	8,147.99C
LANGSTANE PRESS	6,129.37C
LEX AUTOLEASE LIMITED	180.30C
LIGHTHOUSE (UK) LTD	54.54C
LOCOFOCO LTD	9,777.60C

LOTHIAN VULCANISING	4,529.96C
MACDONALD RUSACKS HOTEL	99.00C
MAGMA FABRICATIONS (GLENROTHES	1,058.40C
MALCOLM ROSS & SONS LTD	307.20C
MANCHESTER INDUSTRIES INC	25,318.24C
MANOR CARS	1,323.42C
MARK INFORMATION UK LTD	1,524.79C
MARSHALL CONSTRUCTION LTD	5,441.90C
MCQUEEN'S DAIRIES LTD	200.00C
MESSAGELABS LTD	7,560.00C
METHILHAVEN SURGERY	55.00C
METPRO GROUP	67,006.49C
MINES RESCUE SERVICE LIMITED	768.00C
MITIE CLEANING & ENVIRONMENTAL	16,606.58C
MODUS (SCOTLAND) LIMITED	462.00C
MSK COVERTECH-GROUP	26.89C
MULTI PACKAGING SOLUTIONS GMBH	688.98C
MULTIPRINT (SCOTLAND) LIMITED	716.40C
MUNDHENKE & PARTNER GMBH	113.14C
MYRTLE COFFEE SERVICES LTD	187.20C
NATHS LTD T/A NATIONAL HEIGHT SPECIA	48,385.20C
NCC SERVICES LTD	1,482.00C
NEOPOST LIMITED	2,924.56C
NETWORK WASTE	3,187.95
NIFES CONSULTING GROUP	10,625.28C
NOPCO PAPER TECHNOLOGY GMBH	20,826.58C
NORDSON (U.K) LTD	1,951.20C
NORKEM LIMITED	8,610.00C
NORMAND & THOMSON (HILLEND)	18,776.40C
NUGENSIS LTD	933.94C
O KAY ENGIN. SERVICES LTD	2,347.20C
O2 (UK) LIMITED	4,208.05C
OGILVIE FLEET LTD	288.00C
OMNIA-CHEM LIMITED	193,025.76C
OMNIA-CHEM LTD	24,319.68C
OMYA UK LTD	761,173.39C
OPEX SOLUTIONS LIMITED	12,647.83C
OPTIMA CONTROL SOLUTIONS LTD	120.00C
PAFRA ADHESIVES LTD	20,406.00C
PAPELTEC OVERSEAS INC	4,400.00C
PAPERLINX CONVERSION CO.	2,637.81C
PARK GATE & CO LIMITED	19,287.60C
PITREAVIE GROUP	30,620.34C
POLLOCK (SCOTRANS) LTD	158,434.76C
POLYTHENE UK LTD	8,485.51C
POOLE PROJECTS LTD	5,877.60C
PORTUCEL	2,062,842.92C
PREMIER ENGRAVING & SIGNS LTD	247.18C
PREMIER PAPER GROUP LTD	7,200.00C
PROCTER MACHINE GUARDING	1,127.62C

PRUFBAU (EUR INVOICE)	959.68C
PUK WATER FILTRATION LTD	588.67C
PUMP SUPPLY & REPAIR GROUP LTD	3,768.30C
PYROLL WINSCHOTEN BV	73,533.09C
QUALITY ASBESTOS SERVICES LTD	8,434.52C
R&B SWITCHGEAR (NORTHERN) LTD	288.00C
R.H. ENGINEERING SERVICES	3,288.00C
R.LINDSAY & CO LTD	47,536.60C
REGAL RUBBER COMPANY	1,524.00C
RIMOR CONVERTING	1,056.00C
RING-A-ROSES	345.96C
RIX SHIPPING (SCOTLAND) LIMITED	9,358.27C
RMS LTD	7,962.00C
ROBERT SUMMERS TRANSPORT	432.00C
ROLPEX LIMITED	5,038.67C
RWE INNOGY MARKINCH LTD	1,567,912.34C
SAFETYKLEEN UK LTD	2,241.00C
SAFIC-ALCAN UK LIMITED	74,880.00C
SAGE (UK) LTD	9,217.12C
SAMPSON NEWSAGENTS	721.35C
SCOT ENVIRON PROTECTN AGEN	11,583.51C
SCOTT TIMBER LTD	611,927.86C
SCOTTISH COAL CO. LTD	104,847.28C
SCOTTISH HYDRO-ELECTRIC	4,147.45C
SCOTTISH SECURITY & FIRE SYSTEMS	620.88C
SCOTTISH WATER	60.48C
SDC INDUSTRIES LTD	366.00C
SERVOTECH LTD	1,344.00C
SIMGE ANTALIS	1,188.78C
SMARTS	3,927.12C
SMEATON ENGINEERING LIMITED	7,258.92C
SOLENIS UK LTD	300,863.62C
SONOCO ALCORE	130,013.85C
STANLEY SECURITY SOLUTIONS LTD	1,365.01C
STRATHALLAN SAFETY LLP	79.20C
STRATHCLYDE TYRE SERVICES LIMITED	3,822.00C
SULZER DOWDING & MILLS	1,508.40C
SULZER DRIVES & CONTROLS	2,616.00C
T.R.E.E. LIMITED	528.00C
TAN INTERNATIONAL SCOTLAND	3,885.84C
TAUPO CONSULTING LIMITED	2,421.00C
TERVAKOSKI DIELECTRICS LTD	94,866.83C
TESA UK LIMITED	32,428.51C
THE DANWOOD GROUP LIMITED	51,885.96C
THE OLD MANOR HOTEL	770.40C
THE WHITE SEA & BALTIC CO LTD	14,784.00C
THERMATIC MAINTENANCE Ltd	1,061.72C
THOMAS MENZIES (BUILDERS) LTD	12,229.20C
TILLY MASTERSON A FUND	2,475.12C
TOWN END (LEEDS) PLC	966.00C

TRANCEL SYSTEMS AB	4,063.10C
TULLIS RUSSELL GROUP LTD	290,268.17C
TULLIS RUSSELL INC	48,396.38C
U.P.S. LIMITED	5,946.16C
UNION PAPELERA	4,273.82C
UNISOURCE WORLDWIDE, INC (USD INVOICE)	1,952.29C
UNITED RADIO CABS	82.90C
UPM S.A.	1,280,474.85C
UPM-KYMMENE CORPORATION	43,252.83C
UPS SCS (UK) LTD	1,302.49C
VALMET LIMITED	1,613.02C
VALMET LTD	4,566.00C
VOITH PAPER AUTOMATION GMBH	3,205.00C
VOITH PAPER FABRIC & ROLL SYSTEM GMB	120,739.16C
VOITH PAPER GMBH & CO KG	5,596.26C
VOITH PAPER GMBH & CO KG	42,017.52C
VOITH PAPER LIMITED	70,038.40C
W A MCGARRIE & SON LTD	41,451.95C
WALKI EKOPAK S.A.	45,628.79C
WATER COOLERS (SCOTLAND) LTD	1,800.90C
WELDING ENGINEERS (GLASGOW) LTD	1,725.03C
WESTGATES COMPUTING LIMITED	1,213.69C
WEYFRINGE BARCODE & LABELLING SYSTEM	391.20C
WOLVERINE FREIGHT SYSTEM	8,758.13C
WOLVERINE WAREHOUSING & DIST. LTD	20,677.97C
YOUATWORK LIMITED	544.84C
	21,480,994.29C
ROT	3,000,000.00
	<u>-18,480,994.29</u>

## Appendix 5      Glossary

<b>BoS</b>	Bank of Scotland, part of Lloyds Banking Group plc
<b>CMS</b>	CMS Cameron McKenna
<b>GMG</b>	GMG Asset Management UK Limited
<b>Group</b>	Tullis Russell Group Limited
<b>GVA</b>	GVA Grimely Limited, property agents
<b>John Wilkie</b>	John Wilkie Specialist Papermill Services Limited
<b>Joint Administrators/we/our/us</b>	Blair Nimmo and Tony Friar
<b>KPMG</b>	KPMG LLP
<b>LBCF</b>	Lloyds Bank Commercial Finance
<b>Pension Scheme, the</b>	The defined benefit pension scheme in which TRP is the principal employer
<b>RPO, the</b>	The Redundancy Payments Office
<b>TRP</b>	Tullis Russell Papermakers Limited - in Administration
<b>WIP</b>	Work in progress

Any references in these proposals to sections, paragraphs or rules are to Sections, Paragraphs and Rules in the Insolvency Act 1986, Schedule B1 of the Insolvency Act 1986 and the Insolvency (Scotland) Rules 1986 respectively.

## Appendix 6 Notice: About this statement of proposals

This statement of proposals ('proposals') has been prepared by Blair Nimmo and Tony Friar, the Joint Administrators of Tullis Russell Papermakers Limited – in Administration ('TRP'), solely to comply with their statutory duty under Paragraph 49, Schedule B1 of the Insolvency Act 1986 to lay before creditors a statement of their proposals for achieving the purposes of the administration, 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.

These proposals have not been prepared in contemplation of them being used, and are not suitable to be used, to inform any investment decision in relation to the debt of or any financial interest in TRP.

Any estimated outcomes for creditors included in these proposals are illustrative only and cannot be relied upon as guidance as to the actual outcomes for creditors.

Any person that chooses to rely on these proposals for any purpose or in any context other than under Paragraph 49, Schedule B1 of the Insolvency Act 1986 does so at their own risk. To the fullest extent permitted by law, the Joint Administrators do not assume any responsibility and will not accept any liability in respect of these proposals.

Blair Carnegie Nimmo and Gerard Anthony Friar are authorised to act as insolvency practitioners by the Institute of Chartered Accountants of Scotland.

The Joint Administrators act as agents for TRP and contract without personal liability. The appointments of the Joint Administrators are personal to them and, to the fullest extent permitted by law. KPMG LLP does not assume any responsibility and will not accept any liability to any person in respect of these proposals or the conduct of the administration.

© 2015 KPMG LLP, a UK limited liability partnership and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative, a Swiss entity. All rights reserved.

The information contained herein is of a general nature and is not intended to address the circumstances of any particular individual or entity. Although we endeavour to provide accurate and timely information, there can be no guarantee that such information is accurate as of the date it is received or that it will continue to be accurate in the future. No one should act on such information without appropriate professional advice after a thorough examination of the particular situation.

The KPMG name, logo and "cutting through complexity" are registered trademarks or trademarks of KPMG International Cooperative ("KPMG International").

