

TO ALL MEMBERS AND ALL CREDITORS
WHO ARE NOT OPTED OUT

10 February 2025

Ref: KA/LJ/LM/D16
Direct line: +44 141 226 9220
Lucy McWalters

apigroup@uk.ey.com

Dear Sir or Madam

API Group Limited (in Creditors' Voluntary Liquidation) ('the Company')

I write to provide you with a report on the progress of the Liquidation for the period from 11 December 2023 to 10 December 2024. This report should be read in conjunction with the previous progress reports, dated 8 February 2022, 9 February 2023 and 9 February 2024.

On 11 December 2020, Robert Hunter Kelly and Colin Peter Dempster were appointed as Joint Liquidators of the Company, following their previous appointment as Joint Administrators on 31 January 2020. Following their retirements from EY, and in accordance with Court Orders dated 27 June 2022 and 19 June 2023 respectively ("the Orders"), Robert Hunter Kelly and Colin Peter Dempster were replaced as Joint Liquidators of the Company by Timothy Graham Vance and Kristopher Stewart Aspin, Insolvency Practitioners licenced by The Institute of Chartered Accountants of Scotland. In compliance with the terms of the Orders, block advertisements were placed in the London Gazette on 7 July 2022 and 28 June 2023, respectively.

At Appendix A of this report, we provide information about the Company and the Joint Liquidators. A copy of our receipts and payments account for the period from 11 December 2023 to 10 December 2024 is provided at Appendix B.

A copy of the Joint Administrators' final progress report to creditors dated 13 November 2020 is available to view at www.ey.com/en_uk/ey-api-group-administrations.

Progress during the period of the report

Asset realisations

Intercompany debtor – API Netherlands

We continue to liaise with the Dutch Curator/Receiver of API Netherlands B.V. ('API Netherlands') regarding the intercompany debt of c.£5.1m due to the Company.

During the period the Curator/Receiver advised he rejects the Company's claim, as he considers the amount is due to another group company, API Group Services. The Joint Liquidators strongly dispute this position and have located and provided further evidence to the Curator/Receiver in support of the Company's claim. We have also engaged Dutch legal counsel, HGV Law, to assist us.

We remain confident that the debt is correctly due to the Company and we continue to pursue the matter for the benefit of the Company's creditors.

Based on previous advice from the Curator/Receiver, we expect funds to be distributed from API Netherlands during 2025. We understand that up to €300k may be available for distribution to its non-preferential, unsecured creditors, of which the Company's claim – if accepted – would represent a substantial proportion.

Investments in API Hong Kong

As creditors are aware, API Hong Kong was in a solvent wind down process. Our last update on the process advised that all remaining funds were used to settle outstanding tax liabilities resulting in no assets being available for distribution to the Company as shareholder.

Other matters

Tax position

As creditors may recall, the Joint Liquidators deregistered the Company for VAT purposes in November 2023. At the time of submitting the final VAT return, the Company was awaiting refunds totalling £42,689.05, of which £35,221.69 was received in the prior period.

I am pleased to advise that a further repayment of £6,711.03 was received from HMRC during the period. HMRC withheld a balance of £756.33 in respect of supposedly outstanding PAYE amounts from other companies previously in the Company's VAT group. However, all post-appointment PAYE amounts were previously paid in full, and we are currently liaising with HMRC to have this position reviewed and to secure the remittance of the remaining balance to the Company.

The Company continues to incur VAT on certain Liquidation expenses, and the Joint Liquidators will submit a VAT426 to HMRC in due course, prior to the closure of the Liquidation, to recover all outstanding amounts.

Investigations

We concluded our investigations into the Company's affairs in accordance with Statement of Insolvency Practice 2 (Investigations by Office Holders) and the Company Directors Disqualification Act 1986 during the Administration. No further investigations were required as a result of the Company moving into Creditors' Voluntary Liquidation on 11 December 2020. No third-party funding has been required or provided.

Work which remains to be done

Asset realisations

We will continue to engage with the Dutch Curator/Receiver of API Netherlands and our Dutch legal representatives regarding amounts due to the Company, as discussed above.

Distributions to creditors

Preferential creditors

We are not aware of the existence of any preferential creditor claims.

Non-preferential creditors

As previously reported, there are sufficient funds available to distribute a dividend to the non-preferential, unsecured creditors of the Company.

As previously advised, we consider it appropriate to make a distribution to the Company's non-preferential, unsecured creditors following receipt of funds from API Netherlands. We expect to resolve the position with the Curator/Receiver of API Netherlands shortly, and it is therefore our intention to declare and pay a non-preferential, unsecured dividend to the Company's creditors within the next 12 months.

As a reminder, should creditors wish to submit a claim in the Liquidation and have yet to do so, a hard copy proof of debt form can be downloaded from our website https://www.ey.com/en_uk/ey-api-group-administrations and returned by email together with supporting invoices and statements to apigroup@uk.ey.com.

Please note that, in accordance with Rule 14.3(2) of the Insolvency (England and Wales) Rules 2016, creditors who have proved their debt in the Administration are deemed to have proved their debt in the Liquidation and are therefore not required to submit a new claim.

Joint Liquidators' remuneration

In accordance with Rule 18.20(4) of the Insolvency (England and Wales) Rules 2016, where an Administrator becomes Liquidator, the basis of remuneration fixed under Rule 18.18 for the Joint Administrators is treated as having been fixed for the Joint Liquidators. Details of the basis of remuneration fixed and time costs incurred for the period of this report are outlined in the table below.

The fee estimate approved by creditors in the Administration did not cover the work to be completed in the Liquidation, and we sought separate approval for Liquidation fees. The Joint Liquidators' fee estimate was dated 8 February 2022 and was approved with fees up to the limit of the fee estimate drawn in full in the prior period.

Basis of remuneration (fixed in the Administration)	Joint Liquidators' Fee Estimate, dated 8 February 2022	Time costs incurred during period	Time costs incurred to date
Time-cost basis	£36,135	£80,226	£197,763

An analysis of the time spent and a comparison with the fee estimate dated 8 February 2022 is attached at Appendix D to this report. Various areas of work were not anticipated at the time of the Liquidation fee estimate, including but not limited to (i) the extent of engagement with the Dutch Curator/Receiver regarding the API Netherlands debt, (ii) resolving the TLRC claim and (iii) the time spent liaising with HMRC regarding VAT refunds and deregistration issues.

As reported previously, the time incurred to date has exceeded the amount provided for in the initial Joint Liquidators' Fee Estimate. The Joint Liquidators intend to seek approval to a revised fee estimate shortly.

For the avoidance of doubt, the Joint Liquidators will not draw remuneration in excess of the fee estimate without the approval of creditors.

A narrative explanation of work done to date and why it was necessary to be done is provided at Appendix E.

Joint Liquidators' statement of expenses incurred

During the period covered by this report, we have incurred and paid expenses totalling £1,305.90. At Appendix C there is a breakdown of the expenses paid in this period, to date, and a comparison to the Revised Estimate provided to creditors dated 8 February 2024.

Where the expenses incurred have exceeded the estimates at the date of our last report, the reasons for this have been provided at Appendix C. For the avoidance of doubt, the Joint Liquidators will not draw Category 2 expenses in excess of the initial Estimate dated 8 February 2022 without the approval of creditors.

Creditors' rights to further information about, and challenge, remuneration and expenses

The statutory provisions relating to remuneration are set out in Chapter 4 of Part 18 of the Insolvency (England and Wales) Rules 2016. Further information is given in the Association of Business Recovery Professionals' publication 'A Creditors' Guide to Liquidators' Fees', a copy of which may be accessed from the web site of the Institute of Chartered Accountants in England and Wales at <https://www.icaew.com/en/technical/insolvency/creditors-guides> or is available in hard copy upon written request to the Joint Liquidators.

In certain circumstances, creditors are entitled to request further information about our remuneration or expenses, or to apply to court if they consider the costs to be excessive (Rules 18.9 and 18.34 of the Insolvency (England and Wales) Rules 2016). Further information is provided in 'A Creditors' Guide to Liquidators' Fees' referred to above.

Subsequent reporting

I will report to all creditors again in approximately 12 months or at the conclusion of the Liquidation, whichever is sooner.

Should you have any queries regarding any of the contents of this report, please do not hesitate to contact my colleague, Lucy McWalters, by sending an email to apigroup@uk.ey.com.

Yours faithfully
for the Company



K S Aspin
Joint Liquidator

K S Aspin and T G Vance are both licensed in the United Kingdom to act as Insolvency Practitioners by The Institute of Chartered Accountants of Scotland. As Insolvency Practitioners, they are bound by the Insolvency Code of Ethics in carrying out all professional work relating to the appointment.

The Joint Liquidators may act as data controllers of personal data as defined by the UK General Data Protection Regulation (as incorporated in the Data Protection Act 2018), depending upon the specific processing activities undertaken. Ernst & Young LLP and/or the Companies may act as a data processor on the instructions of the Joint Liquidators. Personal data will be kept secure and processed only for matters relating to the Joint Liquidators' appointment. The Office Holder Data Privacy Notice can be found at www.ey.com/uk/officeholderprivacy.

API Group Limited (in Creditors' Voluntary Liquidation)

Information about the Company and the Joint Liquidators

Registered office address of the Company:	c/o Ernst & Young LLP, 2 St. Peters Square, Manchester, M2 3EY	
Registered number:	00169249	
Date of appointment of the Joint Liquidators:	11 December 2020	
Details of any changes of Liquidator:	<p>Robert Hunter Kelly replaced as office holder by Tim Graham Vance on 27 June 2022</p> <p>Colin Peter Dempster replaced as office holder by Kristopher Stewart Aspin on 19 June 2023.</p>	
Full names of the Joint Liquidators:	Kristopher Stewart Aspin and Tim Graham Vance	
Office holder numbers:	25250 and 26710	
Liquidators' addresses:	Kristopher S Aspin Ernst & Young LLP Atria One, 144 Morrison Street Edinburgh EH3 8EX	Timothy G Vance Ernst & Young LLP 1 Bridgewater Place Leeds LS11 5QR
Telephone number:	+44 141 226 9202	
Name of alternative person to contact with enquiries about the case:	Lucy McWalters	

API Group Limited (in Creditors' Voluntary Liquidation)

Joint Liquidators' receipts and payments account for the period from 11 December 2020 to 10 December 2024

	Total in reporting period to 10 December 2023 (£)	Transactions from 11 December 2023 to 10 December 2024 (£)	Total in reporting period to 10 December 2024 (£)
Receipts			
Cash from Administration	371,399	-	371,399
Pre-appointment Debtors	1,064	-	1,064
Bank Interest	10	-	10
Unidentified Income	-	25	25
Sundry Income	-	37	37
Total	372,472	62	372,535
Payments			
Public Notices	95	-	95
Storage Charges	2,092	1,305	3,397
Liquidators' Fees	36,135	-	36,135
Liquidators' Disbursements	1,202	-	1,202
Corporation Tax	247	-	247
Bank Charges & Interest	9	1	10
Total	39,779	1,306	41,085
Balance in hand	332,693	(1,243)	331,450
Represented by:			
Royal Bank of Scotland - current account			348,048
VAT Receivable			1,179
Administration Control Account (due to Secured Creditor)			(17,778)
Total			331,450

Notes

1. These accounts do not reflect estimated future realisations or associated costs.
2. Sundry income relates to minimal surplus amounts remaining in the Administration bank accounts of other companies in the API Group, transferred to the Company upon closure of the Administrations.
3. Unidentified income relates to a receipt of funds from a pre-appointment API Group customer paid in error to the Company. Given the immaterial value and the bank charges that would be incurred returning the funds, it is expected they will not need to be returned.

API Group Limited (in Creditors' Voluntary Liquidation)

Joint Liquidators' statement of expenses paid

Type of Expense	Notes	Revised estimate		Paid in reporting period	Total paid to date	Revised estimate	Outstanding
		dated 8 February 2024	Paid as at 10 December 2023				
Payments made from the estate which are not expenses							
	1 & 2						
Legal Fees		5,000	-	-	-	5,000	5,000
Statutory costs		500	95	-	95	500	406
Storage costs	3	2,500	2,092	1,305	3,397	6,850	3,453
Bank charges and interest		100	9	1	10	100	90
Corporation tax		500	247	-	247	500	253
Total		8,600	2,442	1,306	3,748	12,950	9,202
Category 1 expenses							
Specific penalty bond	2	1,120	960	-	960	1,120	160
Travel & accommodation		153	153	-	153	153	-
Subtotal		1,273	1,113	-	1,113	1,273	160
Category 2 expenses							
Printing & postage	2	1,522	88	-	88	1,522	1,433
Subtotal		1,522	88	-	88	1,522	1,433
Total		11,395	3,644	1,306	4,950	15,745	10,795

Notes

1. Statement of Insolvency Practice 9 ('SIP 9') defines expenses as amounts properly payable from the insolvency estate which are not otherwise categorised as office holders' remuneration or distributions to creditors.
2. SIP 9 defines expenses as a type of expense which is met by, and reimbursed to, an office holder in connection with an insolvency appointment. Expenses fall into two categories: Category 1 and Category 2.
 - Category 1 expenses are payments to independent third parties where there is specific expenditure directly referable to the appointment.
 - Category 2 expenses are payments which are directly referable to the appointment but not a payment to an independent third party. They may include shared and allocated costs.
3. Storage costs have exceeded the previous revised estimate due to an increase in the underlying rate charged by the third-party provider.

Appendix D

API Group Limited (in Creditors' Voluntary Liquidation)

Joint Liquidators' time costs for the period from 11 December 2023 to 10 December 2024 and a comparison with the fee estimate dated 8 February 2022

Type of work	Per Liquidation Fee Estimate dated 8 February 2022			Actual in this report period			Cumulative total to Date		
	Total hours	Total time costs (£)	Average hourly rate (£)	Total hours	Total time costs (£)	Average hourly rate (£)	Total hours	Total time costs (£)	Average hourly rate (£)
Accounting & Administration	23.6	6,754	286	22.8	12,331	541	102.1	43,963	431
Bank & Statutory Reporting	4.9	2,419	494	6.3	5,938	942	29.9	14,576	487
Creditors	16.3	7,513	461	0.2	145	725	26.6	11,511	433
Debtors	6.2	2,855	461	20.5	16,608	810	29.1	21,656	744
Employee Matters	5.2	1,598	307	-	-	-	5.3	1,611	304
Investigation & CDDA	1.6	898	561	-	-	-	1.6	859	537
Legal Issues	0.8	424	530	-	-	-	0.3	67	222
Members	-	-	-	-	-	-	1.8	1,195	664
Other Assets	-	-	-	11.5	8,587	747	11.5	8,587	747
Other Matters	-	-	-	22.5	17,853	793	22.5	17,853	793
Out of Scope	-	-	-	-	-	-	3.0	1,371	457
Statutory Duties	26.4	10,396	394	32.6	16,026	492	126.8	52,975	418
VAT & Taxation	10.9	3,278	301	6.1	2,739	449	50.9	21,541	423
Total	95.9	36,135	377	122.5	80,226	655	411.4	197,763	481

	Staff Grade						Total Hours	Total Cost (£)	Average Rate (£)
	Partner	Assistant Director	Manager	Executive	Assistant Executive	Analyst			
Accounting & Administration	-	0.4	5.2	8.9	3.0	5.3	22.8	12,331	541
Bank & Statutory Reporting	2.0	-	4.3	-	-	-	6.3	5,938	942
Creditors	-	-	0.2	-	-	-	0.2	145	725
Debtors	5.0	1.9	3.5	4.7	5.4	-	20.5	16,608	810
Other Assets	-	0.4	10.7	-	0.4	-	11.5	8,587	747
Other Matters	-	3.4	19.1	-	-	-	22.5	17,853	793
Statutory Duties	1.0	-	2.0	2.1	26.5	1.0	32.6	16,026	492
VAT & Taxation	-	-	0.5	-	4.9	0.7	6.1	2,739	449
Total Hours	8.0	6.1	45.5	15.7	40.2	7.0	122.5		
Time Costs (£)	11,280	6,129	33,960	8,764	17,777	2,317		80,226	
Average Hourly Rate (£)	1,410	1,005	746	558	442	331			655

API Group Limited (in Creditors' Voluntary Liquidation)

Narrative explanation of the work done and why it was necessary to be done

Work in the Liquidation to date has primarily related to establishing the recoverability of assets due to the Company from overseas entities, preparations to make a distribution to unsecured creditors, reviewing unsecured claims (including potential guarantor claim with regard to API-Stace Limited (formerly in Administration)) and complying with statutory requirements of the Liquidation. Further details of the work undertaken by the Joint Liquidators to date and the work to be undertaken in the future are provided below:

Category of work	Detailed description of work	Work done / in progress / to be performed	Work required by statute or for creditor benefit
Accounting & Administration	<ul style="list-style-type: none"> • Opening and closing bank account • Dealing with receipts and payments vouchers. • Carrying out bank reconciliations. 	<ul style="list-style-type: none"> • In progress • In progress • In progress 	<ul style="list-style-type: none"> • Statute (all items)
Bank & Statutory Reporting	<ul style="list-style-type: none"> • Regular reporting to the unsecured creditors. 	<ul style="list-style-type: none"> • In progress • In progress 	<ul style="list-style-type: none"> • Statute
Creditors	<ul style="list-style-type: none"> • Updating creditor website for delivery of initial and ongoing communications in the Liquidation. • Receiving and dealing with creditor enquiries via post, email and telephone. • Reviewing and preparing correspondence to creditors. • Adjudicating and admitting claims for dividend purposes. • Making a distribution to unsecured creditors. 	<ul style="list-style-type: none"> • In progress • In progress • In progress • In progress • To be performed 	<ul style="list-style-type: none"> • For creditor benefit (all items)
Debtors	<ul style="list-style-type: none"> • Collection of the debtor book, negotiations with directors of overseas entities and appointed practitioners of insolvent debtors, where relevant. • Monitoring and recording cash receipts 	<ul style="list-style-type: none"> • In progress • In progress 	<ul style="list-style-type: none"> • For creditor benefit (all items)
Employee Matters	<ul style="list-style-type: none"> • Investigating unsecured claim from Pension Protection Fund 	<ul style="list-style-type: none"> • In progress • In progress 	<ul style="list-style-type: none"> • For creditor benefit
Investigation & CDDA	<ul style="list-style-type: none"> • Investigations into the Company's affairs in accordance with Statement of Insolvency Practice 2 "Investigations by Office Holders". 	<ul style="list-style-type: none"> • Work done 	<ul style="list-style-type: none"> • Statute
Legal Issues	<ul style="list-style-type: none"> • Dealing with any legal issues which may arise during the course of Liquidation (from a statutory perspective and to protect value in the estate) 	<ul style="list-style-type: none"> • In progress 	<ul style="list-style-type: none"> • Statute
Members	<ul style="list-style-type: none"> • Dealing with adhoc shareholder matters including correspondence in relation to previous non-assenting shareholders and any remaining funds available 	<ul style="list-style-type: none"> • In progress 	<ul style="list-style-type: none"> • For creditor benefit
Other Assets / Other Matters	<ul style="list-style-type: none"> • Correspondence with other group companies regarding outstanding amounts due to the Company as shareholder 	<ul style="list-style-type: none"> • In progress 	<ul style="list-style-type: none"> • For creditor benefit

Appendix E

Statutory Duties	<ul style="list-style-type: none"> • Notification of appointment and change of liquidators to relevant parties including filing at the Register of Companies • Annual progress reports as required • Completion of internal statutory monitoring system. • Preparation of formal statutory papers in line with institute policies. • Preparation for the closure of the Liquidation. • Matters relating to the initial planning and ongoing oversight of the Liquidation strategy, including update meetings to formulate the strategy adopted. 	<ul style="list-style-type: none"> • Work done • In progress • In progress • In progress • To be performed • In progress 	<ul style="list-style-type: none"> • Statute (all items) • For creditor benefit • Statute • Statute • For creditor benefit
VAT & Taxation	<ul style="list-style-type: none"> • Recovery of outstanding VAT refunds due for the pre-appointment and Administration periods. • Submission of VAT returns on a monthly basis. • Deregistration of the Company for VAT purposes. • Preparation and submission of outstanding tax returns for the pre-appointment and Administration periods and liaising with HMRC as appropriate. • Preparation and submission of tax returns for future Liquidation periods and liaising with HMRC as appropriate to secure tax clearance 	<ul style="list-style-type: none"> • In progress • Work done • Work done • Work done • In progress 	<ul style="list-style-type: none"> • Statute (all items)