

TO ALL MEMBERS

7 February 2024

Ref: ML5W/NORTH01/RB/PH/MP/ND
Direct line: 020 7951 2093
Maria Prince
maria.prince@parthenon.ey.com

Dear Sir or Madam

Northern Investors Company Plc (In Members' Voluntary Liquidation) ("the Company")

Richard Barker and Patrick Joseph Brazzill were appointed as Joint Liquidators of the Company on 11 December 2018.

Please note that in accordance with a Court Order dated 23 March 2022 ("the Order"), Patrick Joseph Brazzill was replaced as Joint Liquidator by me, Philip Heddell, an Insolvency Practitioner licenced by the Insolvency Practitioners Association.

I now write to provide you with our report on the progress of the liquidation for the period from 11 December 2022 to 10 December 2023. In accordance with the provisions of the Insolvency (England and Wales) Rules 2016, we are required to provide certain information about the Company and the Liquidators. This information can be found in Appendix A of this report. A copy of our receipts and payments account for the period from 11 December 2022 to 10 December 2023 is at Appendix B.

Background to the winding-up of the Company

As previously reported, in July 2011, shareholders of the Company approved a change in investment strategy whereby the Company ceased making new investments and began an orderly realisation of its portfolio with a view to returning capital to shareholders. The Company's objective following this change in investment strategy was to realise its assets in a manner that achieves a balance between an efficient return of cash to shareholders and maximise the value of the Company's investments.

Subsequently, during 2018 the board of the Company determined, in consultation with other professional advisors, that the winding-up process should be completed through the Members' Voluntary Liquidation of the Company. A circular was sent to all shareholders of the Company on 16 November 2018 ("the Circular"), in which the directors of the Company recommended proposals for the Members' Voluntary Liquidation of the Company, and this was to be put to shareholders at a General Meeting of the Company.

The Circular set out that the appointment of the Liquidators would facilitate an early distribution utilising funds that were available, with the potential for further payments to follow as the remaining investments were realised.

The resolutions proposed at the General Meeting were passed and the Company was placed into Members' Voluntary Liquidation on 11 December 2018.

At the date of the appointment of the Liquidators, the Company held investments in Lanner Group Limited, Axial Systems Holdings Limited and Weldex (International) Offshore Holdings Limited. The investments comprised equity and loan stock in each of these companies.

Realisation of Investments

As previously reported, in accordance with the realisation strategy outlined in the Circular, NVM Private Equity LLP (“the Manager”) managed the realisation process for the Company’s residual investments. The Manager provided their recommendations to the Joint Liquidators who had the final decision on the terms and timing of each realisation.

During the period of this report, the Joint Liquidators continued to hold regular meetings with the Manager to discuss performance of the underlying companies in which the investments were held and the associated realisation process.

At the start of this reporting period, the Company’s two remaining investments were held in Axial Systems Holdings Limited and Weldex (International) Offshore Holdings Limited. As reported previously, both investments were illiquid and there was no readily available market in which to sell these investments for a price which was acceptable to the Manager, the Liquidators, or to other Shareholders. During the period of this report, I am pleased to advise that both investments were realised, further details of which are provided below. Following realisation of the Company’s remaining investments, steps are now being taken to calculate the second and final distribution and conclude the liquidation, further details of which are provided below.

Progress during the period of this report

Receipts

Please see below details of the material receipts received during the period.

Loan stock

Axial Systems Holdings Limited (In Liquidation) (“Axial”)

In March 2023, the Company received proceeds of £93,256 in respect of partial repayment of the Company’s loan stock investment in Axial. No other offers were received in respect of a sale of the debt.

Thereafter, on 2 May 2023, Axial was placed into creditors’ voluntary (insolvent) liquidation. On the same date, James Saunders and Steven Muncaster of Kroll Advisory Ltd were appointed as Joint Liquidators. Consequently, in July 2023, the Company submitted a proof of debt in the liquidation of Axial for the total sum of c£1.88 million. This comprised the amount in respect of the Company’s loan stock investment (£1.97million), less the amount received in March 2023 (c£93k).

In November 2023, the Liquidators of Axial advised that the Company’s claim in the liquidation had been lodged. However, we have subsequently been advised that it is currently anticipated that there will be insufficient asset realisations to enable a distribution to unsecured creditors. As such, no further asset realisations are expected in this regard.

Weldex (International) Offshore Holdings Limited (“Weldex”)

The sale of the Company’s investment in Weldex was completed on 27 September 2023, pursuant to which the Company received proceeds of £1,601,340. The Company was a minority investor in Weldex and the sale comprised part of a broader transaction involving the sale of Weldex. The Joint Liquidators consider the funds received represented the best recovery available to the Company.

Arrow Industrial Holdings Limited

In May 2023, proceeds of £37,107 were received regarding a loan repayment in respect of the Company's subscription for preference "B" shares in the capital of Arrow Industrial Holdings Limited. This was an investment sold prior to our appointment and the receipt reflects full and final settlement of all sums due. Therefore, no further realisations will be received in this regard.

Deferred consideration

Deferred consideration has been received in respect of the Company's former investment in S&P Coil Products Limited (which was sold prior to our appointment). During the period of this report, these receipts have totalled £25,576. Of this amount, the sum of £8,068 was received in respect of the regular deferred consideration receipts. In addition, a further £17,508 was received in full and final settlement of all sums or principal and interest due and payable under the deferred consideration. No further realisations will be received in this regard.

Payments

Please see below material payments made during the period.

Professional fees

During the period, a total of £44,000 was paid in relation to professional fees. These comprised:

Fees amounting to £40,000 were paid to the Manager being the quarterly management fees for the provision of investment advisory services and management. Following the realisation of the remaining investments, no further quarterly management fees are due and payable to the Manager going forward.

Professional fees of £4,000 were paid to Philip Hare & Associates LLP for services in relation to the preparation and submission of the Company's corporation tax returns and computations for the year ended 10 December 2022, together with a final return for the stub period ended 30 September 2023.

Irrecoverable VAT

As the Company is not VAT registered, it is not possible to recover VAT. The Company incurred VAT of £11,297 during the period.

Other reporting items

CRS/FATCA reporting for the period 1 January 2022 to 31 December 2022 produced a nil return which was submitted by Equiniti Limited to HM Revenue & Customs ("HMRC") in May 2023.

Joint Liquidators' remuneration

Our remuneration was fixed on a time-cost basis by a resolution of the members on 11 December 2018. During the period covered by this report, we have incurred time costs of £125,877. Of this sum, £52,479 has been invoiced and paid for the period 7 May 2022 to 10 February 2023. A final invoice in respect of our time costs for the period from 11 February 2023 to closure of the liquidation will be raised and paid shortly and will be reported in the final account to shareholders.

At Appendix D to this report there is an analysis of the time spent and a statement of our policy in relation to charging time.

Joint Liquidators' statement of expenses incurred

During the period of this report, we have incurred expenses of £9 plus VAT which are summarised as follows:

| Type of expense | Incurred £ | Paid £ | Outstanding £ |
|-----------------|------------|----------|---------------|
| Postage costs | 9 | 9 | - |
| Total | 9 | 9 | - |

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

In certain circumstances, members are entitled to request further information about our remuneration or expenses, or to apply to court if members consider the costs to be excessive. Further information is provided in Appendix C.

Other matters

Following realisation of all the Company's remaining investments, the Joint Liquidators are now finalising the remaining costs of the liquidation, including Joint Liquidators' fees, Registrar fees and a performance fee which will be due and payable to the Manager upon the payment of the second and final distribution to shareholders.

Once remaining liquidation costs have been finalised and paid, a second and final distribution will be calculated and paid to shareholders. Based on current information, the second and final distribution is expected to be no less than 60p per share. A draft final account will be issued to shareholders at the same time as the distribution cheques. Eight weeks thereafter, the final account will be sent to shareholders and at that point, the liquidation will be concluded. Based on present timeframes, I hope to be able to make the final distribution and issue the draft final account to shareholders by the end of Q1 2024.

Should you wish to discuss any matters arising from this report, please do not hesitate to contact Maria Prince on the direct line telephone number shown above.

Yours faithfully
for the Company



Philip Heddell
Joint Liquidator

Philip Heddell and Richard Barker are licensed in the United Kingdom to act as Insolvency Practitioners by the Insolvency Practitioners Association.

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 Company 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.

**Northern Investors Company Plc
(In Members' Voluntary Liquidation) ("the Company")**

Information about the Company and the Liquidators

| | |
|---|--|
| Registered office address of the company: | 1 More London Place, London, SE1 2AF |
| Registered number: | 01822966 |
| Full names of the liquidators: | Philip Heddell and Richard Barker |
| Liquidators' address(es): | Ernst & Young LLP 1 More London Place, London, SE1 2AF |
| Telephone number through which the liquidators can be contacted | 020 7951 2093 |
| Date of appointment of the joint liquidators: | 11 December 2018 |
| Details of any changes of liquidator: | Philip Heddell replaced Patrick Joseph Brazzill as Joint Liquidator on 23 March 2022 |

Northern Investors Company Plc
(In Members' Voluntary Liquidation) ("the Company")

| Declaration of Solvency Estimated to Realise Values £ | | 11 December 2018 to 10 December 2022 | 11 December 2022 to 10 December 2023 | 11 December 2018 to 10 December 2023 |
|--|---------------------------------|---|---|---|
| | | £ | £ | £ |
| | Receipts | | | |
| | Investments | | | |
| 3,663,300 | Sale of Shares | 634,228 | | 634,228 |
| | Sale of Loan Stock | 239,700 | 1,731,703 | 1,971,403 |
| 3,117,500 | Funds taken over | 3,028,771 | | 3,028,771 |
| 300 | Bank interest | 3,709 | 16,147 | 19,856 |
| - | Deferred consideration | 130,328 | 14,914 | 145,242 |
| - | Deferred consideration interest | - | 10,662 | 10,662 |
| | Loan Stock interest | 313,184 | | 313,184 |
| 6,781,100 | | 4,349,919 | 1,773,426 | 6,123,345 |
| | Payments | | | |
| (83,400) | Accrued expenses | - | | - |
| (1,253,000) | Other liabilities | - | | - |
| - | Bank charges and interest | (83) | (2) | (86) |
| - | Irrecoverable VAT | (48,120) | (11,297) | (59,417) |
| - | Liquidators' expenses | (954) | (9) | (962) |
| - | Liquidators' fees | (197,232) | (52,479) | (249,711) |
| - | Registrars' fees | (21,056) | | (21,056) |
| - | PAYE/NIC | (1,257) | | (1,257) |
| - | Professional fees | (935,418) | (44,000) | (979,418) |
| (1,336,400) | | (1,204,121) | (107,787) | (1,311,908) |
| | Distributions | | | |
| - | Ordinary shareholders | (2,871,282) | - | (2,871,282) |
| - | | (2,871,282) | - | (2,871,282) |
| 5,444,700 | Balance at bank | 274,516 | 1,665,639 | 1,940,155 |
| | Represented by | | | |
| | Funds in hand | 274,516 | | 1,940,155 |
| | | 274,516 | | 1,940,155 |

Notes

- Receipts and payments are stated net of VAT.
- The Joint Liquidators' remuneration was fixed on a time-cost basis by a resolution of the members passed on 11 December 2018.
- The balance in hand is held as follows:
Non-interest bearing account £ 1,940,155

Members' rights to request further information about remuneration or expenses or to challenge a liquidator's remuneration – Rules 18.9 and 18.34 of the Insolvency (England and Wales) Rules 2016 (as amended)

18.9 Creditors' and members' request for further information

18.9.

- (1) The following may make a written request to the office-holder for further information about remuneration or expenses (other than pre-administration costs in an administration) set out in a progress report under rule 18.4(1)(b), (c) or (d) or a final report or account under rule 18.14—
 - (a) a secured creditor;
 - (b) an unsecured creditor with the concurrence of at least 5% in value of the unsecured creditors (including the creditor in question);
 - (c) members of the company in a members' voluntary winding up with at least 5% of the total voting rights of all the members having the right to vote at general meetings of the company;
 - (d) any unsecured creditor with the permission of the court; or
 - (e) any member of the company in a members' voluntary winding up with the permission of the court.
- (2) A request, or an application to the court for permission, by such a person or persons must be made or filed with the court (as applicable) within 21 days of receipt of the report or account by the person, or by the last of them in the case of an application by more than one member or creditor.
- (3) The office-holder must, within 14 days of receipt of such a request respond to the person or persons who requested the information by—
 - (a) providing all of the information requested;
 - (b) providing some of the information requested; or
 - (c) declining to provide the information requested.
- (4) The office-holder may respond by providing only some of the information requested or decline to provide the information if—
 - (a) the time or cost of preparation of the information would be excessive; or
 - (b) disclosure of the information would be prejudicial to the conduct of the proceedings;
 - (c) disclosure of the information might reasonably be expected to lead to violence against any person; or
 - (d) the office-holder is subject to an obligation of confidentiality in relation to the information.
- (5) An office-holder who does not provide all the information or declines to provide the information must inform the person or persons who requested the information of the reasons for so doing.

- (6) A creditor, and a member of the company in a members' voluntary winding up, who need not be the same as the creditor or members who requested the information, may apply to the court within 21 days of—
- (a) the office-holder giving reasons for not providing all of the information requested; or
 - (b) the expiry of the 14 days within which an office-holder must respond to a request.
- (7) The court may make such order as it thinks just on an application under paragraph (6).

18.34 Members' claim that remuneration is excessive

18.34.

- (1) This rule applies to an application in an administration, a winding-up or a bankruptcy made by a person mentioned in paragraph (2) on the grounds that:
- (a) the remuneration charged by the office-holder is in all the circumstances excessive;
 - (b) the basis fixed for the office-holder's remuneration under rules 18.16, 18.18, 18.19, 18.20 and 18.21 (as applicable) is inappropriate; or
 - (c) the expenses incurred by the office-holder are in all the circumstances excessive.
- (2) The following may make such an application for one or more of the orders set out in rule 18.36 or 18.37 as applicable—
- (a) a secured creditor,
 - (b) an unsecured creditor with either—
 - (i) the concurrence of at least 10% in value of the unsecured creditors (including that creditor), or
 - (ii) the permission of the court, or
 - (c) In a members' voluntary winding up—
 - (i) members of the company with at least 10% of the total voting rights of all the members having the right to vote at general meetings of the company, or
 - (ii) a member of the company with the permission of the court.
- (3) The application by a creditor or member must be made no later than eight weeks after receipt by the applicant of the progress report under rule 18.3, or final report or account under rule 18.14 which first reports the charging of the remuneration or the incurring of the expenses in question ("the relevant report").

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Northern Investors Company Plc (In Members' Voluntary Liquidation) ("the Company")

Joint Liquidators' time costs for the period from 11 December 2022 to 10 December 2023

Liquidators' charging policy for remuneration

The members have determined that the liquidators' remuneration should be fixed on the basis of time properly spent by the liquidators and their staff in attending to matters arising in the liquidation.

The liquidators have engaged a manager and other staff to work on the cases. The work required is delegated to the most appropriate level of staff taking account of the nature of the work and the individual's experience. Additional assistance is provided by accounting and treasury executives dealing with the company's bank accounts and statutory compliance diaries. Work carried out by all staff is subject to the overall supervision of the liquidators.

All time spent by staff working directly on case-related matters is charged to a separate time code established for each case. Time is charged in units of six minutes. Each member of staff has a specific hourly rate, which is subject to change over time. The average hourly rate for each category of staff over the period is shown below, as are the current hourly rates used. The current hourly rates may be higher than the average rates, if hourly rates have increased over the period covered by this report.

SIP9 Analysis for the period 11 December 2022 to 10 December 2023

| Classification of work function | Partner / Director | Assistant Director | Other Senior Professionals | Assistants & Support | Total hours this reporting period | Average Hourly Rate £ | Time costs this reporting period £ |
|---------------------------------|--------------------|--------------------|----------------------------|----------------------|-----------------------------------|-----------------------|------------------------------------|
| Accounting and Administration | 3.1 | 0.7 | 7.0 | 37.7 | 48.5 | 600.4 | 29,119 |
| Members | 4.6 | - | 6.3 | 16.7 | 27.6 | 789.7 | 21,795 |
| Other Assets | 15.7 | - | 7.9 | 13.9 | 37.5 | 992.4 | 37,216 |
| Other Matters | - | - | 0.2 | - | 0.2 | 830.0 | 166 |
| Statutory Duties | 4.2 | - | 6.4 | 16.9 | 27.5 | 752.5 | 20,695 |
| VAT & Taxation | 4.3 | - | 5.2 | 14.4 | 23.9 | 706.5 | 16,886 |
| Grand Total | 31.9 | 0.7 | 33.0 | 99.6 | 165.2 | 762.0 | 125,877 |

SIP9 Analysis for the period 11 December 2018 to 10 December 2023

| Classification of work function | Partner / Director | Assistant Director | Other Senior Professionals | Assistants & Support | Total hours this reporting period | Average Hourly Rate | Time costs this reporting period £ |
|---------------------------------|--------------------|--------------------|----------------------------|----------------------|-----------------------------------|---------------------|------------------------------------|
| Accounting and Administration | 10.1 | 12.7 | 69.5 | 89.3 | 181.6 | 512.7 | 93,107 |
| Immediate Tasks | 0.1 | 2.0 | 41.8 | 0.3 | 44.2 | 452.2 | 19,986 |
| Members | 16.4 | 13.9 | 39.0 | 33.2 | 102.5 | 713.7 | 73,151 |
| Other Assets | 47.3 | 12.3 | 26.8 | 22.7 | 109.1 | 926.2 | 101,045 |
| Other Matters | 1.6 | 14.8 | 16.7 | 0.5 | 33.6 | 632.2 | 21,243 |
| Statutory Duties | 17.9 | 13.2 | 43.8 | 48.2 | 123.1 | 654.2 | 80,535 |
| VAT & Taxation | 7.0 | 5.8 | 25.4 | 15.1 | 53.3 | 652.3 | 34,770 |
| Grand Total | 100.4 | 74.7 | 263.0 | 209.3 | 647.4 | 654.7 | 423,836 |

| Grade description | Hourly rate (£/hour) FY22 | Hourly rate (£/hour) FY22 | Hourly rate (£/hour) FY23 | Hourly rate (£/hour) FY24 |
|----------------------------|---------------------------|---------------------------|---------------------------|---------------------------|
| Partner/Director | 1,075 to 1,320 | 1,185 to 1,450 | 1,305 to 1,595 | 1,435 to 1,755 |
| Assistant Director | 900 | 990 | 1,090 | 1,200 |
| Other Senior Professionals | 685 | 755 | 830 | 915 |
| Assistants and support | 325 to 505 | 360 to 555 | 395 to 610 | 435 to 670 |

Northern Investors Company Plc (In Members' Voluntary Liquidation) ("the Company")

Summary of work undertaken in the period 11 December 2022 to 10 December 2023

- Undertaking the Joint Liquidators' statutory duties in accordance with the Insolvency Act 1986, including preparation of the annual progress report to all shareholders;
- Liaising with the Registrar to facilitate distribution of the annual progress report to all shareholders;
- Liaising with the Manager on the realisation of assets, including reviewing the remaining investments at regular meetings, discussing the Company's ongoing realisation strategy and working with the Manager in order to realise all remaining investments;
- Monitoring realisation receipts and reviewing and approving documentation in relation to the remaining investments when required;
- Responding to various shareholder enquiries and providing updates on the progress of the liquidation, to include timing of future distribution(s);
- Dealing with requests received from shareholders with regards to the transfer of shareholdings, including organisation of stock transfer forms with the Registrar;
- Organising the preparation of the corporation tax returns and computations for the year ending 10 December 2022 and stub period ending 30 September 2023 and reviewing and approving the same once complete;
- Liaising with the Registrar to ensure their shareholder records are accurate and up to date and submission of CRS/FATCA reporting;
- Treasury functions such as bank reconciliations and payments; and
- General care and maintenance throughout.