

TO ALL MEMBERS

4 February 2022

Ref: ML5W/RB/PJB/PH/MR
Direct line: 020 7951 5899
Marion Ryan
pheddell@parthenon.ey.com

Dear Sir or Madam

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

Richard Barker and I were appointed as Joint Liquidators of the Company on 11 December 2018. I now write to provide you with our report on the progress of the liquidation for the period from 11 December 2020 to 10 December 2021.

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. The information can be found in Appendix A of this report. A copy of our receipts and payments account for the period from 11 December 2020 to 10 December 2021 is at Appendix B.

Background to the winding-up of the Company

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 the investments

In accordance with the strategy outlined by the board of directors of the Company in the Circular, when the liquidation commenced the Company entered into a new management agreement with NVM Private Equity LLP (“the Manager”) for advice on the realisation of the remaining investments. As stated in the Circular, the realisation process for each of the investments is to be managed by the Manager, who will provide their recommendations to the Liquidators, who will have the final decision on the terms and timing of each realisation.

The Manager and the Liquidators have held quarterly meetings to discuss the performance of the underlying companies in which the investments are held and to discuss the realisation process.

As previously reported, the Company’s equity and loan stock investment in Lanner Group Limited was realised on 14 January 2019. Following this a first distribution of 115p per share was made to shareholders on 31 January 2019. The total cash distribution as described above equated to £2,871,282.

In respect of the remaining investments held in Axial Systems Holdings Limited and Weldex (International) Offshore Holdings Limited, we do not currently have an estimated date, or value, for their potential realisation. The Manager is monitoring, and has regular meetings with management to discuss, the performance of the two companies both of which were, to some extent, affected by the COVID-19 pandemic.

As you may recall, these two remaining investments are illiquid and there is no readily available market in which to sell the investments for a price acceptable to the Manager and the Liquidators, or to other shareholders. It had been hoped that there would by this stage be more interest in the market for a sale of the Company’s two investments, but this has not yet been the case. The Manager continues to discuss with other shareholders and with management the options available, and is hopeful that opportunities to realise these will arise during the next 12 – 18 months.

Should material developments arise meanwhile in respect of the remaining investments, details will be made available to shareholders on the Company’s website (<https://nvm.co.uk/investor-area/nic/>).

Progress during the period of the report

Receipts

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

Loan stock interest

Loan stock interest totalling £126,221 was received in respect of the Company’s investments in Axial Systems Limited.

Deferred consideration

Deferred consideration has been received in respect of the Company’s former investments in S&P Coil Products Limited (which was sold prior to our appointment). These receipts have totalled £25,210. Further realisations of up to £20k may be due from this source going forward.

Payments

Please see below material payments made during the period.

Registrars fees

During the period, £1,987 was paid to Equiniti Limited in respect of the provision of Registrar services.

Professional fees

During the period, a total of £42,000 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.

Professional fees of £2,000 were paid to Philip Hare & Associates LLP for services in relation to the preparation and submission of the corporation tax return and computation for the year ended 10 December 2020.

Irrecoverable VAT

As the Company is not VAT registered, it is not possible to recover VAT. The Company incurred VAT of £5,772 during the period.

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 £54,741. Of this sum, £24,872 has been invoiced and paid for the period ending 7 February 2021. Outstanding fees for the period ending 19 November 2021, totalling £22,271 were paid on 15 December 2021 and, therefore, are not included in the period covered by this report.

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.

Other outstanding matters

CRS/FATCA reporting for the period 1 January 2020 to 31 December 2020 produced a nil return which was submitted by Equiniti Limited to HM Revenue & Customs ("HMRC") on 20 May 2021.

As mentioned in previous reports, prior to the appointment of the Joint Liquidators the Company had an agreement with HMRC to pay PAYE on expenses paid to its non-executive directors. As such, we made a payment for the associated liability due for the year to 5 April 2019. Subsequently, we received PAYE clearance from HMRC confirming that there are no returns outstanding and that they have no objection closing the liquidation in due course.

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.

I will provide my next communication to all shareholders either when I am in a position to make a further distribution to shareholders, or in 12 months' time, whichever is sooner.

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

Yours faithfully
for the company



Patrick Brazzill
Joint Liquidator

Patrick Brazzill and Richard Barker are authorised 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:	Patrick Brazzill 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 5899
Date of appointment of the joint liquidators:	11 December 2018
Details of any changes of liquidator:	None

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

Declaration of Solvency Estimated to Realise Values £	From 11 December 2018 to 10 December 2020 £	From 11 December 2020 to 10 December 2021 £	From 11 December 2018 to 10 December 2021 £
Receipts			
	Investments		
3,663,300	634,228	-	634,228
	Sale of Shares		
	239,700	-	239,700
	Sale of Loan Stock		
3,117,500	3,028,771	-	3,028,771
	Funds taken over		
300	3,228	31	3,259
	Bank interest		
-	95,033	25,210	120,243
	Deferred consideration		
-	144,774	126,221	270,995
	Loan Stock interest		
6,781,100	4,145,734	151,462	4,297,196
Payments			
(83,400)	-	-	-
	Accrued expenses		
(1,253,000)	-	-	-
	Other liabilities		
-	(79)	(2)	(79)
	Bank charges and interest		
-	(28,801)	(5,772)	(34,573)
	Irrecoverable VAT		
-	(944)	-	(944)
	Liquidators expenses		
-	(108,668)	(24,872)	(133,540)
	Liquidators fee		
-	(17,038)	(1,987)	(19,025)
	Registrars fees		
-	(1,257)	-	(1,257)
	PAYE/NIC		
-	(851,418)	(42,000)	(893,418)
	Professional Fees		
(1,336,400)	(1,008,205)	(74,633)	(1,082,836)
Distributions			
-	(2,871,282)	-	(2,871,282)
	Ordinary shareholders		
-	(2,871,282)	-	(2,871,282)
5,444,700	266,247		343,078
Balance at bank at 10 December 2021			
Represented By			
	266,247		343,078
	266,247		343,078

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:
Interest bearing account £ 343,078
- Investments valued at 10 December 2018 per the Declaration of Solvency. To date, the investment in Lanner Group Limited has been realised.

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").

Rules 18.9 and 18.34 are reproduced from the Insolvency (England and Wales) Rules 2016, as amended by the Insolvency (England and Wales) (Amendment) Rules 2017, under the terms of Crown Copyright Guidance issued by HMSO.

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

Joint liquidators' time costs for the period from 11 December 2020 to 10 December 2021

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 2020 to 10 December 2021

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 £
Administration & Administration	1.7	4.0	0.6	22.7	29.0	491.8	14,263
Members	0.2	4.6	0.3	8.8	13.9	624.0	8,674
Other Assets	6.4	2.3	1.6	5.4	15.7	841.4	13,210
Other Matters	-	0.3	-	0.5	0.8	623.8	499
Statutory Duties	0.3	5.2	1.5	23.4	30.4	561.4	17,066
VAT & Taxation	0.2	0.7	-	0.4	1.3	792.7	1,031
Grand Total	8.8	17.1	4.0	61.2	91.1	600.9	54,741

SIP9 Analysis for the period 11 December 2018 to 10 December 2021

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	2.3	11.4	61.2	31.0	105.9	452.1	47,877
Immediate Tasks	0.1	2.0	41.8	-	43.9	452.0	19,842
Members	1.8	13.9	24.5	8.8	49.0	597.2	29,264
Other Assets	13.2	12.3	10.2	5.4	41.1	796.6	32,739
Other Matters	0.5	14.8	16.4	0.5	32.2	607.4	19,559
Statutory Duties	4.7	13.2	33.3	23.4	74.6	568.9	42,440
VAT & Taxation	0.4	5.8	18.1	0.4	24.7	541.5	13,374
Grand Total	23.0	73.4	205.5	69.5	371.4	552.2	205,094

Grade description	Hourly rate (£/hour) FY20	Hourly rate (£/hour) FY21	Hourly rate (£/hour) FY22
Partner/Director	975 – 1,195	1,200	1,075-1,238
Assistant Director	815	855	838
Other senior professionals	455-620	480-650	685
Assistants and support	235-415	310-435	332-454

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

Summary of work undertaken in the period 11 December 2020 to 10 December 2021

- 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 the distribution of the progress report to all shareholders;
- Liaising with NVM Private Equity LLP on the realisation of assets, including reviewing the remaining investments at quarterly meetings and discussing the ongoing realisation strategy;
- Monitoring quarterly receipts of loan stock interest 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;
- Organising the preparation of the Corporation Tax return and computation for the year ending 10 December 2020 and reviewing and approving the same once complete;
- Liaising with the Company's registrars 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.