

Saietta Sunderland Plant Limited (in Administration) (“the Company”)

1. Estimate of remuneration to be charged

The Joint Administrators will be seeking approval for their remuneration to be fixed on a time cost basis. In accordance with Rule 18.16(4) of the Insolvency (England and Wales) Rules 2016, they set out below their estimate of remuneration to be charged.

The estimate of remuneration is £360,979 plus VAT. An explanation of how this sum has been arrived at is set out below and a breakdown of the expected costs by grade of staff and key activity is attached on the following pages.

2. Explanation of the work proposed to be undertaken

Category of work	Description of work to be completed	Work completed/on-going/to be completed
Accounting & Administration	<p><i>Tasks required by legislation and professional best practice. No direct financial benefit to creditors:</i></p> <ul style="list-style-type: none"> ▶ Overall management of the case, treasury and accounting functions, statutory compliance diaries and time cost reporting. 	<ul style="list-style-type: none"> ▶ On-going
Bank and Statutory Reporting	<p><i>Tasks required by legislation and professional best practice. No direct financial benefit to creditors:</i></p> <ul style="list-style-type: none"> ▶ Preparing the Joint Administrators' Statement of Proposals ▶ Joint Administrators' six-month progress report and final report to creditors. 	<ul style="list-style-type: none"> ▶ Completed ▶ Completed
Creditors	<p><i>Tasks providing a direct benefit to creditors, to allow their claims to be submitted in the Administration, for any potential distribution of funds:</i></p> <ul style="list-style-type: none"> ▶ Correspondence with creditors and statutory reporting to creditors. ▶ Adjudicating creditor claims. ▶ Processing distributions to creditors. 	<ul style="list-style-type: none"> ▶ On-going ▶ On-going ▶ To be completed
Employee Matters	<p><i>Tasks required by legislation and professional best practice. Direct financial benefit to creditors, to allow their claims to be submitted in the Administration, for any potential distribution of funds:</i></p> <ul style="list-style-type: none"> ▶ Assessing staffing requirements and making redundancies. ▶ Making statutory submissions to the relevant government departments. ▶ Dealing with employee enquiries. ▶ Processing employee claims (if applicable) ▶ Administering payroll, including taxation and other deductions. 	<ul style="list-style-type: none"> ▶ Completed ▶ Completed ▶ On-going ▶ On-going ▶ Completed

	<ul style="list-style-type: none"> ▶ Employee Tribunal Claim 	▶ On-going
Immediate Tasks	<p><i>Tasks required by legislation and professional best practice. No direct financial benefit to creditors:</i></p> <ul style="list-style-type: none"> ▶ Completion of work streams requiring immediate attention following the appointment of Joint Administrators. 	▶ Completed
Investigations / CDDA	<p><i>Tasks required by legislation and professional best practice. No direct financial benefit to creditors:</i></p> <ul style="list-style-type: none"> ▶ Investigations into the Company's affairs in accordance with Statement of Insolvency Practice 2: "Investigations by Office Holders". ▶ Making an online submission to the Director Conduct Reporting Service in accordance with the Company Directors Disqualification Act 1986. 	<ul style="list-style-type: none"> ▶ Completed ▶ Completed
Job acceptance & strategy	<p><i>Tasks providing a direct benefit to creditors by preserving and realising value from assets:</i></p> <ul style="list-style-type: none"> ▶ Completion of job acceptance and planning of the administration strategy. 	▶ Completed
Other Assets	<p><i>Tasks providing a direct benefit to creditors by preserving and realising value from assets:</i></p> <ul style="list-style-type: none"> ▶ Realising value from the Company' residual assets. ▶ Assessing, quantifying and seeking to realise value from assets not recorded in the management accounts of the Company at the date of appointment. 	<ul style="list-style-type: none"> ▶ Completed ▶ Completed
Other Matters	<p><i>Tasks providing a direct benefit to creditors by preserving and realising value from assets:</i></p> <ul style="list-style-type: none"> ▶ Any ad hoc matters. 	▶ On-going
Property	<p><i>Tasks providing a direct benefit to creditors by preserving and realising value from assets:</i></p> <ul style="list-style-type: none"> ▶ Securing assets located at the Company's trading premises and supporting our agents Hilco with site clearance. 	▶ Completed
Retention of title	<p><i>Tasks required by legislation and professional best practice. Direct financial benefit to creditors, to allow their claims to be submitted in the Administration:</i></p> <ul style="list-style-type: none"> ▶ Responding to Retention of Title queries. 	▶ Completed
Sale of Business	<p><i>Tasks providing a direct benefit to creditors by preserving and realising value from assets:</i></p> <ul style="list-style-type: none"> ▶ Sale of business and assets post Administration; liaising with interested parties; consideration of offers received and alternative scenarios; review of sale contracts; and completion of the sale. 	▶ Completed

Statutory Duties	<i>Tasks required by legislation and professional best practice. No direct financial benefit to creditors:</i>	
	<ul style="list-style-type: none">▶ Completion of statutory requirements of the administrations, including notifications to creditors and members, advertising the appointments and filing at Company House.	<ul style="list-style-type: none">▶ On-going
VAT & Taxation	<i>Tasks required by legislation and professional best practice. No direct financial benefit to creditors:</i>	<ul style="list-style-type: none">▶ On-going
	<ul style="list-style-type: none">▶ Preparing annual corporation tax and monthly VAT returns, with input from EY VAT and tax specialists.	

3. A breakdown of the remuneration estimate by type of work and grade of staff

Type of work	Partner	Director	Assistant Director	Manager	Executive	Analyst	Total Hours	Total cost (£)	Average rate (£)
Accounting & Administration	-	0.1	9.0	9.5	70.8	11.7	101.1	59,006.90	583.65
Bank & Statutory Reporting	11.3	1.0	16.5	51.0	11.5	33.0	124.3	89,321.00	718.59
Creditors	7.5	2.0	8.3	10.5	5.3	14.0	47.6	36,666.60	770.31
Employee Matters	1.3	3.4	5.9	35.6	16.1	0.5	62.8	46,982.00	748.12
Immediate Tasks	-	-	9.0	2.0	-	7.0	18.0	12,380.00	687.78
Investigation & CDDA	-	0.1	-	9.0	21.0	-	30.1	17,991.50	597.72
Job Acceptance & Strategy	1.2	-	-	-	4.0	-	5.2	3,852.00	740.77
Other Assets	0.2	-	-	-	27.0	-	27.2	14,862.00	546.40
Other Matters	-	-	-	-	-	2.0	2.0	680.00	340.00
Property	-	-	-	-	16.0	19.1	35.1	15,134.00	431.17
Retention of Title	-	-	-	-	-	0.5	0.5	170.00	340.00
Sale of Business	2.5	-	-	-	4.0	6.0	12.5	7,725.00	618.00
Statutory Duties	0.5	-	1.5	12.8	13.0	26.3	54.1	27,370.50	505.92
VAT & Taxation	-	4.1	8.7	10.6	8.1	9.5	41.0	28,837.30	703.35
Total Hours	24.5	10.7	58.9	141.0	196.8	129.6	561.5		
Time costs (£)	33,004.50	13,131.30	57,404.60	105,018.60	107,335.80	45,084.00		360,978.8	
Average Hourly rate (£)	1347.1	1227.2	974.6	744.8	545.4	347.9			642.9

Assumptions

The Joint Administrators' estimate of remuneration is based on the following assumptions:

- The Joint Administrators anticipate that all outstanding matters will be concluded before the automatic end of the Administration and therefore do not envisage an extension being required;
- The Joint Administrators currently estimate that net realisations may not be sufficient to pay primary preferential creditors in full and so intend to restrict the level of remuneration drawn to enable these creditors to be paid in full; and
- It is currently anticipated that there will be insufficient funds at the end of the Administration to make a distribution to non-preferential, unsecured creditors. If that is the case, the Joint Administrators will send a notice to that effect to the Registrar of Companies. On registration of the notice, the Joint Administrators' appointment will come to an end.

4. Estimated Joint Administrators' expenses and disbursements

Details of expenses incurred and anticipated to be incurred

Statement of Insolvency Practice No.9 defines expenses as any payments from the insolvency estate which are neither an office holder's remuneration or a distribution to a creditor or member. Expenses expected to be incurred total £17,528 plus VAT as applicable, comprising:

Category of expense	Estimated costs (£)
Expenses	16,709
Category 1 disbursements	456
Category 2 disbursements	262
Total Expenses	17,427

Expenses

The expenses incurred and anticipated to be incurred from the Company' estate can be summarised into the following categories:

Category of expense	Description of expense incurred or to be incurred	Estimated costs (£)
Retained employee costs	► Wages and other costs associated with the retention of certain employees.	11,045
Hire of Equipment	► Hire of equipment required to move/maintain assets of the Company.	673
Legal costs	► Legal advice regarding the validity of the Joint Administrators appointment.	3,000
Insurance	► Costs to insure the Company assets and operations during the administrations.	1,150
Statutory costs	► Cost of completing statutory requirements of the administrations, including statutory advertising and filing costs.	104
Sundry costs	► Sundry costs associated with preparation of the Company's payroll.	135
Bank charges	► Charges associated with operation of the Company bank accounts during the administrations.	102
Storage	► Costs to arrange collection and storage of the Company books and records, for minimum periods required under legislation.	500
Total estimated expenses		16,709

Disbursements

Disbursements comprise sums paid or to be paid to third parties, or payable to the Joint Administrators' firm in respect of out-of-pocket expenses and costs which include an element of shared or allocated costs.

Category 1 disbursements

Category 1 disbursements are defined as specific expenditure met by and reimbursed to the office holder's firm, relating to the administration of the insolvent's affairs and referable to payment to an independent third party.

Disbursement	Description of disbursement incurred or to be incurred	Estimated costs (£)
Specific penalty bond	► A form of insurance required by insolvency law	320
Internal bulk copying, printing and postage	► Costs relating to printing and posting of the Joint Administrators' Statement of Proposals and other written communications to all relevant creditors and stakeholders.	128
Subsistence	► Costs incurred in the by the Joint Administrators and their staff whilst operating from the Company's trading premises.	8
Total		456

Category 2 disbursements

Category 2 disbursements are made by the office holder's firm that include elements of shared or overhead costs.

Disbursement	Description of disbursement incurred or to be incurred	Estimated costs (£)
Mileage	<ul style="list-style-type: none"> ► Costs relating to mileage for the Joint Administrator's and their staff, travelling to and from the Company' trading premises. ► Current mileage rates are: <ul style="list-style-type: none"> 45p/mile for staff below manager using their own vehicle. 18p/mile (non-electric vehicle for managers and above using their own car or company car. 20p/mile (electric vehicle) for managers above using own car or company vehicle. 	262
Total		262

5. Pre-administration costs

The Administrators are seeking approval for payment of unpaid pre administration costs totalling £18,902.64 (plus VAT). These costs refer to the Joint Administrator's fees for contingency planning pre-appointment, as described below.

Joint Administrators' pre-appointment fees

EY was engaged by the Company's parent (Saietta Group Plc) under an engagement agreement dated 13 November 2023, to undertake financial advisory and liquidity analysis. The scope was extended on 13 February 2024 to explore an accelerated sales process of Saietta Group Plc, including its subsidiary companies, with the aim of securing a solvent sale of the business. In the event this was not successful a level of contingency planning was to be undertaken ahead of a potential administration appointment.

The work undertaken pre-appointment relating to the Company was as follows:

- ▶ Liaising with the Directors and senior management to understand the Company' financial position, asset base and liabilities.
- ▶ Preparing information on the Company for inclusion an information memorandum to assist with the sale of the business and assets.
- ▶ Preparing a cash flow forecast and estimated outcome statements to assist with the formulation of the Administration strategy.
- ▶ Briefing the Joint Administrators' staff on the Administration strategy and day one actions.
- ▶ Preparing and reviewing documents to be issued to employees, creditors, members and directors following the appointment of the Joint Administrators.
- ▶ Reviewing and providing information for the preparation of the documents for the appointment of the Joint Administrators, including consents to act.
- ▶ Liaising with the Company's legal advisors regarding the potential appointment of Joint Administrators

Undertaking the above work enabled the Joint Administrators to deal efficiency and fairly with the Company's staff and its creditors upon appointment.

6. Estimate of return for creditors

We currently estimate the following returns for creditors:

Secured Creditors

The Company has no secured creditors.

Primary preferential creditors

Claims from employees in respect of accrued but unpaid arrears of pay up to £800, accrued but unpaid holiday pay and certain pension benefits, rank preferentially and in priority to other preferential creditors (see below). These claims are therefore referred to as 'primary preferential creditors'.

The amount of primary preferential creditors as at the date of the appointment is estimated to be c.£16k. This balance includes a claim from the Redundancy Payments Service ("RPS") where redundant employees have lodged relevant claims to the RPS following the end of their employment.

Based on current estimates, we anticipate that primary preferential creditors will be paid in full. However, we are awaiting the submission of final primary preferential claims. As noted above, if required the Joint Administrators intend to limit their remuneration to enable the primary preferential creditors to be paid in full.

Secondary preferential creditors

Claims from HM Revenue and Customs ("HMRC"), in relation to VAT, PAYE and employees' National Insurance Contributions rank preferentially, but secondary to the employee primary preferential creditors above. These claims are therefore referred to as 'secondary preferential creditors'.

We have received confirmation from HMRC that they do not have a secondary preferential claim against the Company.

Non-preferential creditors

The directors' statement of affairs estimated non-preferential unsecured creditors to be in the region of £3,206k.

In May 2024, the Joint Administrators received notification that 28 former employees of the Company were beginning Employment Tribunal proceedings against the Company for Protective Awards for lack of Redundancy consultation. The Employment Tribunal is ongoing and a judgement has not yet been awarded.

The Joint Administrators continue to receive claims from non-preferential unsecured creditors and therefore the final figure for total non-preferential creditor claims will not be known until all claims have been received and it is possible that this figure may be higher or lower than this. However, we currently anticipate that there will be insufficient realisations to enable a distribution to non-preferential creditors.

7. Exceeding estimates of remuneration and expenses

These estimates may be exceeded, in which case an explanation will be provided in the appropriate progress report. The Joint Administrators will only draw remuneration in excess of the estimate with the prior agreement of the approving body, in accordance with Rule 18.30 the Insolvency (England and Wales) Rules 2016.

Dated 02 October 2024