

TO ALL KNOWN CREDITORS

9 June 2021

Ref: HK/ CGJK/ BL/ AP  
Email: officeteamadministration@uk.ey.com

Dear Sirs

## **OfficeTeam Limited (in Administration) (“the Company”)**

### **High Court of Justice, Business and Property Courts in Birmingham, Insolvency and Companies List (ChD), Number CR-2020-BHM-000303**

On 14 May 2020, the Company entered Administration with R H Kelly and C G J King appointed to act as Joint Administrators ('the Joint Administrators'). The appointment was made by the Company's directors under the provisions of paragraph 22(2) of Schedule B1 to the Insolvency Act 1986.

I write, in accordance with Rule 18.3 of the Insolvency (England and Wales) Rules 2016, to provide creditors with a report on the progress of the administration.

This report covers the period from 14 November 2020 to 13 May 2021 and should be read in conjunction with the Joint Administrators' Statement of Proposals ("the Proposals") dated 21 May 2020 and our previous report dated 11 December 2020. Statutory information about the company, the administration and the office holders is given at Appendix 1.

## **Summary of progress since last report**

### ***Zen Office***

The Company's shares in Stat Company Limited, the parent company of Zen, were included within the sale of assets to OT Group Limited ("OTG") for £100,000, with the consideration being deferred until FCA approval was obtained for the transfer of ownership.

I am pleased to report that FCA approval was granted in January 2021 and completion has occurred with the sale consideration being received.

### ***Fixtures and fittings***

As detailed in the Proposals, certain assets were excluded from the sale to OTG. During the period of this report we have worked with our agents to realise the Company's remaining plant and equipment and IT assets, which has resulted in further realisations of £29,000.

### ***Apportionments***

At the date of Administration, there were various prepayments that had been made by the Company, which OTG has subsequently obtained the benefit of. During the period of the report the Company has received £408,638 from OTG in relation to these prepayments.

### ***Deposits and prepayments***

Funds totalling £1,409 have been received following the pursuit of rates refunds, return of deposits and other prepayments bringing total realisations for this category to £64,985.

### ***Payroll***

Fees of £10,000 have been received during the period of the report for providing assistance with the monthly processing of OTG's payroll. OTG have now setup their payroll with a new provider and no further assistance is required.

The payments made for the actual payroll are excluded as these were OTG monies paid to its employees (and other payroll costs, including HMRC) and are thus not part of the Company's estate.

### ***Leasehold properties***

Licences to occupy ("LTO") were granted to OTG to four leasehold properties, whilst OTG negotiated terms for continued occupation with the landlords (subject to any earlier determination or surrender of the lease).

At the time of the previous progress report, OTG continued to occupy the Croydon and Fareham leasehold premises under LTOs. OTG has now vacated these two premises.

Funds of £69,242 have been received during the reporting period in relation to the LTO properties to meet the costs of rent and other property costs under the leases whilst occupied by OTG.

We are currently seeking to finalise the leasehold property costs, after which any surplus funds will be refunded to OTG.

### ***Debtors***

Lloyds Bank Plc ("LBG") provided an invoice discounting facility ("IDF") to the Company. As at the date of the Administration, the book value of the Company's debtor ledger, excluding intercompany debts was £10.7m.

Trade debts of £219,070 have been collected during the period of this report bringing total collections to £8,659,652, with the funds being paid to the Company's IDF account as the debts had been assigned to LBG.

Under the terms of the OTG sale agreement, OTG retained the credit control team and maintained the related IT systems at their cost and had been collecting trade debtors on behalf of the Company on a commission basis. As the level of collections had slowed, this debt collection arrangement was ended by mutual consent in December 2021. We considered that the collection of the remaining ledger would benefit from the involvement of a specialist debt collection agency. Following a tender process, JP Associates were selected.

During the period of the report, commissions of £441,884 have been paid to OTG, relating to commissions that had been accrued but not settled at the date of the last report, as well as earned commissions to the cessation of the collection arrangement.

The funds to settle the commission charges due to OTG were released by LBG from the IDF bank account for onward settlement to OTG.

Debt collection agent (JP Associates) were engaged to assist with the recovery of the remaining lower value outstanding debts. Progress regarding these lower value debts has been slow, which is primarily due to a large proportion of these debts being owed from smaller customers which have been significantly impacted by the Covid-19 pandemic and the associated lockdowns, meaning that many business are either temporarily shut, operating with skeleton staff or experiencing significant disruption. The debt collection agent will continue to pursue these debts and we will look to commence legal action and recovery proceedings in court where appropriate.

Funds of £1,348,019 have been received during the period of this report, which are believed to belong to OTG for sales where their customers have erroneously paid funds into the Company's IDF account which brings the total funds received of this type to £2,843,878. A reconciliation process is ongoing to correctly allocate these funds between the Company and OTG and to date, funds of £2,042,263 have been transferred to OTG. Amounts confirmed as OTG's will be transferred to OTG with any amounts confirmed as the Company's debtor receipts will be applied against the outstanding debt due to LBG under the IDF facility.

As these receipts have been paid into the IDF bank account, where funds are required to be transferred to OTG, these amounts have been released by LBG to the Administration estate for onward settlement to OTG.

### **Extension of administration**

The Administration of the Company was extended by consent of the Company's creditors on 15 April 2021 for a period of 12 months until 13 May 2021. The reasons for extending the Administration include the following:

- to conclude the book debt collection process;
- to make distributions to the secured creditors
- to deal with preferential creditor claims and make a distribution to the preferential creditors
- to agree the unsecured creditor claims and make a distribution to creditors from the prescribed part or from any residual floating charge realisations; and
- to conclude any other such actions required to be undertaken by the Administrators to fulfil the purpose of the Administrations.

### **Receipts and payments account**

A summary of our receipts and payments for the period from 14 May 2020 to 13 May 2021 is attached at Appendix 2. The receipts and payments do not reflect estimated future realisations or costs.

### **Investigations**

As previously reported, we have undertaken an investigation into the Company's affairs prior to our appointment pursuant to Statement of Insolvency Practice Number 2 (Investigations by Office Holders) and the Company Directors Disqualification Act 1986, with the necessary confidential returns made to the Insolvency Service prior to the Period.

No investigations are continuing in this respect and no third-party funding has been provided.

## **Joint administrators' remuneration**

The statutory provisions relating to remuneration are set out in 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 Administrators' 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 me.

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 Administrators' Fees' referred to above.

Our remuneration was fixed on a time-cost basis by a resolution of the creditors on 8 June 2020.

During the period covered by this report, we have incurred time costs totalling £304,581, taking total post-Administration time costs incurred to date to £2,130,971. Of this sum, £842,000 has been paid. An analysis of the time spent, and a comparison with the fee estimate dated 21 May 2020 is attached as Appendix 4 to this report.

We anticipate that our remuneration will exceed the fee estimate. This anticipated increase in remuneration reflects the additional time that has necessarily been spent by the Joint Administrators and their staff. Debtors were paying OTG debts to the IDF account and this had to be reconciled to pass monies back. Given the volume of invoices this was not a straightforward exercise. In addition, the trade debtor collection exercise has raised a significantly greater level of disputes, that required detailed interrogation and collating and reviewing of supporting documentation, than initially thought. In addition, the debt collection exercise has been hindered by Covid-19 and we have had to have detailed consideration of the impact of Covid-19 and reach agreements on payment plans or consider alternate collection methods. However, the time spent continues to result in additional recoveries and is anticipated to increase the net floating charge property available to the unsecured creditors. We will not draw remuneration in excess of the initial fee estimate without the prior approval of creditors and will be writing to the creditors in due course with a revised fee estimate.

## **Joint administrators' statement of expenses incurred**

During the period covered by this report, we have incurred expenses totalling £2,745,329 plus VAT. These mostly relate to debtors monies erroneously received that belonged to OTG (c.£2.0m), debtor collection commissions and property related costs. An analysis of the expenses incurred is provided at Appendix 3 of this report.

An explanation where these costs have exceeded the original expenses estimate is given below:

- £61,909 - Erroneous Debtor receipts returned: funds received in error in respect of debtor receipts have been repaid after determining the monies were not due to the Company.
- £37,696 - Transfer to Debtor Collection Account: book debts received in error in to the post appointment administration account. As the debts had been assigned to LBG, these funds were transferred to the Company's IDF account.

- £2,042,263 - Erroneous Debtor Receipts Returned from Debtor Collection Account to OTG: funds received into the Company's IDF account which belong to OTG for sales where their customers have erroneously paid the wrong account. These funds have been released by LBG to the Administration estate for onward settlement to OTG.
- £8,250 - Contribution to purchaser staff costs: costs incurred to bring the Company's purchase ledger up to date to for the purpose of enabling the Directors to prepare their Statement of Affairs and to assist with the adjudication of creditors' claims, as well as the monitoring of debtor realisations.
- £11,775 - Return of Apportionments and Prepayments: funds received in error relating to prepayments which had been understood to have been paid by the Company prior to the appointment, which were later discovered to have not been settled. The funds received have therefore been returned.
- £348 - Storage charge: charges for storing the Company's books and records which were collected from the Company's sites. Further charges are expected to be incurred.
- £1,513 - Bank charges: the level of transactions has been greater than anticipated, resulting in charges exceeding the original estimate. Further charges are expected to be incurred.
- £5,328 - Legal fees: costs have exceeded the original estimate due to legal advice being required in respect of an extended number of disputes made by debtors.
- £2,561 - Agents costs: the level of activity required by our agents in dealing with site inspections, the exit of properties and realising certain of the Company's other assets has been greater than anticipated and resulted in charges exceeding the original estimate.

## **Distributions to creditors**

### **Secured creditors**

LBG, the Company's first ranking secured creditor, had a total indebtedness of £3,846,771 due as at the date of Administration. Additionally, the Company provided cross guarantees to LBG for monies owed by OfficeTeam Limited (in Administration) and ZenOffice Limited, increasing LBG's overall indebtedness to £17,154,991, with further interest and charges accruing post the appointment of Administrators.

As set out in Appendix 2, funds of £74,215 have been applied against LBG's indebtedness in the period, bringing the total applied to £8,083,509. The Administrators continue to expect LBG's debt to be repaid in full under its fixed charge over the debtor realisations of the Company and Spicers Limited (in Administration) and Spicers Limited's freehold property.

In addition as at 18 May 2020, the sum of £7,847,205 was owed to BECAP12 from The Spicers-OfficeTeam Group Limited, with further interest accruing post-Administration. The Company has guaranteed this debt which benefits from a second ranking security behind the LBG indebtedness. The Administrators continue to anticipate that the sales proceeds from Spicers Limited's (in Administration ) freehold property, after settlement of any balance due to LBG, will be sufficient to repay this debt in full. This may result in a subrogated claim from Spicers Limited for settling the Company's share of this liability.

### **Preferential creditors**

No preferential claims are expected to be received. All employees of the Company at appointment were transferred to OTG under TUPE and under the sale agreement OTG were responsible for any liabilities in respect of arrears of wages and other liabilities owed to them.

### **Non-preferential creditors**

Unsecured claims totalling £76,856,345 have been received to date. Creditor claims continue to be submitted and it is not possible at this time to provide an accurate estimate of total unsecured claims.

It is not currently possible to provide an estimate of the amount or timing of any dividend to unsecured creditors. Firstly, the level of funds available to unsecured creditors remains dependent upon the further debtor recoveries and the settlement of secured creditor claims. Secondly, whilst the Administrators believe that there will be a surplus available to unsecured creditors, the quantum and beneficiary of the surplus (as between the Company and Spicers Limited) remains uncertain and will require a detailed exercise to be undertaken considering intercompany flows and subrogated claims arising from the Company and Spicers Limited making payments to the secured creditors on behalf themselves and other group companies. The Administrators anticipate being able to comment on this in more detail in the next progress report.

### **Prescribed Part**

The prescribed part is a proportion of floating charge assets set aside for unsecured creditors pursuant to section 176A of the Insolvency Act 1986. The prescribed part applies to floating charges created on or after 15 September 2003.

Based upon present information, the secured creditors are expected to be paid in full from fixed charge realisations and therefore it is not expected that the Prescribed Part will apply as the floating charge funds that would be available to floating charge creditors will be available to unsecured creditors.

### **Remaining work**

The Joint Administrators will continue to manage the affairs, business and property of the Company to achieve the purpose of the Administration. Future tasks will include, but may not be limited to, the following:

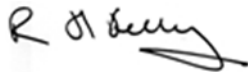
- Dealing with remaining property matters.
- Continuing debtor collections to maximise recoveries for creditors.
- Distributing realisations to the secured creditors under their fixed charges.
- Dealing with preferential creditor claims and making a distribution to the preferential creditors.
- Dealing with employee queries.
- Dealing with unsecured creditor queries.
- Agreeing unsecured creditor claims and making a distribution to creditors.

- Dealing with corporation tax and VAT matters, including filing statutory returns.
- Dealing with statutory reporting and compliance obligations.
- Finalising the Administration, including payments of all Administration period liabilities.
- If the Joint Administrators deemed appropriate, to seek an extension and/or further extensions to the Administration from the Court.
- Any other actions required to be undertaken by the Joint Administrators to fulfil the purpose of the Administration.

### Next report

We will report to you again in six months' time or at the conclusion of the Administration, whichever is the sooner.

Yours faithfully  
for the Company



R H Kelly  
Joint Administrator

R H Kelly is licensed in the United Kingdom to act as an insolvency practitioner by The Institute of Chartered Accountants of Scotland. C G J King is licensed in the United Kingdom to act as an insolvency practitioner by The Institute of Chartered Accountants in England and Wales.

The affairs, business and property of the Company are being managed by the Joint Administrators, R H Kelly and C G J King, who act as agents of the Company only and without personal liability.

The Joint Administrators 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 Administrators. Personal data will be kept secure and processed only for matters relating to the Joint Administrator's appointment. The Office Holder Data Privacy Notice can be found at [www.ey.com/uk/officeholderprivacy](http://www.ey.com/uk/officeholderprivacy).

## Appendix 1

### Information about the proceedings, the company and the office holders, as required by Rule 18.3(1) of the Insolvency (England and Wales) Rules 2016

Name of court:	High Court of Justice, Business and Property Courts in Birmingham, Insolvency and Companies List (ChD)
Court reference:	CR-2020-BHM-000303
Registered name of the Company:	OfficeTeam Limited
Registered office address of the Company:	Ernst & Young LLP, 1 Bridgewater Place, Water Lane, Leeds, LS11 5QR
Registered number:	05095978
Country of incorporation (for a Company incorporated outside the United Kingdom):	N/A
Date of appointment of the Joint Administrators:	14 May 2020
Details of any changes of Administrator:	None
Full names of the Joint Administrators:	Robert Hunter Kelly and Charles Graham John King
Office Holder number(s):	8582 and 8985
Joint Administrators' address(es):	Ernst & Young LLP, 1 Bridgewater Place, Water Lane, Leeds, LS11 5QR
Telephone number:	+44 113 298 2224
Name of alternative person to contact with enquiries about the case:	Benjamin Leach



## Appendix 2

### OfficeTeam Limited (in Administration)

#### Joint Administrators' Receipts and Payments from 14 November 2020 to 13 May 2021

Statement of Affairs Estimated to Realise Values (£)	1,2		Period from		Total
			14 May 2020 to 13 November 2020 (£)	14 November 2020 to 13 May 2021 (£)	
		<b>Fixed charge receipts (excludes debts assigned to LBG)</b>			
2		Intellectual Property & Goodwill	2	-	2
9,771,388	3	Debtors	49,873	883	50,757
100,000		Stat Company Shares	-	100,000	100,000
		Transfer From Debtor Collection Account for Purchaser Receipts	-	2,042,263	2,042,263
			49,875	2,143,146	2,193,022
		<b>Floating charge receipts</b>			
		<b>Asset realisations</b>			
		Stock	528,311	-	528,311
45,000		Fixtures and Fittings	45,000	29,000	74,000
375,000		Information Technology	375,000	-	375,000
4		Other Realisations	4	-	4
273,591		Cash at bank at date of appointment	272,946	-	272,946
439,016		Apportionments	-	408,638	408,638
		Deposits and Prepayments	63,575	1,409	64,985
		Payroll Processing Fee	25,000	10,000	35,000
		<b>Transfer receipts</b>			
		Property Costs Funded by OTG (LTO Properties)	257,663	69,242	326,906
		Property Costs Funded by OTG (Non-LTO Properties)	16,435	-	16,435
		Transfer From Debtor Collection Account for Commission	-	454,366	454,366
		<b>Other receipts</b>			
4		Bank Interest	622	35	657
			1,584,557	972,690	2,557,247
		<b>Total Receipts</b>	<b>1,634,433</b>	<b>3,115,836</b>	<b>4,750,269</b>
		<b>Fixed charge payments</b>			
3		Erroneous Debtor Receipts Returned	4,335	57,574	61,910
		Transfer to Debtor Collection Account	-	37,696	37,696
		Erroneous Debtor Receipts Returned from LBGCF Account	-	2,042,263	2,042,263
		Debtor Collection Agent Commission	-	441,884	441,884
			4,335	2,579,417	2,583,752
		<b>Floating charge payments</b>			
		Pre-Administration Fees and Expenses	107,795	-	107,795
		<b>Costs of realisations:</b>			
		Contractor Costs (Rebates and Customer Contracts)	6,232	-	6,232
		Purchase Ledger Update Cost	6,250	-	6,250
		Contribution to Credit Control Cost	-	2,000	2,000
		Return of Apportionments and Prepayments	-	11,775	11,775
		Other Costs	649	-	649
		<b>Expenses:</b>			
		Bank Charges	2,148	365	2,513
		Storage Charges	-	348	348
		Insurance	-	2,778	2,778
		Statutory Costs	95	-	95
		<b>Property:</b>			
		Property Payments (LTO Properties)	216,224	93,334	309,557
		Property Payments (Non-LTO Properties)	11,144	7	11,151
		<b>Professional Fees:</b>			
		Legal Fees	37,584	32,744	70,327
		Other Professional Fees	-	22,561	22,561
		<b>Administrators' Expenses:</b>			
		Administrators' Remuneration	842,000	-	842,000
		Administrators' Disbursements	1,445	-	1,445
			1,231,565	165,911	1,397,476
		<b>Total Payments</b>	<b>1,235,900</b>	<b>2,745,329</b>	<b>3,981,229</b>
		<b>Net realisations</b>	<b>398,533</b>	<b>370,508</b>	<b>769,040</b>
		<b>Funds in Hand</b>			
		Cash at bank	217,835	353,404	571,238
		VAT Receivable	180,698	17,104	197,802
			398,533	370,508	769,040

## Notes

1. Receipts and payments are stated net of VAT.
2. This receipts and payments account has been prepared on a cash basis and does not reflect future estimated receipts and payments.
3. As a result of the assignment of trade debtors, the related receipts are an asset of the fixed charge holder, Lloyds Bank PLC ("LBG"), which has control of the IDF account into which receipts are paid, and are therefore not reflected in the summary of receipts and payments.

Debtor receipts received by the Company in the period of this report totalled are £219,070. Commission costs in relation to the debt collections of £19,855 have been earned and interest and service charges have been incurred in relation to the LBG IDF account of £125,000.

As a result of net debtor collections to date, a reduction of £8,083,509 has been achieved in respect of LBG's secured debt as detailed in the table below:

	<b>Period from 14 May 2020 to 13 November 2020 (£)</b>	<b>Period from 14 November 2020 to 13 May 2021 (£)</b>	<b>Total (£)</b>
Trade debtor balance - At appointment	13,960,657		
Less: Irrecoverable intercompany balance	(3,222,712)		
<b>Debtor balance</b>	<b>10,737,945</b>		
Debtor collections received	8,440,582	219,070	8,659,652
Commissions earned on debtor receipts	(422,029)	(19,855)	(441,884)
LBG IDF Interest and service charges	(9,259)	(125,000)	(134,259)
<b>Net debtor collections enabling a reduction of the LBG secured debt</b>	<b>8,009,294</b>	<b>74,215</b>	<b>8,083,509</b>

4. All funds were held in interest bearing accounts during the Period.

## Appendix 3

### OfficeTeam Limited (in Administration)

#### Summary of expenses incurred

Type of Expense	Paid in Period to 13 November 2020	Paid in Period to 13 May 2021	Outstanding <sup>3</sup>	Total	Per Estimate Dated 21 May 2020
	£	£	£	£	£
<b>Payments made from the estate which are not disbursements<sup>1</sup></b>					
<b><i>Fixed charge</i></b>					
Erroneous Debtor Receipts Returned	4,335	57,574	-	61,909	-
Transfer to Debtor Collection Account	-	37,696	-	37,696	-
Erroneous Debtor Receipts Returned from Debtor Collection Account	-	2,042,263	-	2,042,263	-
Debtor Collection Agent Commission	-	441,884	TBC	441,884	820,000
<b><i>Floating charge</i></b>					
<b><i>Pre-Administration Costs</i></b>					
Pre-Administration: EY Fees	48,928	-	-	48,928	- <sup>4</sup>
Pre-Administration expenses: Legal Fees	38,866	-	-	38,866	- <sup>4</sup>
Pre-Administration expenses: Agents' Fees	20,000	-	-	20,000	- <sup>4</sup>
<b><i>Costs of realisations</i></b>					
Contribution to Purchaser Staff Costs	6,250	2,000	-	8,250	-
Contractor fees (Rebates and Customer Contracts)	6,232	-	-	6,232	-
Return of Deposits	-	11,775	-	11,775	-
Other Costs - Smart Room fee	649	-	-	649	1,000
<b><i>Expenses</i></b>					
Insurance costs	-	2,778	-	2,778	40,000
Storage costs	-	348	-	348	-
Bank charges	2,148	365	-	2,513	1,000
Statutory costs	95	-	-	95	1,000
<b><i>Property</i></b>					
Property Payments (LTO Properties)	216,224	93,334	-	309,558	580,000
Property Payments (Non-LTO Properties)	11,144	7	-	11,151	20,000
<b><i>Professional Fees</i></b>					
Legal costs - Pinsent Mason LLP	37,584	11,981	-	49,565	65,000
Legal costs - Clarion Solicitors	-	20,763	-	20,763	-
Agents costs - Gordon Brothers	-	22,561	-	22,561	20,000
<b><i>Administrators' Disbursements</i></b>					
Specific penalty bond	1,280	-	-	1,280	1,280
Postage and printing	165	631	-	796	3,500
Conference call facilities	-	-	-	-	5,000
<b>Totals</b>	<b>393,900</b>	<b>2,745,959</b>	<b>-</b>	<b>3,139,859</b>	<b>1,557,780</b>

## 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. The payments shown are set out by type of expense.
2. SIP 9 defines disbursements as a type of expense which is met by, and reimbursed to, an office holder in connection with an insolvency appointment. Disbursements fall into two categories: Category 1 and Category 2.
  - ▶ Category 1 disbursements are payments to independent third parties where there is specific expenditure directly referable to the appointment
  - ▶ Category 2 disbursements are expenses which are directly referable to the appointment but not a payment to an independent third party. They may include shared and allocated costs.
3. Outstanding expenses relate to expenses invoiced within the reporting period, but which were yet to be settled by the Joint Administrators.
4. The pre-Administration fees and expenses were not included in the estimate of expenses dated 21 May 2020. They were requested as part of the decision procedure by correspondence issued to creditors with the proposals on 21 May 2020 and were subsequently approved by a creditors' resolution dated 8 June 2020.

## Appendix 4

### OfficeTeam Limited (in Administration)

Joint Administrators' time costs for the period from 14 November 2020 to 13 May 2021 and a comparison with the fee estimate dated 21 May 2020

	Actual in this period and total to 13 November 2020			Actual in this period			Actual in this period and total to 13 May 2021			Per Fee Estimate dated 21 May 2020		
	Total hours	Total costs (£)	Average rate (£)	Total hours	Total costs (£)	Average rate (£)	Total hours	Total costs (£)	Average rate (£)	Total hours	Total costs (£)	Average rate (£)
Accounting & Administration	289.4	114,173.00	395	116.2	41,788.00	360	405.6	155,961.00	385	195.4	99,839.00	511
Bank & Statutory Reporting	167.7	115,052.0	686	-	-	-	167.7	115,052.00	686	237.3	124,498.00	525
Creditors	357.2	174,838.20	489	81.5	29,842.50	366	438.7	204,680.70	467	483.5	246,808.00	510
Debtors	1,262.6	736,047.50	583	212.5	122,309.50	576	1,475.1	858,357.00	582	388.1	201,606.00	519
Employee Matters	137.6	70,927.50	515	24.3	13,831.50	569	161.9	84,759.00	524	90.6	51,049.00	563
Immediate Tasks	24.6	17,791.00	723	-	-	-	24.6	17,791.00	723	54.8	30,288.00	553
Investigation & CDDA	59.7	26,181.00	439	-	-	-	59.7	26,181.00	439	92.9	49,719.00	535
Job Acceptance & Strategy	56.4	26,863.00	476	0.2	181.00	905	56.6	27,044.00	478	61.3	32,271.00	526
Other Assets	32.6	24,405.00	749	7.5	4,877.50	650	40.1	29,282.50	730	38.2	23,463.00	614
Other Matters	193.8	88,863.50	459	1.7	1,346.00	792	195.5	90,209.50	461	138.1	73,519.00	532
Property	294.4	157,377.00	535	32.9	18,522.00	563	327.3	175,899.00	537	149.4	75,574.00	506
Public Relations	1.0	900.00	900	-	-	-	1.0	900.00	900	9.6	6,188.00	645
Reporting	-	-	-	79.0	46,995.00	595	79.0	46,995.00	595	-	-	-
Retention of Title	377.8	190,933.50	505	1.0	520.00	520	378.8	191,453.50	505	306.1	178,760.00	584
Statutory Duties	122.0	61,950.00	508	11.2	5,767.50	515	133.2	67,717.50	508	217.1	120,948.00	557
Unsecured Creditor Distributi	-	-	-	1.0	222.00	222	1.0	222.00	222	-	-	-
VAT & Taxation	25.5	20,088.50	788	39.8	18,378.50	462	65.3	38,467.00	589	115.9	74,333.00	641
<b>Total</b>	<b>3,402.3</b>	<b>1,826,390.70</b>	<b>537</b>	<b>608.8</b>	<b>304,581.00</b>	<b>500</b>	<b>4,011.1</b>	<b>2,130,971.70</b>	<b>531</b>	<b>2,578.3</b>	<b>1,388,863.00</b>	<b>539</b>

## Summary of work

The Joint Administrators have incurred time costs in dealing with, inter alia, the following matters:

- ▶ **Accounting and Administration** – includes general administrative duties and overall management of the case, including maintaining the Joint Administrators' treasury and accounting functions, statutory compliance diaries and time costs reporting.
- ▶ **Bank and Statutory Reporting** - includes statutory and other reporting to all classes of creditors. Reports include the Joint Administrators Proposals to creditors, six monthly progress reports and filings of documents at Companies House, and regular reporting to the secured creditors.
- ▶ **Creditors** – Dealing with creditor claims, correspondence with creditors, answering specific creditor queries, processing of distributions to the secured, preferential and unsecured creditors under the Prescribed Part (as applicable).
- ▶ **Debtors** – time spent in monitoring and collecting the £10.7m debtor ledger and liaising with OTG in their role as debtor collection agents, to ensure maximum value is realised. A significant amount of time has been spent realising trade debtors as a result of the large number of complex or disputed debtor positions in the ledger. This has included a substantial amount of time invested in discussions with individual debtors in order to progress the recovery of large debtor balances, involving working through alleged counter-claims and rebates. Some counter-claims are without foundation and others have involved some detailed work being undertaken to quantify rebate entitlements etc.

The collections process has been impacted by Covid-19 resulting in delays in debtors being able to provide supporting information, making payments or reaching settlement agreements, with temporary restrictions on the Administrators' ability to commence enforcement proceedings to recover unpaid debts.

There have also been significant receipts into the Company's LBG bank account that belong to OTG and significant time has been incurred in verifying ownership of these funds.

- ▶ **Employee matters** – relates to correspondence and calls with c.800 employees regarding the TUPE process. Dealing with any other employee queries. Liaising with HMRC in relation to pre-administration furlough claims. It also includes the processing of the monthly payroll for OTG employees, the costs of which have been recharged to OTG since August 2020.
- ▶ **Immediate tasks** – relates to carrying out immediate tasks on appointment and duties such as speaking with the Company directors, gathering information to enable the Administrators to carry out their statutory duties, requesting key items of information and carrying out day 1 activities.
- ▶ **Investigations & CDDA** – carrying out investigations required by Statement of Insolvency Practice No. 2, preparation and submission of return to the Directors' Conduct Reporting Service and considering any issues which the Joint Administrators are made aware of by creditors or other parties.
- ▶ **Job Acceptance and Strategy** – Matters relating to the appointment and initial planning of the Administration strategy, including meetings with the Company's directors and management and formulating and executing the strategy adopted, and time spent in complying with the firm's internal compliance and job acceptance procedures on appointment.

- ▶ **Other Assets** – principally relates to residual stock not included within the Sale & Purchase Agreement and transfer of ownership of Stat Company Limited (parent company to Zen) to OTG. Assessing and seeking to realise value from other identified assets not recorded in the management accounts of the Company at the date of appointment.
- ▶ **Other Matters** – relates to time spent in relation to managing the Sale & Purchase Agreement in place with OTG. Corresponding with the appointed insurance broker, dealing with any assets owned by third parties, dealing with the Company's physical books and records, and electronic records (including a backup of Company servers and systems), and other general enquiries.
- ▶ **Property** – time spent dealing with Licenses to Occupy granted as part of the Sale & Purchase Agreement and corresponding with Landlords and other property related issues including arranging vacation of the properties and corresponding with utility and business rate providers in respect of the Company's 14 leasehold premises.
- ▶ **Public Relations** - time spent issuing statements to the press as required.
- ▶ **Retention of Title** – time spent assessing and settling claims for retention of title from 158 of the Company's suppliers.
- ▶ **Statutory duties** – time spent in complying with statutory matters including statutory filing with Companies House and the Court, notification of the Joint Administrators' appointment to creditors and members, advertising of the appointment, and writing to creditors pursuant to Statement of Insolvency Practice 16 regarding the sale of the Company's business and assets.
- ▶ **VAT and taxation** - investigating the Company's VAT and corporation tax position up to the date of appointment, removing the Company from the VAT group and applying for a new VAT registration to enable recovery of post Administration VAT. Assessment of the VAT and tax treatment of transactions and agreements entered into during the Administration, preparation of VAT and corporation tax returns for the post appointment period and preparing claims for VAT bad debt relief, where applicable.