

Notice to creditors of decision procedure

Paragraph 51 of Schedule B1 to the Insolvency Act 1986 and Rules 3.38 and 15.8 of the Insolvency (England and Wales) Rules 2016

Spicers Limited (in Administration) (“the Company”)

Name of court: Business and Property Courts in Birmingham
Insolvency and Companies List (ChD)

Case number: CR-2020-BHM-000302

Other trading name(s) or style(s) of the company: None

Any other registered name in the 12 months prior to administration: None

Registered number: 00425809

Registered office address: Ernst & Young LLP, 1 Bridgewater, Water Lane,
Leeds, LS11 5QR

Principal trading address (if different from above): Same as above

Date on which the company entered administration: 14th May 2020

Date of appointment of joint administrators: 14th May 2020

Details of the joint administrators

R H Kelly Ernst & Young LLP 1 Bridgewater, Water Lane, Leeds, LS11 5QR	C G J King Ernst & Young LLP 1 Bridgewater, Water Lane, Leeds, LS11 5QR
Office holder number:	8582/8985
Telephone number:	+44 12 1535 2195
Name of alternative person to contact about the administration: Lilia Gordon	

NOTICE IS HEREBY GIVEN that the joint administrators of the above-named company are seeking decisions from creditors by correspondence on the following matters:

1. The approval of the Joint Administrators' proposals dated 21 May 2020.
2. In the event that a creditors' committee is not formed, to fix the basis of the Joint Administrators' remuneration as provided for in the proposals and the fees estimate dated 21 May 2020.
3. In the event that a creditors' committee is not formed, to authorise the Joint Administrators to draw Category 2 disbursements in accordance with the statement of disbursements set out in the proposals.
4. In the event that a creditors' committee is not formed, to approve payment of unpaid pre-administration costs which were incurred with a view to the company entering administration, as set out in the proposals.

Creditors wishing to vote on the above matters, including any creditors who have opted out of receiving notices but nonetheless wish to vote, must complete and return the attached voting form and claim form, and return them to me by post or email to be received no later than 5pm on 8 June 2020 (**the decision date**). Votes in respect of claim forms received after this time will be disregarded.

Creditors whose debts may be treated as small debts in accordance with Rule 14.31(1) of the Insolvency (England and Wales) Rules 2016 must still deliver a claim form if they wish to vote.

A creditor may apply to court to appeal a decision on eligibility to vote in the decision procedure. Any appeal must be made no later than 21 days after **the decision date**.

Creditors who meet the thresholds set out in section 246ZE of the Insolvency Act 1986 namely 10% in value of creditors, 10% in number of creditors or 10 creditors may, within five business days from the date of delivery of this notice, require a physical meeting to be held to consider the matters.

Signed
R H Kelly
Joint Administrator



Date

21/05/2020

Spicers Limited (in Administration) (“the Company”)

Voting form

Resolutions

1. The approval of the Joint Administrators’ proposals dated 21 May 2020.

FOR/AGAINST

2. In the event that a creditors’ committee is not formed, to fix the basis of the Joint Administrators’ remuneration as provided for in the proposals and the fees estimate dated 21 May 2020.

FOR/AGAINST

3. In the event that a creditors’ committee is not formed, to authorise the Joint Administrators to draw Category 2 disbursements in accordance with the statement of disbursements set out in the proposals.

FOR/AGAINST

4. In the event that a creditors’ committee is not formed, to approve payment of unpaid pre-administration costs which were incurred with a view to the company entering administration, as set out in the proposals.

FOR/AGAINST

Signature

Name of signatory

On behalf of
(name of creditor)

Date

The Insolvency Act 1986 and the Insolvency (England and Wales) Rules 2016

Administration Notice of Claim for Voting Purposes

Convocatoria para la presentación de créditos. Plazos aplicables.
Výzva k přihlášení pohledávky. Závazné lhůty
Opfordring til anmeldelse af fordringer. Vær opmærksom på fristerne
Aufforderung zur Anmeldung einer Forderung. Etwaige Fristen beachten!
Nõude esitamise kutse. Järgitavad tähtajad
Πρόσκληση για αναγγελία απαιτήσεως. Προσοχή στις προθεσμίες
Invitation to lodge a claim. Time limits to be observed
Invitation à produire une créance. Délais à respecter
Invito all'insinuazione di un credito. Termine da osservare
Uzaicinājums iesniegt prasījumu. Terminī, kas jāievēro
Kvietimas pateikti reikalavimą. Privalomieji terminai
Felhívás követelés bejelentésére. Betartandó határidők
Stedina għal preżentazzjoni ta' talba. Limiti taż-żmien li għandhom jiġu osservati
Oproep tot indiening van schuldvorderingen. In acht te nemen termijnen
Wezwanie do zgłoszenia wierzytelności. Przestrzegać terminów
Aviso de reclamação de créditos. Prazos legais a observar
Výzva na prihlásenie pohľadávky. Je potrebné dodržat stanovené termíny
Poziv k prijavi terjatve. Roki, ki jih je treba upoštevati!
Kehotus saatavan ilmoittamiseen. Noudatettavat määräajat
Anmodan att anmäla fordran. Tidsfrister att iaktta

Spicers Limited – In Administration (“the Company”)

Date of Administration: 14th May 2020

PLEASE NOTE: Once completed, this form will be used by the Joint Administrators ONLY for the purposes of voting in a creditors' decision procedure or a requisitioned meeting of creditors. The form will not constitute admission of the claim to rank for dividend in this or any subsequent procedure. For further information see Rules 15.28 to 15.35 of the Insolvency (England and Wales) Rules 2016.

Name of creditor

Address

Amount claimed, after deductions for payments made post-administration or adjustments for set off (see notes overleaf)

Is the claim preferential or secured?

If secured, value of security

If you have made a retention of title claim against the company please attach details (see over)

Signature on behalf of creditor

Date

Notes to Administration Notice of Claim for Voting Purposes:

1. Please attach a detailed statement of your account as at the date on which the company entered administration.
2. If you have claimed retention of title please provide details, including the value of any payments made, or goods returned, to you in respect of your claim.
3. If your claim is preferential (e.g. for wages, holiday pay or certain pension arrears) or secured please give details and attach supporting documentation.
4. VAT bad debt relief may usually be claimed six months after the date of supply.

Extracts from the Insolvency (England and Wales) Rules 2016:

15.31 Calculation of voting rights

- (1) Votes are calculated according to the amount of each creditor's claim -
 - (a) in an administration, as at the date on which the company entered administration, less -
 - (i) any payments that have been made to the creditor after that date in respect of the claim, and
 - (ii) any adjustment by way of set-off which has been made in accordance with rule 14.24 or would have been made if that rule were applied on the date on which the votes are counted; ...
- (4) Where a debt is wholly secured its value for voting purposes is nil.
- (5) Where a debt is partly secured its value for voting purposes is the value of the unsecured part.
- (6) However, the value of the debt for voting purposes is its full value without deduction of the value of the security in the following cases -
 - (a) where the administrator has made a statement under paragraph 52(1)(b) of Schedule B1 and the administrator has been requested to seek a decision under paragraph 52(2); ...
- (7) No vote may be cast in respect of a claim more than once on any resolution put to the meeting; and for this purpose (where relevant), the claim of a creditor and of any member State liquidator in relation to the same debt are a single claim.
- (8) A vote cast in a decision procedure which is not a meeting may not be changed.
- (9) Paragraph (7) does not prevent a creditor or member State liquidator from -
 - (a) voting in respect of less than the full value of an entitlement to vote; or
 - (b) casting a vote one way in respect of part of the value of an entitlement and another way in respect of some or all of the balance of that value.

15.32 Calculation of voting rights: special cases

- (1) In an administration, a creditor under a hire-purchase agreement is entitled to vote in respect of the amount of the debt due and payable by the company on the date on which the company entered administration.
- (2) In calculating the amount of any debt for the purpose of paragraph (1), no account is to be taken of any amount attributable to the exercise of any right under the relevant agreement so far as the right has become exercisable solely by virtue of -
 - (a) the making of an administration application;
 - (b) a notice of intention to appoint an administrator or any matter arising as a consequence of the notice; or
 - (c) the company entering administration.

Notice to creditors – invitation to form a creditors’ committee

Rule 3.39, Insolvency (England and Wales) Rules 2016

Name of court: Business and Property Courts in Birmingham
Insolvency and Companies List (ChD)

Case number: CR-2020-BHM-000302

Registered name of the company: Spicers Limited

Other trading name(s) or style(s) of the company: None

Any other registered name in the 12 months prior to administration: None

Registered number: 00425809

Registered office address: Ernst & Young LLP, 1 Bridgewater, Water Lane,
Leeds, LS11 5QR

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Date of appointment of joint administrators: 14th May 2020

Details of the joint administrators

R H Kelly Ernst & Young LLP 1 Bridgewater, Water Lane, Leeds, LS11 5QR	C G J King Ernst & Young LLP 1 Bridgewater, Water Lane, Leeds, LS11 5QR
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Office holder number: 8582/8985

Telephone number: +44 12 1535 2195

Name of alternative person to contact about the administration: Lilia Gordon

Invitation to form a creditors’ committee

Creditors are invited to decide whether a creditors’ committee should be formed if sufficient creditors are willing to be members of the committee. Information on the role of committees can be found at <https://www.r3.org.uk/media/documents/publications/professional/R3-Guide-to-Creditors-Committees.pdf>

To be validly established, a committee must have at least three and not more than five members, who must have agreed to act.

Should you wish to form a committee, please follow the instructions in the nomination form attached to this notice and return the completed nomination form, with written agreements to act where appropriate, to me at the above address to arrive no later than 8 June 2020. Nominations can only be accepted if I am satisfied as to the creditor’s eligibility under Rule 17.4 of the Insolvency (England and Wales) Rules 2016.

Signed
R H Kelly
Joint Administrator

A handwritten signature in black ink, appearing to read 'R H Kelly', is positioned above a horizontal line.

Date

21/05/2020

Spicers Limited (in Administration) (“the Company”)

Nominations for creditors’ committee

You may nominate up to five creditors of the company. Please note that before a person can act as a member of a creditors’ committee that person must agree to do so.

In the event that more than five valid nominations are received, the five receiving the most votes will be appointed.

When you have completed this form, please return it with the creditor’s written agreement to act (unless you are nominating yourself or your own organisation) to spicersadministration@uk.ey.com and B Leach at Ernst & Young LLP, 1 Bridgewater, Water Lane, Leeds, LS11 5QR to arrive no later than the closing date stated on the notice of invitation to form a committee.

I nominate:

(Name of creditor) _____ of

(Address) _____

(Name of creditor) _____ of

(Address) _____

(Name of creditor) _____ of

(Address) _____

(Name of creditor) _____ of

(Address) _____

(Name of creditor) _____ of

(Address) _____

to be appointed as (a) member(s) of the creditors' committee.

Signature _____

Name of signatory _____

On behalf of
(name of creditor) _____

Date _____

Spicers Limited – In Administration

Estimate of remuneration to be charged

The Joint Administrators are 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 £1,737,684 plus VAT. An explanation of how this sum has been arrived at is set out below and a breakdown of the expected costs is attached on the following page.

Explanation of the work proposed to be undertaken

Basis of work	Category of work	Description of work to be completed
Statutory	Accounting & Administration	<p>Tasks required by legislation and professional best practice - no direct financial benefit to creditors:</p> <ul style="list-style-type: none"> ▶ Overall management of the case, treasury and accounting functions, statutory compliance diaries and time cost reporting.
Statutory	Bank and Statutory Reporting	<p>Tasks required by legislation and professional best practice - no direct financial benefit to creditors:</p> <ul style="list-style-type: none"> ▶ Regular reporting to the secured creditor. ▶ Preparing the Joint Administrators' Statement of Proposals, six monthly progress reports and final report.
Statutory	Creditors	<p>Tasks providing a direct benefit to creditors, to allow their claims to be submitted in the administration for any potential future distribution of funds – please see section 3 of the Proposals for further information:</p> <ul style="list-style-type: none"> ▶ Dealing with creditor claims, for c.750 creditors ▶ Correspondence with creditors. ▶ Processing distributions to the secured, preferential and unsecured creditors under the Prescribed Part (as applicable).
Asset realisation	Debtors	<p>Tasks providing a direct benefit to creditors by preserving and realising value in assets – please see section 2 of the Proposals for further information:</p> <ul style="list-style-type: none"> ▶ Monitoring collection of the debtor book ▶ Reconciling the debtors ledger ▶ Monitoring and recording cash receipts
Statutory	Employee Matters	<p>Tasks providing a direct benefit to creditors, to allow any residual employee claims to be submitted in the administration for any potential future distribution of funds:</p> <ul style="list-style-type: none"> ▶ Assessing staffing requirements and making redundancies. ▶ Dealing with any employee enquiries. ▶ Processing employee claims (if applicable).
Asset realisation	Immediate Tasks	<p>Tasks required by legislation and professional best practice - no direct financial benefit to creditors:</p> <ul style="list-style-type: none"> ▶ Tasks requiring immediate attention following the appointments, in order to execute the strategy outlined in the Proposals.
Statutory	Investigations	<p>Tasks required by legislation and professional best practice - no direct financial benefit to creditors:</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". ▶ The Joint Administrators' reports on the conduct of the directors under the Company Directors Disqualification Act 1986.
Asset realisation	Job Acceptance & Strategy	<p>Tasks providing a direct benefit to creditors by preserving and realising value in assets – please see section 2 of the Proposals for further information:</p> <ul style="list-style-type: none"> ▶ Matters relating to the appointments and initial planning of the administration strategy, including meetings with the Company's directors and management and formulating and executing the

		<p>strategy adopted.</p> <ul style="list-style-type: none"> ▶ Considering exit routes from administration and implementing the most appropriate route.
Asset realisation	Other Assets	<p>Tasks providing a direct benefit to creditors by preserving and realising value in assets. Certain assets have been sold since the commencement of the Administration, further details can be found in Section 2 of the Proposals. Other assets are yet to be realised and the valuation of these assets is commercially sensitive:</p> <ul style="list-style-type: none"> ▶ Realising the Company's assets. ▶ Assessing, quantifying and seeking to realise value from assets not recorded in the management accounts of the Company at the date of appointment.
Asset realisation	Other Matters	<p>Tasks providing a direct benefit to creditors by preserving and realising value in assets:</p> <ul style="list-style-type: none"> ▶ Sale of the assets of the Company in pursuance of the Administrators' objectives. ▶ Managing the transitional services arrangements in place with the purchasers of the assets post sale ▶ Dealing with any assets owned by third parties. ▶ Recovery of the Company's physical books and records, and electronic records (including a backup of Company's servers and systems).
Asset realisation	Property	<p>Tasks providing a direct benefit to creditors by preserving and realising value in assets – the valuation of these assets is commercially sensitive:</p> <ul style="list-style-type: none"> ▶ Negotiating and completing the sale of freehold property ▶ Realising value from the Company's 6 leasehold interests
Statutory	Public Relations	<p>Tasks required by legislation and professional best practice - no direct financial benefit to creditors:</p> <ul style="list-style-type: none"> ▶ Agreeing and issuing statements to the press as required in pursuit of the administration strategies.
Asset realisation	Retention of Title	<p>Tasks providing a direct benefit to creditors by preserving and realising value in assets:</p> <ul style="list-style-type: none"> ▶ Assessment and settlement or rejection of claims for retention of title from the Company's suppliers (if applicable).
Statutory	Statutory Duties	<p>Tasks required by legislation and professional best practice - no direct financial benefit to creditors:</p> <ul style="list-style-type: none"> ▶ Completion of statutory requirements of the administrations, including notifications to creditors and members, advertising the appointment, letter to creditors pursuant to Statement of Insolvency Practice 16, and sending to creditors and filing at Companies House.
Statutory	VAT & Taxation	<p>Tasks required by legislation and professional best practice - no direct financial benefit to creditors:</p> <ul style="list-style-type: none"> ▶ Preparing annual corporation tax and quarterly VAT returns, with input from EY VAT and tax specialists. ▶ Assessment of the VAT and tax treatment of transactions and agreements entered into during the administrations. ▶ Preparing claims for VAT bad debt relief.

Estimated remuneration

	Staff Grade						Estimated Total Hours	Estimated Time Cost	Average Hourly Rate	Time Costs incurred to 15/05/20
	Partner	Director	Senior Manager	Manager	Executive	Analyst				
								(£)	(£)	(£)
Accounting & Administration	9.4	6.2	27.8	35.8	116.2	-	195.4	99,839	511	7,124
Bank & Statutory Reporting	11.5	7.5	37.7	76.2	104.5	-	237.3	124,498	525	9,026
Creditors	23.3	32.1	54.1	102.0	272.1	-	483.5	246,808	510	2,042
Debtors	19.9	33.0	33.5	169.2	155.9	-	411.3	213,702	520	11,312
Employee Matters	5.8	114.6	-	70.5	262.1	-	453.0	255,246	563	21,672
Immediate tasks	2.6	1.7	13.8	25.2	11.4	-	54.8	30,288	553	17,430
Investigation & CDDA	4.5	2.9	19.6	39.8	26.2	-	92.9	49,719	535	1,113
Job Acceptance & Strategy	3.0	1.9	13.8	25.9	16.8	-	61.3	32,271	526	2,059
Other Assets	5.2	17.3	20.3	31.7	32.4	-	106.8	65,695	615	3,655
Other Matters	6.7	4.4	13.8	73.3	40.0	-	138.1	73,519	532	455
Property	13.3	52.1	17.9	46.5	86.8	58.3	274.8	139,057	506	7,119
Public Relations	1.7	1.1	3.4	3.5	-	-	9.6	6,188	645	1,210
Retention of Title	17.0	37.3	20.9	134.2	142.5	-	352.0	205,574	584	13,545
Statutory Duties	10.5	8.6	45.4	66.7	85.9	-	217.1	120,948	557	7,497
VAT & Taxation	15.0	-	22.5	33.3	1.6	43.5	115.9	74,333	641	946
Total Estimated Hours	149.2	320.7	344.4	933.5	1,354.3	101.8	3,203.9			
Total Estimated Fees (£)	131,639	290,463	243,610	503,246	531,722	37,003		1,737,684		106,202
Average Hourly Rate (£)	882	906	707	539	393	363			542	

Note:

- Time is charged in 6 minute intervals
- Please note that the estimate of remuneration may not reflect what the Joint Administrators will actually be paid as part of the administration.
- Time costs incurred to date are included as part of the estimated time costs

Details of expenses incurred and anticipated to be incurred

Expenses comprise sums paid or to be paid to third parties and sums paid or payable to the administrators' firm in respect of out of pocket expenses and costs which include an element of shared or allocated costs. Expenses expected to be incurred are £2,217,780 plus VAT.

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

Estimated expenses

Category of expenses	Description of expense/disbursements incurred to be incurred	£
Bank charges	Charges associated with operation of the Company's bank accounts during the administration	1,000
Legal costs Pinsent Masons LLP	To provide legal advice and prepare documentation in relation to sale of the freehold property	30,000
Legal costs Pinsent Masons LLP	To assist Joint Administrators with providing legal services	65,000
Agents costs Jones Lang LaSalle	To assist with the marketing and sale of the freehold property	110,000
Agents costs Gordon Brothers	To assist with the collection of IT hardware from the homes of a number of redundant employees	10,000
Agents costs Gordon Brothers	To assist with the clearance of the Company's trading premises and disposal of the Company's residual assets	20,000
Debtor agent fee	Assisting with collection of the debtor ledger – the fee estimate is based on the full recovery of the debtor ledger and agreed commission %	1,385,000
Insurance costs	Annual insurance costs for the company's assets, including public liability insurance. These are the estimated annual costs based upon an initial quotation received at the commencement of the Administration and will be updated to reflect the date of disposal of assets.	65,000
Statutory costs	Costs of completing requirements of the administration, including advertising and filing costs	1,000
Property occupation costs	Rent, service charge and other property expenses for leased properties which will in part be recovered through a TSA arrangement	180,000
Employee costs	Employee costs in connection with preparation for exit from properties	200,000
Employee costs	Employee costs in connection with debtor realisations	140,000
Smart Room fee	Data room allowing third party access for company information in connection with the marketing of the business	1,000
Category 1 disbursements		
Specific penalty bond	A form of insurance required by insolvency law	1,280
Postage and printing	Those costs incurred by the Joint Administrators in printing and posting written	3,500

	communication to all relevant creditors and shareholders	
Conference call facilities	Hosting of employee notification conference calls	5,000
Category 2 disbursements	No category 2 disbursements estimated	
Total		2,217,780

Notes

- 1 Statement of Insolvency Practice 9 (SIP 9) defines expenses as amounts properly payable from the insolvency estate which are not otherwise categorised as office holders' remuneration or distributions to creditors.
- 2 SIP 9 defines 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.

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.

Estimate of return for creditors

We currently estimate the following returns for creditors:

Secured creditors

The Company's secured lenders were Lloyds Bank plc and Better Capital.

Lloyds Bank plc ("LBG")

LBG, the Company's principal secured lender, had a total indebtedness of £12,913,614 as at the date of Administration.

The Company has also guaranteed the total exposure of the Group to LBG, amounting to £17,154,932 under a cross guarantee structure

It is anticipated that LBG will be paid in full under its fixed and floating charges.

Better Capital

There is a sum of £7,847,205 owed to Better Capital from The Spicers-OfficeTeam Group Limited as of 18 May 2020 which is guaranteed by the Company and which we understand to be second ranking security behind the LBG indebtedness.

It is anticipated that Better Capital will be paid in full.

Preferential creditors

We currently estimate preferential creditors of £425,000 in respect of claims for employees' salaries and holiday pay.

It is anticipated that the preferential claims will be paid in full.

Non-preferential creditors

We anticipate that there will be a distribution to non-preferential unsecured creditors under the Prescribed Part, and from the surplus under the fixed charge. This is dependent upon the level of debtor collections and value achieved for the sale of the freehold property.