

TO ALL KNOWN CREDITORS

7 December 2021

Ref: HK/ CGJK/ BL/ AP  
Email: [spicersadministration@uk.ey.com](mailto:spicersadministration@uk.ey.com)

Dear Sirs

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

### **High Court of Justice, Business and Property Courts in Birmingham, Insolvency and Companies List (ChD), Number CR-2020-BHM-000302**

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 May 2021 to 13 November 2021 and should be read in conjunction with the Joint Administrators’ Statement of Proposals (‘the Proposals’) dated 21 May 2020 and our previous reports dated 11 December 2020 and 9 June 2021. Statutory information about the company, the administration and the office holders is given at Appendix 1.

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

### ***Freehold property sale and rent***

As detailed in the previous progress report, we completed the sale of the freehold property at Dartmouth Road, Smethwick on 28 May 2021 for a consideration of £15.005m. These funds were received in the period of this report and the sale is now reflected in the receipts and payments summary.

This sale was completed part way through a rental period and the Company had received rent from the occupier OfficeTeam Group Limited (‘OTG’) of £10,350, which related to the post sale period. These funds have been transferred to the purchaser.

OTG had also paid for insurance costs relating to the freehold property. The insurance costs have now been finalised and the surplus monies of £3,775 were refunded to OTG.

### ***Leasehold properties***

The sale agreement with OTG provided for their continued occupation of several leasehold properties (‘Non-LTO Properties’) to enable the removal of the purchased assets, including stock held at these premises.

Amounts totalling £175,164 had been received from OTG to meet the Non-LTO Property costs. OTG has vacated all of the properties and we have finalised the costs and refunded the surplus of £13,644 to OTG.

### ***Net employee costs***

OTG requested a number of staff be retained by the Company for a period during the Administration to assist with the clearing of the Non-LTO Properties, IT matters and debt collection with all costs for the retained staff being met by OTG. Following the settlement of the costs, the Company held a surplus of £6,011 which was repaid in the period of the report.

### ***Cash at bank at date of appointment***

Funds of £30,067 have been received following the release of a cash security deposit on a corporate card facility. This brings realisations for this category to £440,246.

### ***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 £17.5m. Collections up to the end of this period total £10.3m.

Trade debts of £24,616 were received into the Company's IDF account during the period of the report. In June 2021 the LBG IDF account was closed following the settlement of LBG's indebtedness in full.

At the time of closure, there was a deficit owed by the Company to LBG in relation to the IDF account of £2,335,695. This deficit was cleared by an application of surplus funds held in OfficeTeam Limited's IDF account.

During the period of this report receipts directly into the Administration bank account totalled £730,000, primarily relating to settlement of two of the larger debtor balances.

With regard to the larger debtor balances, we have now agreed full and final settlements with four of the largest five debtors. These settlements followed protracted discussions and legal correspondence, as well as principal to principal meetings. There is still £0.3m to be received under a deferred payment agreement with one of the debtors.

There remains one larger debtor balance where we are continuing to encounter difficulty in agreeing what we consider to be contractually due.

Our legal advice confirms that there are substantive grounds to pursue this debt and detailed discussions are ongoing between the Company and the debtor to achieve an agreement. In the event that we are unable to reach a satisfactory agreement, we will look to pursue this debt through the courts to recover what we believe is rightfully due to the Company.

The Company has sufficient assets in the estate to fund legal actions against this debtor. We have also engaged with litigation funders to consider the merits of external funding as an alternative.

A debt collection agent (JP Associates) was engaged in December 2020 to assist with the recovery of the remaining lower value outstanding debts. Collection progress has been slow, due to a large proportion of these debts being owed by customers which have been significantly impacted by the Covid-19 pandemic. Collections totalling £45,838 have been received by the debt collection agent

directly and are not yet reflected in the receipts and payments. The debt collection agent will continue to pursue the outstanding debts and we will look to commence legal action and recovery proceedings in court where appropriate.

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

Funds totalling £19,802 have been received from rates refunds, return of deposits and other prepayments bringing total realisations for this category to £318,853. It is not anticipated that there will be additional realisations from these sources.

### **Receipts and payments account**

A summary of our receipts and payments for the period from 14 May 2020 to 13 November 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.

No investigations are continuing 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 £288,769, taking total post-Administration time costs incurred to date to £3,239,588. Of this sum, £1,102,000 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 increase reflects the additional time that has necessarily been spent by the Joint Administrators and their staff.

The property sale exercise took an extended period to complete which included negotiating an extension to the LTO and an extended marketing process. This work had a beneficial impact on the sale price and resulted in improved recoveries for the benefit of the unsecured creditors.

The trade debtor collection exercise raised a significantly greater level of disputes than anticipated. These required detailed interrogation and collating and reviewing of supporting documentation. 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. The time spent continues to result in additional recoveries for the benefit of 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 made payments totalling £187,908 plus VAT. An analysis of the expenses incurred is provided at Appendix 3 of this report.

An explanation where these costs for the period have resulted in the total costs exceeding the original expenses estimate is given below:

- £215 - Erroneous Debtor receipts returned: funds received in error were repaid after determining the monies were not due to the Company.
- £112,538 – Agents costs (Sale of property): costs have exceeded the original estimate as the property was sold for an amount greater than anticipated.
- £6,000– Contractor fees: costs have been incurred with former employees of the Company to facilitate achieving greater debtor realisations.
- £5,051 - Storage charge: charges for storing the Company's books and records collected from the Company's sites. Further charges are expected to be incurred.
- £60,943 - 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. The majority of these debts have now been settled, however further legal fees are expected to be incurred as we have yet to reach agreement with one of the large debtors. In addition, there is a complex legal exercise to understand the impact of subrogated claims on the Company as discussed below.
- £1,660 – Other professional fees: costs were incurred to decommission certain of the Company's IT servers in accordance with data protection rules and regulations.

### **Distributions to creditors**

#### **Secured creditors**

As previously advised, LBG, the Company's first ranking secured creditor, had a total indebtedness of £12,913,614 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.

Following the sale of the freehold property the Company settled the outstanding LBG property loan in full, reducing LBG's indebtedness by £1,915,028.

During the period of the report, net receipts relating to debtor collections in the IDF account of £11,133 were applied against LBG's indebtedness bringing the total applied to £8,705,976. After accounting for £650,000 of property loan payments made from the IDF account, there was an outstanding direct indebtedness of £2,335,695. This amount was settled by an application of funds from a surplus in the OfficeTeam Limited IDF account, which LBG was entitled to under their cross guarantee. The debt owed to LBG on the IDF account by the Company has now been settled in full and OfficeTeam Limited has a subrogated claim against Spicers Limited for the value of £2,335,695.

On appointment a principal sum of £7,466,666 was owed to BECAP12 from The Spicers-OfficeTeam Group Limited, with interest outstanding. The Company had guaranteed this debt which benefits from a second ranking security behind the LBG indebtedness.

During the period of the report and following the settlement of LBG's claim, the Company made distributions in respect of the BECAP12 debt of £8,901,522 for settlement of the principal amount, plus accrued interest and charges. This security was cross guaranteed by certain entities within the Company's group and we are seeking to determine the quantum of any subrogated claims the Company may have against the other guarantors. A withholding tax payment of £258,437 was made to HMRC in relation to the accrued interest paid to BECAP12 as part of these distributions.

### **Preferential creditors**

Preferential claims received to date total £273,085. Based upon current information, we anticipate that these claims will be paid in full.

### **Non-preferential creditors**

Unsecured claims totalling £24,882,238 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 possible at this time to provide an estimate of the amount of any dividend to unsecured creditors as the level of funds available to unsecured creditors remains dependent upon the further debtor recoveries and the outcome of assessing the subrogated claims. The Administrators believe that there will be a surplus available to unsecured creditors, however the quantum remains uncertain.

We have begun an exercise to determine the subrogated claims arising from the Company making payments to the secured creditors on behalf of itself 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.

As the secured creditors have been paid in full from fixed charge realisations the Prescribed Part will not apply as the floating charge funds will be available to unsecured creditors.

## Remaining work

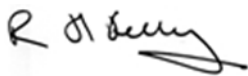
The Joint Administrators will continue to manage the affairs, business and property of the Company to achieve the purpose of the Administration. Future tasks will include, but may not be limited to, the following:

- Continuing debtor collections to maximise recoveries for creditors.
- Dealing with preferential creditor claims and making a distribution to the preferential creditors.
- Dealing with employee 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 or a move into Creditors' Voluntary Liquidation.
- 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-000302
Registered name of the Company:	Spicers Limited
Registered office address of the Company:	c/o Ernst & Young LLP, 1 Bridgewater Place, Water Lane, Leeds, LS11 5QR
Registered number:	00425809
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:	Ben Leach

## Appendix 2

### Spicers Limited (in Administration)

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

Statement of Affairs Estimated to Realise Values (£)		1,2	Period from		Total	
			14 May 2020 to 13 May 2021 (£)	14 May 2021 to 13 November 2021 (£)		
<b>Fixed charge receipts (excludes debts assigned to LBG)</b>						
70,000			Intellectual Property	120,000	-	120,000
13,000,000			Freehold Property	-	15,005,000	15,005,000
12,659,015	3		Debtors to be transferred to IDF account	60,367	0	60,367
			Debtors received in the Administration account	-	730,000	730,000
	4		Bank interest	24	254	279
				180,391	15,735,254	15,915,646
<b>Fixed charge payments</b>						
			Property Agent Fees	-	112,538	112,538
	3		Debtor Collection Agent Commission	654,242	872	655,113
			Erroneous Debtor Receipts Returned	295	215	510
			Transfer to Debtor Collection Account	60,367	-	60,367
			Agents fees - Intellectual Property Sale	10,200	-	10,200
			Bank charges	1	-	1
				725,105	113,624	838,729
<b>Payments to Secured Creditors</b>						
			Secured Creditor Distribution to LBG (Property Loan)	-	1,915,028	1,915,028
			Secured Creditor Distribution to BECAP12	-	8,901,521	8,901,521
			Withholding Tax on BECAP12 Distribution	-	258,437	258,437
				-	11,074,986	11,074,986
<b>Net fixed charge realisations</b>			<b>(544,714)</b>	<b>4,546,644</b>	<b>4,001,930</b>	
<b>Floating charge receipts</b>						
<b>Asset realisations</b>						
			Stock	822,021	(500)	821,521
125,000			Fixtures and Fittings	150,700	-	150,700
412,220			Cash at bank at date of appointment	410,179	30,067	440,246
			Freehold Property Rent	818,226	(10,350)	807,876
111,169			Apportionments	110,391	-	110,391
12,449			Deposits and Prepayments	299,051	19,802	318,853
<b>Transfer receipts</b>						
			HMRC Furlough Receipt	128,869	-	128,869
			Employee Costs Funded by OTG	308,292	(6,011)	302,281
			Property Costs Funded by OTG (LTO Property)	51,449	(3,775)	47,674
			Property Costs Funded by OTG (Non-LTO Properties)	175,164	(13,644)	161,520
	3		Transfer From Debtor Collection Account for Commission	628,997	872	629,869
<b>Other receipts</b>						
	4		Bank Interest	708	57	765
				3,904,048	16,518	3,920,566
<b>Floating charge payments</b>						
			Pre-Administration Costs	107,794	-	107,794
<b>Costs of realisations:</b>						
			Purchase Ledger Update Cost	6,250	-	6,250
			Contractor Costs (Debtors, Rebates and Customer Contrac	14,532	6,000	20,532
			Other Costs	1,948	1	1,949
<b>Expenses:</b>						
			Bank Charges	186	24	209
			Insurance	4,086	-	4,086
			Storage Charges	-	5,051	5,051
			Statutory Costs	95	-	95
<b>Employees:</b>						
			Employee Costs (Property Exit)	140,367	-	140,367
			Employee Costs (Debtor Realisation)	86,645	606	87,250
			Employee Costs (Furlough)	131,875	-	131,875
			Employee Costs (Other)	68,269	-	68,269
<b>Property:</b>						
			Property Payments (LTO Properties)	44,167	-	44,167
			Property Payments (Non-LTO Properties)	161,520	-	161,520
<b>Professional Fees:</b>						
			Legal Fees	203,198	60,943	264,141
			Other Professional Fees	33,089	1,660	34,748
<b>Administrators' Expenses:</b>						
			Administrators' Remuneration	1,102,000	-	1,102,000
			Administrators' Disbursements	1,600	-	1,600
				2,107,621	74,284	2,181,905
<b>Net floating charge realisations</b>			<b>1,796,426</b>	<b>(57,766)</b>	<b>1,738,661</b>	
<b>Total net realisations</b>			<b>1,251,713</b>	<b>4,488,878</b>	<b>5,740,591</b>	
<b>Funds in Hand</b>						
			Cash at bank	1,341,394	4,357,799	5,699,193
			VAT Payable	(89,681)	131,079	41,399
				1,251,713	4,488,878	5,740,591



## 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 debtor receipts are an asset of the fixed charge holder, Lloyds Bank PLC ("LBG"), which has control of the IDF account into which receipts were paid. The receipts received into this account are not reflected in the summary of receipts and payments.

In June 2021, the IDF account was closed. A summary of the funds that were applied against LBG's indebtedness is shown below:

	Period from 14 May 2020 to 13-May-21 (£)	Period from 14 May 2021 to 13-Nov-21 (£)	Total (£)
Trade debtor balance - At appointment	20,399,815		
Less: Irrecoverable intercompany balance	(2,838,358)		
<b>Debtor balance</b>	<b>17,561,457</b>		
Debtor collections received into IDF account	9,553,802	24,616	9,578,418
Commissions on debtor receipts paid from IDF	(628,997)	(872)	(629,869)
LBG IDF Interest and service charges	(229,962)	(12,611)	(242,573)
<b>Net debtor collections enabling a reduction in the LBG IDF debt</b>	<b>8,694,843</b>	<b>11,133</b>	<b>8,705,976</b>
Repayments against the Company's mortgage			(650,000)
<b>Net collections enabling a reduction in the IDF debt</b>			<b>8,055,976</b>
Spicers IDF debt			(10,391,671)
<b>Spicers deficit</b>			<b>(2,335,695)</b>
Application of funds by LBG from OfficeTeam's IDF surplus			2,335,695
<b>LBG IDF indebtedness</b>			<b>-</b>

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

## Appendix 3

### Spicers Limited (in Administration)

#### Summary of expenses incurred

Type of Expense	Paid in Period to 13 May 2021	Paid in Period to 13 November 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>Fixed charge</b>					
Erroneous Debtor Receipts Returned	295	215	-	510	-
Transfer to Debtor Collection Account	60,367	-	-	60,367	-
Debtor Collection Agent Commission	654,241	872	-	655,113	1,385,000
Legal costs - Pinsent Masons LLP (Legal advice and documentation for sale of property)	-	-	-	-	30,000
Agents costs - Jones Lang LaSalle (Sale of property)	-	112,538	-	112,538	110,000
Agents fees - Intellectual Property Sale	10,200	-	-	10,200	-
Bank charges	1	-	-	1	-
<b>Floating charge</b>					
<b>Pre-Administration Costs</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>Costs of realisations</b>					
Purchase Ledger Update Costs	6,250	-	-	6,250	-
Contractor fees (Debtors, Rebates and Customer Contracts)	14,532	6,000	-	20,532	-
Other Costs - Smart Room fee	649	-	-	649	1,000
Other Costs – Postage redirection	963	-	-	963	-
Other Costs – Payment to release stock	336	-	-	336	-
<b>Expenses</b>					
Insurance costs	4,086	-	-	4,086	65,000
Bank Charges	187	24	-	211	1,000
Statutory costs	95	-	-	95	1,000
Storage costs	-	5,051	-	5,051	-
<b>Employees</b>					
Employee costs (Exit from properties)	140,367	-	-	140,367	200,000
Employee costs (Debtor Realisation)	89,650	606	-	90,256	140,000
Employee costs (Furlough)	128,869	-	-	128,869	-
Employee costs (Other)	68,269	-	-	68,269	-
<b>Property</b>					

Property occupation costs (rent, service charge and insurance rent)	205,687	-	-	205,687	180,000
<b>Professional Fees</b>					
Legal costs - Pinsent Masons LLP	190,961	60,943	-	251,904	65,000
Legal costs - Clarion Solicitors	12,237	-	-	12,237	-
Agents costs - Gordon Brothers (Clearance of trading premises, collection of IT hardware and sales commission)	32,139	-	-	32,139	30,000
Other professional fees	-	1,660	-	1,660	-
Agents costs - Colliers International Property Consultants (Property advice)	950	-	-	950	-
<b>Administrators' Disbursements</b>					
Specific penalty bond	1,280	-	-	1,280	1,280
Postage and printing	320	-	728	1,048	3,500
Conference Call facilities	-	-	-	-	5,000
Travel	-	-	424	424	-
Meeting Rooms	-	-	3	3	-
<b>Totals</b>	<b>1,730,727</b>	<b>187,908</b>	<b>1,155</b>	<b>1,919,789</b>	<b>2,217,780</b>

## Notes

- 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.
- 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.
- Outstanding expenses relate to expenses invoiced within the reporting period but which were yet to be settled by the Joint Administrators.
- 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

### Spicers Limited (in Administration)

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

	Total to 13 May 2021			Actual in this period			Actual in this period and total to 13 November 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	428.6	173,478.5	405	116.3	41,148.0	354	544.9	214,626.5	394	195.4	99,839.0	511
Bank & Statutory Reporting	261.2	170,393.0	652	32.0	18,432.5	576	293.2	188,825.5	644	237.3	124,498.0	525
Creditors	411.2	182,707.3	444	118.8	64,963.5	547	530.0	247,670.8	467	483.5	246,808.0	510
Debtors	1,893.2	1,264,836.5	668	130.9	86,329.0	660	2,024.1	1,351,165.5	668	411.3	213,702.0	520
Employee Matters	773.7	321,360.5	415	42.1	21,827.5	518	815.8	343,188.0	421	453.0	255,246.0	563
Immediate Tasks	43.7	25,933.0	593	-	-	-	43.7	25,933.0	593	54.8	30,288.0	553
Investigation & CDDA	87.2	44,492.0	510	-	-	-	87.2	44,492.0	510	92.9	49,719.0	535
Job Acceptance & Strategy	53.5	22,797.0	426	-	-	-	53.5	22,797.0	426	61.3	32,271.0	526
Other Assets	100.9	71,532.0	709	-	-	-	100.9	71,532.0	709	106.8	65,695.0	615
Other Matters	206.2	96,631.0	469	6.5	4,570.0	703	212.7	101,201.0	476	138.1	73,519.0	532
Property	436.0	241,132.5	553	48.3	28,428.5	589	484.3	269,561.0	557	274.8	139,057.0	506
Public Relations	3.0	1,905.0	635	-	-	-	3.0	1,905.0	635	9.6	6,188.0	645
Retention of Title	396.2	201,660.0	509	-	-	-	396.2	201,660.0	509	352.0	205,574.0	584
Statutory Duties	153.6	75,480.5	491	10.5	8,330.0	793	164.1	83,810.5	511	217.1	120,948.0	557
Unsecured Creditor Distribution	-	-	-	1.8	1,710.0	950	1.8	1,710.0	950	-	-	-
VAT & Taxation	102.8	56,481.5	549	26.4	13,029.5	494	129.2	69,511.0	538	115.9	74,333.0	641
<b>Total</b>	<b>5,351.0</b>	<b>2,950,820.30</b>	<b>551</b>	<b>533.6</b>	<b>288,768.50</b>	<b>541</b>	<b>5,884.6</b>	<b>3,239,588.80</b>	<b>551</b>	<b>3,203.8</b>	<b>1,737,685.00</b>	<b>542</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 £17.6m 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 and dealer groups 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.

- ▶ **Employee matters** – time spent in assessing staffing requirements and dealing with redundancy procedures, including correspondence and calls with employees on appointment, answering queries, filing forms and liaising with the Redundancy Payments Service, and processing of claims. The time spent has also been impacted by Covid-19, including liaising with HMRC in relation to pre-Administration furlough claims and the distribution of furlough funds to employees. It also includes dealing with retained employees and the processing of the monthly payroll for the retained employees.
- ▶ **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.
- ▶ **Investigation & 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 realising intellectual property and residual IT hardware which have been collected from employees. 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 the sale of the freehold property, liaising with the landlords of properties vacated and other property related issues including corresponding with utility and business rate providers in respect of the Company's 6 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 193 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 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.