

TO ALL KNOWN CREDITORS

5 February 2024

Ref: JS/JL/BC/PR2  
cbrealisations@parthenon.ey.com

Dear Sirs

## **CB Realisations Limited (formerly “Complete Business Solutions Group Limited”) (“the Company”) (in Administration)**

### **High Court of Justice, Business and Property Courts Leeds - CR-2022-LDS-001053**

On 9 January 2023, the Company entered Administration and T G Vance, J P Sumpton and S J Woodward were appointed to act as Joint Administrators (“the Administrators”). The appointment was made by the Directors of the Company under the provisions of Paragraph 22(2) of Schedule B1 to the Insolvency Act 1986. The Administrators act as agents of the Company and without personal liability.

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 9 July 2023 to 8 January 2024 and should be read in conjunction with the Administrators’ Statement of Proposals dated 15 January 2023 and our previous progress report dated 8 August 2023. Statutory information about the Company, the Administration and the office holders is at Appendix 1.

### **Extension to the Administration**

The Administration was extended by a period of 12 months commencing from 9 January 2024. This was effected by the consent of the secured and preferential creditors under Paragraph 78 (2) of Schedule B1 of the Insolvency Act 1986. Accordingly, the Administration is now due to expire on 8 January 2025, unless further extensions are sought.

The Administrators sought an extension to provide further time to work towards recovering an outstanding Director’s loan account. The financial records and the signed Statement of Affairs for the Company indicate the outstanding balance due to the Company to be £1,045,600. Further detail is provided later in this report.

## **Summary of progress since our previous report dated 8 August 2023**

### **Receipts and Payments account**

A summary of our receipts and payments for the period from 9 July 2023 to 8 January 2024 is at Appendix 2. It does not reflect estimated future realisations or costs.

### **Realisation of assets**

#### *Leasehold property*

As part of the sale agreement, a license to occupy (“LTO”) was granted at 16 of the Company’s leasehold properties. Rent income and payments in relation to the LTO period were finalised during the period covered by this report and shortly after the LTO period ended in July 2023.

#### *Sundry income and post-appointment credits*

The Administrators continue to collect sundry balances. During the period covered by this report, a further £10,083 was collected which includes rates refunds (£6,533), refunded prepayments (£3,341), and insolvency dividends (£209).

A further £1,807 of receipts were received in the Company’s pre-appointment bank account and subsequently transferred to the Administrators’ bank account.

#### *Bank interest*

Interest generated on funds held totaled £9,056 during the period covered by this report, including £6,427 in relation to £750,000 that was placed on deposit for a 3 month period.

#### *Directors’ loan account*

As previously mentioned, the Administrators continue to work towards recovering an outstanding Director’s loan account which, based on the financial records and the signed Statement of Affairs for the Company, indicate an outstanding balance of £1,045,600.

The Administrators have requested a proposal for repayment of the balance however the balance is being disputed.

The Administrators therefore explored a sale and assignment of the claim with firms that specialised in these matters and we have agreed a sale and assignment of the claim in return for initial consideration of £5,000 and an agreed share of any net realisations.

### **Tax matters**

Together with EY tax specialists, the Administrators’ have submitted the corporation tax return for the Company for the initial post-appointment period, including the business and assets sale transaction.

### **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.

In accordance with Rule 18.8(4) of the Insolvency (England and Wales) Rules 2016, our remuneration was fixed on a time-cost basis by a resolution of the secured and preferential creditors of the Company based on the fee estimate dated 15 January 2023 of £828,515.

During the period covered by this report, we have incurred time costs of £271,862, taking total time costs during the period of the Administration to £1,407,836. Of this sum, £588,861 has been paid to date, including £338,602 during the period covered by this report.

Our time costs have exceeded the fee estimate dated 15 January 2023 for the reasons detailed in our previous progress report. However, we will not draw remuneration in excess of the Administrators' fee estimate (£828,515) without the prior approval of creditors.

A detailed analysis of the time spent and a comparison with the fee estimate dated 15 January 2023 is at Appendix 4.

### **Administrators' statement of expenses incurred**

Expenses paid in the period total £180,784. This balance relates to property occupation costs (£159,722) which have been recharged in accordance with the LTO agreement, legal fees (£16,655), other professional fees (£3,291) and bank charges (£11).

A further £4,408 for printing and postage has been incurred but not yet paid.

A detailed breakdown of expenses incurred in this period and to date is provided at Appendix 3.

## **Distributions to creditors**

### *Secured creditors – HSBC Invoice Finance (UK) Limited ('HIF')*

HIF had total indebtedness of £12.8m at the date of appointment in respect of an invoice discounting facility provided to the Company.

As previously reported, with HIF's agreement, the trade debtors were sold to Banner Business Solutions Limited ('Banner') for c.£10.3m and these funds have been distributed to HIF in settlement of their indebtedness.

### *Secured creditors – HSBC UK Bank plc ('HSBC')*

HSBC had total indebtedness of £9.3m at the date of appointment in respect of an £8m RLS (recovery loan scheme) loan and £1.3m overdraft.

The only recovery for HSBC will be via its preferential wages claim (see below).

### *Preferential creditors – HSBC UK Bank plc and HMRC*

Preferential claims in the Administration include:

- HSBC - a subrogated wages claim of £509,196 in respect of funding advanced to meet the December 2023 payroll. This claim qualified for ordinary preferential status and was paid in full on 26 September 2023.
- HMRC – c.£7.5m secondary preferential creditor claim in respect of outstanding VAT and PAYE. It is likely that there will be sufficient realisations to declare a modest dividend in respect of HMRC's claim.

### *Non-preferential creditors*

The Statement of Affairs estimates that the Company's non-preferential creditors total in excess of £20m.

Due to the significant level of preferential creditor claims (c.£8m – see above) there will be insufficient funds available to enable a distribution to unsecured creditors.

## Remaining work

The Administrators will continue to manage the affairs of the Company to achieve the purpose of the Administration. Future tasks will include, but are not limited to:

- Finalising the Company's tax affairs, including corporation tax, VAT and other tax matters which include filing statutory returns;
- Continuing to progress recoveries in respect of the outstanding Directors' loan account;
- Continuing to address creditor enquiries;
- Adjudicating the claim of the secondary preferential creditor (HMRC) and making a distribution;
- Dealing with statutory reporting and compliance obligations; and
- Finalising the Administration, including statutory requirements and payment of all Administration liabilities.

## Next report

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

Yours faithfully  
for the Company



J P Sumpton  
Joint Administrator

J P Sumpton is licensed in the United Kingdom to act as an insolvency practitioner by The Insolvency Practitioners Association. T G Vance is licensed in the United Kingdom to act as an insolvency practitioner by The Institute of Chartered Accountants of Scotland. S J Woodward 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, J P Sumpton, T G Vance and S J Woodward, 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 – Statutory Information

### 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

#### CB Realisations Limited (in Administration)

Name of court:	High Court of Justice, Business and Property Courts in Leeds, Insolvency and Companies List (ChD)	
Court reference:	CR-2022-LDS-001053 of 2023	
Registered name of the Company:	CB Realisations Limited	
Registered office address of the Company:	1 Bridgewater Place, Water Lane, Leeds, LS11 5QR	
Registered number:	03045607	
Country of incorporation (for a company incorporated outside the United Kingdom):	N/A	
Date of appointment of the Joint Administrators:	9 January 2023	
Details of any changes of Administrator:	None	
Full names of the Administrators:	Timothy Graham Vance, Jonathan Peter Sumpton, and Samuel James Woodward	
Office holder number(s):	26710 / 9201 / 12030	
Administrators' addresses:	Ernst & Young LLP 1 Bridgewater Place Water Lane Leeds LS11 5QR	Ernst & Young LLP 2 St Peters Square Manchester M2 3EY
Telephone number:	0113 298 2292	
Email Address:	cbrealisations@parthenon.ey.com	
Name of alternative person to contact with enquiries about the case:	Bridie Clews	

## Appendix 2: Receipts and Payments account

### CB Realisations Limited (in Administration)

Estimated to realise as per Directors' Statement of Affairs		Period from 9 January 2023 to 8 July 2023	Period from 9 July 2023 to 8 January 2024	Period from 9 January 2023 to 8 January 2024
£	RECEIPTS	£	£	£
	<b>Book debts (subject to invoice financing agreement)</b>			
10,254,436	Sale of trade debts	10,254,436	-	10,254,436
	Less: Distribution to Secured Creditor – HIF	(10,254,436)	-	(10,254,436)
	Receipts from trade debtors due to Banner	11,035,056	-	11,035,056
	Less: Payment to Banner	(11,034,981)	-	(11,034,981)
	Less: Bank charges	(75)	-	(75)
		-	-	-
	<b>Other Fixed Charge Realisations</b>			
1,005	Sale of goodwill and intellectual property	1,005	-	1,005
	Bank interest	904	10	914
	<b>Net Fixed Charge Realisations</b>	<b>1,909</b>	<b>10</b>	<b>1,919</b>
	<b>Floating Charge Realisations</b>			
939,615	Stock	939,615	-	939,615
n/a	Rent - Licence to occupy	591,090	25,296	616,386
396,615	Other tangible assets (vehicles, fixtures and fittings etc.)	396,995	-	396,995
n/a	Post-appointment credits	115,755	1,807	117,563
n/a	Sundry receipts	47,022	10,083	57,105
n/a	Novation agreements – legal fees	9,276	7,927	17,203
n/a	Bank interest	6,984	9,043	16,027
-	Directors' loan account – initial consideration	-	5,000	5,000
		<b>2,106,737</b>	<b>59,157</b>	<b>2,165,894</b>
	<b>PAYMENTS</b>			
	Rent - Licence to Occupy	456,664	159,722	616,386
	Administrators' fees	250,259	338,602	588,861
	Administrators' pre-appointment fees	79,292	-	79,292
	Administrators' disbursements	-	1,105	1,105
	Legal fees	60,350	8,728	69,078
	Other professional fees	19,802	3,291	23,093
	Novation agreements – legal fees	9,276	7,927	17,203
	Exited property costs	8,201	-	8,201
	Public Notices	94	-	94
	Bank charges	23	11	34
	Sundry charges	22	-	22
		<b>883,982</b>	<b>519,387</b>	<b>1,403,369</b>
	<b>Net Floating Charge Realisations</b>	<b>1,222,755</b>	<b>(460,230)</b>	<b>762,525</b>

**LESS: DISTRIBUTIONS**

Preferential creditor – HSBC (subrogated wages)	-	509,196	509,196
	<hr/>	<hr/>	<hr/>
<b>Total Balances in Hand</b>	<b>1,224,664</b>	<b>255,248</b>	<b>255,248</b>
	<hr/>	<hr/>	<hr/>
<b>Represented by:</b>			
Cash at Bank	453,231	231,681	231,681
Cash on 3 month deposit	750,000	-	-
Net VAT Receivable / (Payable)	21,433	23,567	23,567
	<hr/>	<hr/>	<hr/>
	<b>1,224,664</b>	<b>255,248</b>	<b>255,248</b>
	<hr/>	<hr/>	<hr/>

Notes

1. Receipts and payments are stated net of VAT.
2. Cash is held in interest-bearing accounts.



## Appendix 3 - Summary of Joint Administrators' expenses incurred

### CB Realisations Limited (in Administration)

	Per estimate dated 15 January 2023	Paid to 8 July 2023	Paid in the period	Outstanding	Total to 8 January 2024
Bank Charges	500	23	11	-	34
Legal Costs	100,000	69,626	16,655	-	86,281
Agent's Costs	25,000	19,802	3,291	-	23,093
Insurance	20,000	-	-	-	-
Statutory Costs	200	94	-	-	94
Property Occupation Costs	600,000	456,664	159,722	-	616,386
Property Exit Costs	50,000	8,201	-	-	8,201
Statement of Affairs Fee	2,500	-	-	-	-
Storage Costs	1,000	-	-	-	-
Sundry Costs	5,000	22	-	-	22
<b>Total</b>	<b>804,200</b>	<b>554,432</b>	<b>179,679</b>	<b>-</b>	<b>734,111</b>
<b>Category 1 disbursements (see note 2)</b>					
Specific Penalty Bond	1,000	-	775	-	775
Posting and Printing	5,000	-	33	4,408	4,441
	6,000	-	808	4,408	5,216
<b>Category 2 disbursements (see note 2)</b>					
Mileage	500	-	297	-	297
	500	-	297	-	297
<b>Total</b>	<b>810,700</b>	<b>554,432</b>	<b>180,784</b>	<b>4,408</b>	<b>739,625</b>

The UK Firm Ernst & Young LLP is a limited liability partnership registered in England and Wales with registered number OC300001 and is a member firm of Ernst & Young Global Limited. A list of members' names is available for inspection at 1 More London Place, London SE1 2AF, the firm's principal place of business and registered office and at Companies House [<https://www.gov.uk/get-information-about-a-company>] under the registration number OC300001. Not all partners are members of Ernst & Young LLP. Ernst & Young LLP is a multi-disciplinary practice and is authorised and regulated by the Institute of Chartered Accountants in England and Wales, the Solicitors Regulation Authority (authorisation number 614947), the Financial Conduct Authority (registration number 196203) and other regulators. Further details can be found at [https://www.ey.com/en\\_uk/legal-statement](https://www.ey.com/en_uk/legal-statement).

## Notes

- 1 Statement of Insolvency Practice No.9 defines expenses as any payments from the insolvency estate which are neither an office holder's remuneration or a distribution to a creditor or member.
- 2 Expenses are divided into those that do not need approval before they are charged to the estate (Category 1) and those that do require prior approval (Category 2):
  - Category 1 expenses are payments to persons providing the service to which the expense relates who are not an associate of the office holder
  - Category 2 expenses are payments to associates or which have an element of shared costs.
- 3 Balances outstanding represent expenses incurred under the Administration, but not yet paid.

## Appendix 4 – Joint Administrators’ time-costs from 9 July 2023 to 8 January 2024 and a comparison with the fee estimate dated 15 January 2023

### CB Realisations Limited (in Administration)

	Per Fee Estimate			Actual in this report period			Total actual to date		
	Total hours	Total costs (£)	Average rate (£)	Total hours	Total costs (£)	Average rate (£)	Total hours	Total costs (£)	Average rate (£)
Administration & Planning	81.0	38,595	476	75.5	31,989	424	356.1	169,213	475
Creditors	117.0	59,710	510	38.3	11,376	297	371.4	127,434	343
Day 1	-	-	-	-	-	-	70.9	35,477	500
Debtors	7.0	7,510	1,073	2.0	2,300	1,150	24.7	20,912	847
Employees	35.0	24,040	687	6.1	4,320	708	106.4	73,420	690
Immediate Tasks	100.0	-	-	-	-	-	32.4	24,947	770
Investigation & CDDA	107.0	69,585	650	17.0	14,705	865	93.3	66,688	715
Job Acceptance & Strategy	7.0	7,510	1,073	-	-	-	2.8	1,848	660
Legal Issues	51.0	47,880	939	7.5	9,185	1,225	27.5	29,125	1,059
Other Assets	120.0	85,575	713	35.5	40,380	1,137	215.1	193,266	898
Other Matters	63.0	37,600	597	19.5	17,055	875	179.4	147,717	823
Property	165.0	-	-	40.2	25,767	641	325.8	192,658	591
Reporting	133.0	103,440	778	84.8	50,883	600	165.3	117,968	714
Retention of Title	117.0	68,635	587	-	-	-	47.8	26,908	563
Statutory Duties	120.0	79,625	664	57.6	34,741	603	235.1	128,937	548
VAT & Taxation	78.0	47,665	611	56.2	29,162	519	97.2	51,320	528
<b>Total</b>	<b>1,301.0</b>	<b>828,515</b>	<b>637</b>	<b>440.2</b>	<b>271,862</b>	<b>618</b>	<b>2,351.2</b>	<b>1,407,836</b>	<b>599</b>

Note: Time is charged in 6-minute intervals

## Summary of Work

The 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.
- **Creditors** – Dealing with creditor claims, correspondence with creditors (c.2,000 suppliers), answering specific creditor queries, and processing of credit insurance claims.
- **Employee matters** – Writing to employees regarding TUPE related matters and dealing with ad-hoc employee enquiries.
- **Immediate tasks** – relates to carrying out immediate tasks on appointment and duties such as speaking with the directors of the Company, 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, and preparation and submission of return to the Directors' Conduct Reporting Service.
- **Legal matters** – managing legal matters in respect of the sale of the business and assets, facilitating the novation of customers and suppliers and assignment of property leases (as applicable) to Banner in accordance with the sale agreement, and other ad-hoc matters.
- **Other Assets** – principally relates to realising value from assets not recorded in the management accounts of the Company such as rates refunds and deposits.
- **Other Matters** – relates to time spent corresponding with the appointed insurance broker, dealing with any assets owned by third parties and other general enquiries.
- **Property** – time spent managing the License to Occupy arrangements, including liaising with landlords, and supporting with the assignment of leases (as applicable) and facilitating an orderly exit from those sites not required by Banner.

- **Reporting** – includes statutory and other reporting to all classes of creditors. Reports include the Joint Administrators Proposals to creditors, the filings of documents at Companies House and regular reporting to the secured creditors.
- **Retention of Title** – liaising with Banner in respect of retention of title claims received from 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 business and certain assets of the Company.
- **VAT and taxation** - investigating the VAT and corporation tax positions of the Company and submitting returns as required.