

TO ALL KNOWN CREDITORS

30 November 2021

Ref: GCS/GLL/DH/JB/JL/20-25  
Direct line: 0121 535 2456

Jack Lavery  
jack.lavery@uk.ey.com

Dear Sirs

**GLL Realisations Limited (formerly Greenray Turbines (Lincoln) Limited) ('GLL')**  
**GCS Realisations Limited (formerly Greenray Control Solutions Limited) ('GCS')**  
**(Both in Administration) (together 'the Companies')**

I write to provide you with our final progress report in the Administrations, which includes details of the outcome. The report covers the period from 8 June 2021 to 30 November 2021 ('the Period') and should be read in conjunction with the Joint Administrators' Proposals ('the Proposals') dated 15 June 2018 and our previous progress reports dated 8 January 2019, 4 July 2019, 7 January 2020, 16 December 2020 and 2 July 2021.

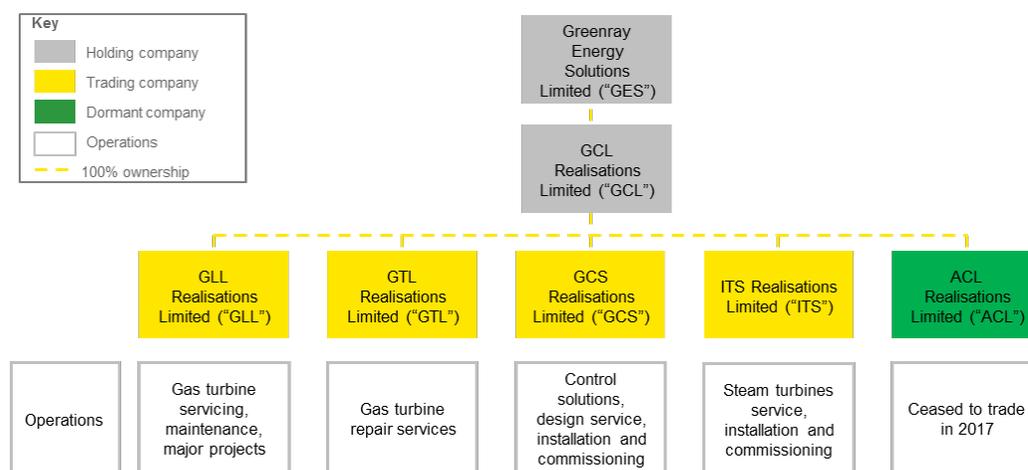
Statutory information about the Companies, the Administrations and the office holders is given at Appendix 1.

## **Summary of the Proposals**

### **Background and circumstances giving rise to the appointment of the administrators**

Prior to our appointment, the Companies were part of a wider group of companies (together 'the Group') which provided servicing, maintenance and spare components for gas and steam turbines. The Group had the exclusive right to service and maintain a historic fleet of gas turbine packages now under the ownership of Siemens Industrial Turbomachinery Limited ('Siemens') and provided maintenance services to oil companies globally, most recently concentrated in India, the Middle East, the Far East and the UK.

The various companies provided different services to the Group's customers. GLL provided gas turbine servicing and maintenance on major projects and GCS provided control solutions and design service, installation, and commissioning. The Group structure as at the date of Administration was as follows:



Although the Group had historically been profitable, trading was adversely impacted by several factors, including:

- ▶ Fixed price project work leading to contract losses on a small number of larger projects;
- ▶ Working capital issues from projects undertaken in certain jurisdictions where the Group had difficulty securing payment for work carried out;
- ▶ General sector trading pressures following a fall in oil price; and
- ▶ Changes within the senior management team.

Both revenues and profitability declined during the year ending 30 September 2017. The management accounts for the six months to 31 March 2018 reported an EBITDA loss of (£0.5m) at Group level.

In March 2018, the Group identified an additional funding requirement and approached its main lender, HSBC Bank plc ('HSBC' or 'the Bank'), requesting additional facilities. At this time, the Bank had provided an overdraft, term loan and bonding facilities to the Group of c£9.6m (including contingent bonding liabilities), secured by fixed and floating charges across the Group.

Following the funding request, Ernst & Young LLP ('EY') were introduced to the Group by the Bank on 7 March 2018. EY were engaged by the Group and the Bank on 8 March 2018 to review the Group's short term cash flow forecast. On 20 March 2018, EY were further instructed to provide an options analysis for the Group and the Bank and, on 17 April 2018, EY were engaged to perform short term cash flow monitoring. Subsequently, on 20 April 2018, the Group instructed EY to prepare the Group for an Accelerated Merger and Acquisition ('AMA') process and to continue to monitor the short term cash flow position.

During this period, the Group explored a potential equity injection from a key creditor and a former majority shareholder. The Group had also recently appointed an interim Chief Restructuring Officer ('CRO') to assist Management with the challenges the Group was facing.

A revised business plan was prepared which identified a higher funding requirement than expected. As a result, by 26 April 2018, the key creditor and majority shareholder had both withdrawn their interest in acquiring the business on a solvent basis.

Following this, and faced with a lack of alternative options, the Group's board decided to launch an AMA process and instructed EY to run this process on 27 April 2018.

Following the instruction by the Group to commence the AMA process, the Group was widely marketed to potential purchasers identified by EY's Mergers and Acquisitions ('M&A') team, known distressed investors and trade parties identified by Management.

The AMA process resulted in two interested parties, one of whom was a company now called Greenray Turbine Solutions Limited ('the Purchaser'), submitting initial offers, on a pre-pack administration basis on 10 May 2018. They were asked by the Group to perform further due diligence to finalise their offers and both parties met with Group management, the interim CRO and Siemens during the week commencing 14 May 2018.

Given the significant short term funding requirement it was deemed that the Group was, or would shortly be, insolvent as it would be unable to pay its debts as and when they fell due and that the best outcome for creditors would be to effect a pre-pack sale of the Group's business and assets immediately to the Purchaser following the appointment of administrators.

On 8 June 2018, the Companies entered Administration and D C Hurd and C P Dempster were appointed to act as Joint Administrators. The sale of the Companies' business and assets to the Purchaser was affected immediately following the appointments.

### **Purpose of the Administration**

The purpose of an administration is to achieve one of three objectives:

- a. To rescue the company as a going concern
- b. To achieve a better result for the company's creditors as a whole than would be likely if the company were wound up (without first being in administration)
- c. To realise property in order to make a distribution to one or more secured or preferential creditors

Insolvency legislation provides that objective (a) should be pursued unless it is not reasonably practicable to do so or if objective (b) would achieve a better result for the company's creditors as a whole. Objective (c) may only be pursued if it is not reasonably practicable to achieve either objective (a) or (b) and can be pursued without unnecessarily harming the interests of the creditors of the company as a whole.

Objective (a) was not considered to be achievable given the level of debt and liabilities in the Group, which was the principal reason why a solvent sale of the Group prior to Administration was unsuccessful. The objective pursued in respect of the Companies was therefore objective (b).

The pre-pack sale of the Companies' business and assets enabled objective (b) to be achieved as it resulted in an increased amount available for distribution to both secured and unsecured creditors than if the Companies were wound up without first being in administration. The outcome achieved through the pre-pack sale was the best available outcome for creditors as a whole in the circumstances.

## Summary of steps taken during the administration

### *Pre-packaged sale of the business and assets*

On 8 June 2018, immediately following their appointment, the Joint Administrators completed a sale of the Group's business and assets to Greenray Turbine Solutions Limited ('the Purchaser') for a total consideration of £3.2m, via a pre-pack transaction. The Purchaser's offer was deemed to give the best outcome for the Group's creditors and was therefore accepted. No significant assets were excluded from the sale agreement.

The table below summarises the consideration achieved for the Group's assets. Please refer to the Proposals for a detailed breakdown of consideration per company.

Description of asset	Book value* (£)	Valuation (£) and basis of valuation	Sale consideration (£)
Business and Intellectual Property	Nil	N/A	<b>200,000</b>
Assignment of the Contracts	Nil	N/A	<b>7</b>
Customer List	Nil	N/A	<b>7</b>
Debtors**	3,097,585	N/A	<b>1,245,003</b>
Equipment	356,656	N/A	<b>24,968</b>
Goodwill	11,845,101	N/A	<b>1,000,000</b>
IT	274,803	N/A	<b>20,006</b>
Premises	Nil	N/A	<b>2</b>
Stock***	2,399,925	N/A	<b>600,005</b>
Vehicles	Nil	N/A	<b>5,000</b>
WIP / Other	758,855	N/A	<b>105,002</b>
<b>Total</b>	<b>18,732,925</b>	<b>N/A</b>	<b>3,200,000</b>

\* Asset book value balances shown are as per the management accounts as at 30 April 2018, unless specified otherwise

\*\* Debtor book value is shown as per management information as at 1 June 2018

\*\*\* Stock book value is shown as per management information as at 11 May 2018

The apportionment of the sale consideration for each category of asset by legal entity was as follows:

£	GCL	GES	GTL	GLL	ITS	GCS	ACL	Total
Business and Intellectual Property	25,000	80,000	-	80,000	15,000	-	-	<b>200,000</b>
Assignment of the Contracts	1	1	1	1	1	1	1	<b>7</b>
Customer List	1	1	1	1	1	1	1	<b>7</b>
Debtors	1	1	10,000	1,175,000	40,000	1	20,000	<b>1,245,003</b>
Equipment	24,962	1	1	1	1	1	1	<b>24,968</b>
Goodwill	-	10,000	80,000	840,000	70,000	-	-	<b>1,000,000</b>
IT	20,000	1	1	1	1	1	1	<b>20,006</b>
Premises	-	1	-	1	-	-	-	<b>2</b>
Stock	1	1	1	540,000	60,000	1	1	<b>600,005</b>
Vehicles	5,000	-	-	-	-	-	-	<b>5,000</b>
WIP	1	30,000	10,000	25,000	10,000	30,000	1	<b>105,002</b>
<b>Total</b>	<b>74,967</b>	<b>120,007</b>	<b>100,005</b>	<b>2,660,005</b>	<b>195,004</b>	<b>30,006</b>	<b>20,006</b>	<b>3,200,000</b>

### ***Other floating charge asset realisations***

The Companies received intercompany dividends by virtue of payments under the Prescribed Part totalling £3,927 during the Administrations. The amounts are reflected in the Joint Administrators' receipts and payments accounts at Appendix 2 and can be summarised as follows.

<b>Company</b>	<b>Dividends received (£)</b>
GCS	1,049
GLL	2,878
<b>Total</b>	<b>3,927</b>

The Companies also received contributions from HSBC totalling £67,045. The contributions from HSBC were made from distributions from another Group company to meet the ongoing costs of the Administrations. The amounts are reflected in the Joint Administrators' receipts and payments accounts at Appendix 2 and can be summarised as follows.

<b>Company</b>	<b>HSBC Contribution (£)</b>
GCS	48,113
GLL	18,932
<b>Total</b>	<b>67,045</b>

In the Administration of GLL, other realisations include a refund of bank interest incorrectly charged on accounts prior to our appointment of £20,690, a pre-appointment VAT refund of £2,054, a refund of £246 relating to pre-appointment vehicle leasing, and cash on appointment of £2,374.

In the Administration of GCS, other realisations include a refund of £105 relating to pre-appointment business rates.

The Companies also received bank interest of £3,069 during the Administrations. These amounts are also reflected in the Joint Administrators' receipts and payments accounts at Appendix 2 and can be summarised as follows.

### ***Other matters - properties***

GLL operated from two leasehold premises in Aberdeen and Leicester (two sites). As part of the pre-pack transaction, a licence to occupy for each of the premises was entered into with the Purchaser, with a monthly licence fee payable to the Joint Administrators equivalent to the monthly rent.

The Purchaser vacated both of the Leicester premises in August 2018, and in October 2018, a renunciation was entered into in respect of the Aberdeen lease. As previously reported, all leasehold property matters have now been resolved and the Joint Administrators have no further interest in the premises.

### ***Other matters – performance bonds***

At the outset of the administrations a total of eight performance bonds were in place between HSBC and the Companies. These bonds were principally with overseas customers in respect of the performance of ongoing projects which were taken on by the Purchaser of the Group's business and assets as part of the sale of business.

At the end of the Administrations, only one performance bond remains in place in GCS. The bond has a value of c.£201k and represents a contingent liability for HSBC which can be called upon if the project which it relates to is not fully performed.

### **Summary of steps taken during the Period**

Since our previous progress report dated 2 July 2021, the Joint Administrators have completed tasks relating to the closure of the Administrations of the Companies, including preparing final Corporation Tax and VAT returns and requesting tax clearance from HMRC, settling outstanding costs relating to the Administrations and ensuring that all other matters relating to the Administrations have been dealt with.

### **Distributions to creditors**

#### ***Secured creditor***

HSBC, the Group's principal secured lender, had total indebtedness of c.£8.4m, (excluding contingent bonding liabilities) as at the date of appointment, secured by fixed and floating charges across the Group.

Distributions totalling £2.1m have been made to HSBC by the Companies, and £456k by other Group companies to date. Consequently, HSBC has suffered a significant shortfall against their debt outstanding at the date of appointment.

#### ***Preferential creditors***

All of the Companies' employees were transferred to the Purchaser on the date of the Administrators' appointment in accordance with TUPE. No preferential claims have been received in any of the Group entities and none are expected.

#### ***Unsecured creditors***

There were insufficient funds to enable a distribution to the unsecured creditors, other than in respect of the Prescribed Part distribution in GLL.

The Prescribed Part is a proportion of floating charge assets set aside for unsecured creditors pursuant to section 176A of the Act. The Prescribed Part applies to floating charges created on or after 15 September 2003. As HSBC's charges were created after 15 September 2003, section 176A of the Act applies to the Administrations.

The Joint Administrators declared a Prescribed Part distribution of £292k (after the costs of agreeing unsecured claims and distributing the Prescribed Part of £26k) to the unsecured creditors of GLL on 12 July 2019. The Prescribed Part distribution represented 3.25p in the £ distributed to the unsecured creditors.

### **Notice of no further dividend**

In accordance with Rule 14.37(2) of the Insolvency (England and Wales) Rules 2016, I give notice that we are unable to declare any further dividend to preferential or non-preferential creditors because the funds realised have already been distributed or used or allocated for paying the expenses of the Administrations.

### **Receipts and payments account**

Summaries of our receipts and payments for the period from 8 June 2021 to 30 November 2021 are attached at Appendix 2.

### **Investigations**

During the period, there were no investigations or actions which need to be subsequently dealt with. There has been no funding provided by any third parties.

### **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.

The Joint Administrators remuneration was approved by HSBC on a time-cost basis, to be paid at rates agreed between the Joint Administrators and HSBC.

During the Period, we incurred time costs of £110,613, bringing total time costs to £498,435 in respect of the Companies.

In the Administration of GLL, we incurred time costs of £339,665. Of this sum, £196,395 has been invoiced of which £177,232 has been paid (including £26,000 relating to costs associated with the dealing with the Prescribed Part), with the remaining amount pending a VAT refund from HMRC. In order

to facilitate the Joint Administrators vacating office, HMRC will allow for the VAT refund to be assigned to a third party. The Joint Administrators have assigned the VAT refund to Ernst & Young LLP.

In the Administration of GCS, we incurred time costs of £158,770. Of this sum, £52,292 has been invoiced of which £48,702 has been paid, with the remaining amount pending a VAT refund from HMRC. In order to facilitate the Joint Administrators vacating office, HMRC will allow for the VAT refund to be assigned to a third party. The Joint Administrators have assigned the VAT refund to Ernst & Young LLP.

An analysis of the time spent, and a comparison with the most recent fee estimate dated 19 May 2020 is attached as Appendix 4 to this report. We do not expect our remuneration to exceed the amount provided for in the fee estimates at an individual company level for both GLL and GCS.

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

During the period covered by this report, the Administrators have incurred expenses totalling £28,955 plus VAT. There is a breakdown of expenses incurred in the period and to date at Appendix 3 to this report.

### **Pre-administration costs**

As stated in our previous report, the Joint Administrators' unpaid pre-appointment costs were approved by the secured creditor and have been settled in full.

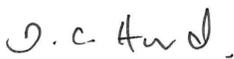
### **The outcome of the Administrations**

The purpose of the Administrations has been sufficiently achieved.

In accordance with the terms of the Proposals, as there are no further assets to be realised or distributions to be made, the Companies will move from Administration to dissolution. The Administration will come to an end on the date on which the notice is registered by Companies House and the Companies will be deemed to be dissolved three months later.

Should you have any remaining questions about the Administrations, please do not hesitate to contact Andy Pelenski, on 0121 535 2993.

Yours faithfully



D C Hurd  
Former Joint Administrator

Enc: Copy of Form: AM23  
Appendix 1 – Statutory and company information  
Appendix 2 – Joint Administrators' receipts and payments account  
Appendix 3 – Summary of Joint Administrators' expenses incurred  
Appendix 4 – Summary of Joint Administrators' time costs

D C Hurd is licensed in the United Kingdom to act as an insolvency practitioner by The Institute of Chartered Accountants in England and Wales. C P Dempster is licensed in the United Kingdom to act as an insolvency practitioner by The Institute of Chartered Accountants of Scotland.

The affairs, business and property of the Companies are being managed by the Joint Administrators, D C Hurd and C P Dempster, who act as agents of the Companies 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 Companies 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. Further details are included on the Data Privacy Notice which 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
Court reference:	8162 of 2018
Registered name of the company:	GCS Realisations Limited
Registered office address of the company:	c/o Ernst & Young LLP, One Colmore Square, Birmingham, B4 6HQ
Registered number:	09409790
Country of incorporation (for a company incorporated outside the United Kingdom):	N/A
Date of appointment of the joint administrators:	8 June 2018
Details of any changes of administrator:	None
Full names of the administrators:	Daniel Christopher Hurd and Colin Peter Dempster
Office holder number(s):	20030 and 8908
Administrators' address(es):	Ernst & Young LLP, One Colmore Square, Birmingham, B4 6HQ Ernst & Young LLP, 144 Morrison Street, Edinburgh, EH3 8EX
Telephone number:	0121 535 2993
Name of alternative person to contact with enquiries about the case:	Andy Pelenski

**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
Court reference:	8159 of 2018
Registered name of the company:	GLL Realisations Limited
Registered office address of the company:	c/o Ernst & Young LLP, One Colmore Square, Birmingham, B4 6HQ
Registered number:	03697101
Country of incorporation (for a company incorporated outside the United Kingdom):	N/A
Date of appointment of the joint administrators:	8 June 2018
Details of any changes of administrator:	None
Full names of the administrators:	Daniel Christopher Hurd and Colin Peter Dempster
Office holder number(s):	20030 and 8908
Administrators' address(es):	Ernst & Young LLP. One Colmore Square, Birmingham, B4 6HQ Ernst & Young LLP, 144 Morrison Street, Edinburgh, EH3 8EX
Telephone number:	0121 535 2993
Name of alternative person to contact with enquiries about the case:	Andy Pelenski

## Appendix 2

### Joint Administrators' Summary of Receipts and Payments from 8 June 2018 to 30 November 2021

GCS Realisations Limited - In Administration  
Receipts and Payments account as at 30 November 2021

Realisable value as per Statement of Affairs	Fixed charge		Floating charge		Total
	8 June 2018 to 7 June 2021	8 June 2018 to 7 June 2021	8 June 2021 to 30 November 2021	8 June 2021 to 30 November 2021	
£	£	£	£	£	£
<b>Receipts</b>					
Prepayments and other debts	26,965	-	105	-	105
Stock	-	-	1	-	1
Equipment	-	-	1	-	1
Debtors not subject to fixed charge	482,513	-	1,050	-	1,050
Contracts	-	-	1	-	1
Sundry income	-	-	4	-	4
HSBC contribution	-	-	28,000	-	28,000
Customer list	-	-	1	-	1
Information technology	-	-	1	-	1
WIP	250,892	-	30,000	-	30,000
Bank interest	-	-	131	1	132
	<u>760,370</u>		<u>59,294</u>	<u>20,114</u>	<u>79,408</u>
<b>Payments</b>					
Insurance	-	(16)	-	-	(16)
Joint Administrators Fees	-	-	-	(48,702)	(48,702)
VAT assigned to Ernst & Young LLP	-	(700)	-	(2,890)	(3,590)
Bank charges	-	(35)	-	(1)	(36)
Corporation Tax	-	(16)	-	(2)	(18)
Distribution to secured creditor	-	-	-	(802)	(802)
Storage Charges	-	-	-	(90)	(90)
Legal Fees	-	(11,702)	-	(14,413)	(26,114)
		<u>(12,469)</u>		<u>(66,900)</u>	<u>(79,368)</u>
<b>Net receipts and payments</b>		<b>46,826</b>		<b>(46,786)</b>	<b>40</b>

Represented by:  
Cash at Bank

40  
40

### Notes

- Receipts and payments are stated net of VAT.
- HSBC have contributed £48k to the company from another Group company to meet the ongoing costs of the administration.
- "VAT assigned to EY" – During the period covered by this report, we have incurred time costs of £52,942 bringing total time costs to £158,770. Of this sum, £52,292 has been invoiced, of which £48,702 has been paid, with the remaining amount pending a VAT refund from HMRC. In order to facilitate the Joint Administrators vacating office, HMRC allow for the VAT refund to be assigned to a third party; the Joint Administrators have assigned the VAT refund to Ernst & Young LLP.
- The balance retained is to account for bank charges expected to be incurred but not yet paid.

GLL Realisations Limited- In Administration  
Receipts and Payments account as at 30 November 2021

	Realisable value as per Statement of Affairs	Fixed charge		Floating charge		Fixed charge		Floating charge		Total
		8 June 2018 to 7 June 2021	8 June 2018 to 7 June 2021	8 June 2018 to 30 November 2021						
<b>Receipts</b>	£	£	£	£	£	£	£	£	£	£
Goodwill	-	840,000	-	-	-	-	-	-	-	840,000
Business and intellectual property	-	80,000	-	-	-	-	-	-	-	80,000
Property	-	-	1	-	-	-	-	-	-	1
Receipt relating to newco	-	-	3,162	-	-	-	(3,162)	-	-	-
VAT refund (pre-appointment)	-	-	2,054	-	-	-	-	-	-	2,054
Stock	2,187,000	-	540,000	-	-	-	-	-	-	540,000
Equipment	-	-	1	-	-	-	-	-	-	1
Debtors not subject to fixed charge	2,003,389	-	1,177,878	-	-	-	-	-	-	1,177,878
Contracts	-	-	1	-	-	-	-	-	-	1
Sundry Income	-	-	2,620	-	-	-	-	-	-	2,620
HSBC contribution	-	-	15,000	-	-	-	3,932	-	-	18,932
Customer list	-	-	1	-	-	-	-	-	-	1
Information technology	-	-	1	-	-	-	-	-	-	1
WIP	261,420	-	25,000	-	-	-	-	-	-	25,000
Licence fee	-	-	14,394	-	-	-	-	-	-	14,394
Bank interest	-	-	23,488	-	-	-	139	-	-	23,627
	4,451,809	920,000	1,803,600	-	-	-	909	-	-	2,724,509
<b>Payments</b>										
Rent	-	-	(14,394)	-	-	-	-	-	-	(14,394)
Agents Fees	-	-	(1,500)	-	-	-	-	-	-	(1,500)
Insurance	-	-	(1,039)	-	-	-	-	-	-	(1,039)
Statutory costs	-	-	(254)	-	-	-	-	-	-	(254)
Bank charges	-	-	(127)	-	-	-	(1)	-	-	(128)
Corporation Tax	-	-	(1,788)	-	-	-	(25)	-	-	(1,812)
Distribution to secured creditor	-	(859,643)	(1,240,357)	-	-	-	(1,130)	-	-	(2,101,130)
Distribution to unsecured creditors	-	-	(291,762)	-	-	-	-	-	-	(291,762)
Joint Administrators Fees	-	(20,000)	(146,395)	(6,881)	-	(3,957)	-	-	-	(177,232)
VAT assigned to Ernst & Young LLP	-	-	(16,273)	-	-	(2,890)	-	-	-	(19,163)
Storage Charges	-	-	-	-	-	-	(90)	-	-	(90)
Legal Fees	-	(33,476)	(68,107)	-	-	-	(14,363)	-	-	(115,945)
		(913,119)	(1,781,995)	(6,881)	-	(22,455)	-	-	-	(2,724,449)
<b>Balance in hand</b>		<b>6,881</b>	<b>21,606</b>	<b>(6,881)</b>		<b>(21,546)</b>				<b>60</b>

Represented by:  
Cash at bank

60  
60

## Notes

- Receipts and payments are stated net of VAT.
- HSBC have contributed £19k to the company from another Group company to meet the ongoing costs of the administration.
- “VAT assigned to EY” – During the period covered by this report, we have incurred time costs of £57,671 bringing total time costs £339,665. Of this sum, £196,395 has been invoiced, of which £177,232 has been paid, with the remaining amount pending a VAT refund from HMRC. In order to facilitate the Joint Administrators vacating office, HMRC allow for the VAT refund to be assigned to a third party. The Joint Administrators have assigned the VAT refund to Ernst & Young LLP.
- The balance retained is to account for bank charges and the insolvency service fee expected to be incurred but not yet paid.

## Appendix 3

### Summary of Joint Administrators' expenses incurred

#### GCS Realisations Limited (In administration)

Type of expense	Per Estimate dated 19.05.2020	Paid as at 07.06.2021	Paid in Period	Total
<b>Payments made from the estate which are not disbursements (see notes 1 and 2 at the end of this table)</b>				
Rent				
Insurance	16	16	-	16
Statutory costs	-	-	-	-
Storage	100	-	90	90
Agents' costs	-	-	-	-
Legal costs	11,652	11,702	14,413	26,114
Bank charges	50	35	1	36
<b>Category 1 disbursements (see Note 2)</b>				
Specific penalty bond	30	30	-	30
Postage and Printing	100	-	-	-
<b>Category 2 disbursements (note 2)</b>				
Mileage	300	-	-	-
<b>Totals</b>	<b>12,248</b>	<b>11,782</b>	<b>14,503</b>	<b>26,286</b>

#### GLL Realisations Limited (In administration)

Type of Expense	Per Estimate dated 19.05.2020	Paid as at 07.06.2021	Paid in Period	Total
<b>Payments made from the estate which are not disbursements (see notes 1 and 2 at the end of this table)</b>				
Rent	14,394	14,394	-	14,394
Insurance	1,039	1,039	-	1,039
Statutory costs	281	254	-	254
Storage	100	-	90	90
Agents' costs	1,500	1,500	-	1,500
Legal costs	101,533	101,583	14,363	115,945
Bank charges	146	127	1	128
<b>Category 1 disbursements (see Note 2)</b>				
Specific penalty bond	320	320	-	320
Travel costs (excl. mileage)	34	34	-	34
Postage and Printing	347	197	-	197
<b>Category 2 disbursements (note 2)</b>				
Mileage	226	226	-	226
<b>Totals</b>	<b>119,919</b>	<b>119,673</b>	<b>14,453</b>	<b>134,126</b>

## 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 Expenses also include disbursements. Disbursements are payments which are first met by the office holder and then reimbursed to the office holder from the estate. Disbursements fall into either Category 1 or Category 2
- 4 Legal costs have exceeded our estimate dated 19 May 2020 due to fees associated with the extension of the Administrations to 7 December 2021. This includes external Counsel costs in respect of the Court hearings on 7 June 2021.

## Appendix 4

### Joint Administrators' time costs for the period from 8 June 2018 to 30 November 2021 and a comparison with the fee estimate dated 19 May 2020

#### GCS Realisations Limited (In Administration)

Activity	Actual to 30 November 2021 42 months			Actual 8 June 2021 to End of Administration 6 months			Fee estimate		
	Total hours	Total time cost	Average hourly rate	Total hours	Total time cost	Average hourly rate	Total hours	Total time cost	Average hourly rate
		(£)	(£)		(£)	(£)		(£)	
Accounting and administration	104	35,771	344	25	11,184	455	73	21,316	291
Bank and statutory reporting	95	40,044	424	20	10,951	553	54	20,416	377
Creditors	9	2,519	293	1	128	255	15	4,601	315
Debtors	1	155	310	-	-	-	1	155	310
Employee matters	5	1,585	345	-	-	-	5	1,585	345
Immediate tasks	11	3,093	279	-	-	-	11	3,093	279
Investigations	11	4,091	365	-	-	-	11	4,091	365
Job acceptance & strategy	0	172	430	-	-	-	0	172	430
Legal issues	0	63	625	-	-	-	3	1,883	562
Other assets	11	5,064	460	2	1,090	545	4	1,252	329
Other matters	4	2,223	556	4	1,908	545	0	43	430
Property	0	62	310	-	-	-	0	62	310
Statutory duties	95	41,014	433	53	20,736	390	29	15,117	517
VAT & taxation	58	22,918	392	18	6,948	393	47	18,421	395
	-	-	-	-	-	-	-	-	-
<b>Total Hours</b>	<b>403</b>	<b>158,770</b>	<b>394</b>	<b>121</b>	<b>52,942</b>	<b>437</b>	<b>253</b>	<b>92,206</b>	<b>364</b>

#### GLL Realisations Limited (In Administration)

Activity	Actual to 30 November 2021 42 months			Actual 8 June 2021 to End of Administration 6 months			Fee estimate		
	Total hours	Total time cost	Average hourly rate	Total hours	Total time cost	Average hourly rate	Total hours	Total time cost	Average hourly rate
		(£)	(£)		(£)	(£)		(£)	
Accounting and administration	242	80,476	333	27	12,330	460	202	61,653	305
Bank and statutory reporting	167	72,228	432	22	12,965	581	119	47,651	401
Creditors	85	29,846	349	1	158	315	91	31,899	349
Debtors	10	4,037	408	-	-	-	10	4,037	408
Employee matters	5	1,660	353	-	-	-	5	1,660	353
Immediate tasks	25	7,386	293	-	-	-	25	7,386	293
Investigations	13	4,911	387	-	-	-	13	4,911	387
Job acceptance & strategy	1	301	430	-	-	-	1	301	430
Legal issues	1	336	560	-	-	-	4	2,156	560
Other assets	27	10,753	394	2	1,040	520	22	8,247	377
Other matters	14	6,720	491	4	2,080	520	10	4,640	478
Prescribed Part matters	102	28,225	278	-	-	-	102	28,225	278
Property	23	8,292	362	-	-	-	23	8,292	362
Retention of title	6	2,357	399	-	-	-	6	2,357	399
Statutory duties	120	52,917	440	54	21,725	402	52	25,507	486
Trading	5	900	180	-	-	-	5	900	180
VAT & taxation	78	28,321	363	21	7,374	345	66	24,532	375
	-	-	-	-	-	-	-	-	-
<b>Total Hours</b>	<b>923</b>	<b>339,665</b>	<b>368</b>	<b>132</b>	<b>57,671</b>	<b>438</b>	<b>755</b>	<b>264,351</b>	<b>350</b>

<b>Category of work</b>	<b>Description of work to be completed</b>
Accounting & Administration	<ul style="list-style-type: none"> <li>▶ <i>Work undertaken in this category is required in order to progress the administrations and does not necessarily result in a direct financial benefit to creditors. However, the majority of tasks in this category are statutory requirements.</i></li> <li>▶ Overall management of the case, treasury and accounting functions, statutory compliance diaries and time cost reporting.</li> </ul>
Bank and Statutory Reporting	<ul style="list-style-type: none"> <li>▶ <i>Work undertaken in this category does not result in a direct financial benefit to creditors, however reporting to the Companies' creditors is done so to provide ongoing updates on the administrations. Six-monthly progress reports and the final report to all creditors is a statutory requirement.</i></li> <li>▶ Regular reporting to the Companies' secured creditor.</li> <li>▶ Preparing the Joint Administrators' Statement of Proposals, six monthly progress reports and final report.</li> </ul>
Creditors	<ul style="list-style-type: none"> <li>▶ <i>Work undertaken in this category has resulted in a financial benefit to the creditors of GLL, as a Prescribed Part distribution has been made to the unsecured creditors of c.£292k to the unsecured creditors and distributions to the secured creditor totaling £2.1m have also been made. Work undertaken may also result in a direct financial benefit to the creditors of GCS should a distribution to creditors be made.</i></li> <li>▶ Receipt and recording of creditor claims.</li> <li>▶ Correspondence with creditors.</li> <li>▶ Processing distributions to the secured creditor.</li> </ul>
Debtors	<ul style="list-style-type: none"> <li>▶ <i>Work undertaken in this category has not resulted in a direct financial benefit to creditors.</i></li> <li>▶ Remitting book debt collections to the Purchaser.</li> </ul>
Employee Matters	<ul style="list-style-type: none"> <li>▶ <i>Work undertaken in this category has not resulted in a direct financial benefit to creditors. However dealing with TUPE related matters in an administration is a statutory requirement.</i></li> <li>▶ Writing to employees regarding TUPE related matters.</li> <li>▶ Dealing with any employee enquiries.</li> </ul>
Immediate Tasks	<ul style="list-style-type: none"> <li>▶ <i>Work undertaken in this category is a statutory requirement and did not necessarily result in a direct financial benefit to creditors.</i></li> <li>▶ Completion of work streams requiring immediate attention following the appointments, in order to execute the strategy outlined in the Proposals.</li> </ul>
Investigations	<ul style="list-style-type: none"> <li>▶ <i>Work undertaken in this category is a statutory requirement and did not result in a direct financial benefit to creditors.</i></li> <li>▶ Investigations into the Companies affairs in accordance with Statement of Insolvency Practice 2 "Investigations by Office Holders".</li> <li>▶ The Joint Administrators' reports on the conduct of the directors under the Company Directors Disqualification Act 1986.</li> </ul>
Job Acceptance & Strategy	<ul style="list-style-type: none"> <li>▶ <i>Work undertaken in this category was required to ensure appropriate planning and considerations were completed to enable the Joint Administrators to minimise the disruption to the Companies upon entering administration. As a result, there is an indirect financial benefit to creditors in completing this work.</i></li> <li>▶ Matters relating to the appointments and initial planning of the administration strategy, including meetings with the Companies' directors and management and formulating and executing the strategy adopted.</li> <li>▶ Considering exit routes from administration and implementing the most appropriate route.</li> </ul>
Legal Issues	<ul style="list-style-type: none"> <li>▶ <i>Work undertaken in this category will not necessarily result in a direct financial benefit to creditors but is required to ensure the Joint Administrators have considered the legal implications on a number of matters during the administrations.</i></li> </ul>

	<ul style="list-style-type: none"> <li>▶ Dealing with any ad hoc legal issues.</li> </ul>
Other Assets	<ul style="list-style-type: none"> <li>▶ <i>Work undertaken in this category did not result in a financial benefit to creditors as there was no value in the Companies' residual assets.</i></li> <li>▶ Realising value from the Companies' residual assets.</li> <li>▶ Assessing, quantifying and seeking to realise value from assets not recorded in the management accounts of the Companies at the date of appointment.</li> </ul>
Other Matters	<ul style="list-style-type: none"> <li>▶ <i>Work undertaken in this category by completing a sale of the business and/or assets of the Companies has resulted in a direct financial benefit to creditors of c.£2.7m for GLL and c.£30k for GCS.</i></li> <li>▶ Sale of the business and/or assets of the Companies to interested parties in pursuance of the Administrators' objectives.</li> <li>▶ Dealing with any assets owned by third parties.</li> <li>▶ Recovery of the Companies' physical books and records, and electronic records (including a back-up of Companies' servers and systems).</li> <li>▶ Liaising with the Purchaser and relevant suppliers in relation to transitional arrangements.</li> </ul>
Prescribed Part	<ul style="list-style-type: none"> <li>▶ <i>Work undertaken in this category has resulted in a financial benefit to creditors as a Prescribed Part distribution of c.£292k has been made to the unsecured creditors of GLL.</i></li> <li>▶ Calculating the Companies' net property and Prescribed Part to be set aside, as appropriate.</li> </ul>
Property	<ul style="list-style-type: none"> <li>▶ <i>Work undertaken in this category has not directly resulted in a financial benefit to creditors, however it allowed the Purchaser to continue to operate from the Companies' premises during the LTO period which was granted to the Purchaser as part of the sale of business and assets of the Companies.</i></li> <li>▶ Dealing with matters relating to the LTO granted to the purchaser, liaising with landlords and facilitating rent payments.</li> </ul>
Retention of Title	<ul style="list-style-type: none"> <li>▶ <i>Work undertaken in this category has not resulted in a direct financial benefit to creditors, however it has benefited certain suppliers who had a retention of title claim, thereby reducing the value of unsecured claims lodged against the Companies.</i></li> <li>▶ Dealing with ROT claims.</li> </ul>
Statutory Duties	<ul style="list-style-type: none"> <li>▶ <i>Work undertaken in this category is a statutory requirement and has not resulted in a direct financial benefit to creditors.</i></li> <li>▶ 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.</li> </ul>
VAT & Taxation	<ul style="list-style-type: none"> <li>▶ <i>Work undertaken in this category is a statutory requirement and has not resulted in a direct financial benefit to creditors.</i></li> <li>▶ Preparing annual corporation tax and quarterly VAT returns, with input from EY VAT and tax specialists.</li> </ul>

Total time costs have exceeded the estimate dated 19 May 2020 due to the following activities exceeding the time cost estimate:

**GCS Realisations Limited (In administration)**

**Accounting and Administration:** Time costs have been exceeded in 'Accounting and Administration' due to time costs associated with the treasury and accounting functions of the case and additional time spent extending the administration.

**Bank and Statutory Reporting:** Time costs have been exceeded in 'Bank and Statutory Reporting' due to the time costs associated with preparing the Joint Administrators progress report to creditors and providing updates to HSBC on the progress of the administration.

**Other Assets:** Time costs have been exceeded in 'Other Assets' due to the time costs associated with monitoring the status of the outstanding performance bonds and extending the expiry date of the bonds.

**Other Matters:** Time costs have been exceeded in 'Other Matters' due to the time costs associated with monitoring the status of the outstanding performance bonds.

**Statutory duties:** Time costs have been exceeded in 'Statutory duties' due to the time costs associated with preparing for the court hearing as part of the extensions of the administration.

**VAT & Taxation:** Time costs have been exceeded in 'VAT & Taxation' due to the time costs associated with preparing the final VAT returns and seeking clearance from HMRC.

**GLL Realisations Limited (In administration)**

**Accounting and Administration:** Time costs have been exceeded in 'Accounting and Administration' due to time costs associated with the treasury and accounting functions of the case and additional time spent extending the administration.

**Bank and Statutory Reporting:** Time costs have been exceeded in 'Bank and Statutory Reporting' due to the time costs associated with preparing the Joint Administrators progress report to creditors and providing updates to HSBC on the progress of the administration.

**Other Assets:** Time costs have been exceeded in 'Other Assets' due to the time costs associated with monitoring the status of the outstanding performance bonds and extending the expiry date of the bonds.

**Other Matters:** Time costs have been exceeded in 'Other Matters' due to the time costs associated with monitoring the status of the outstanding performance bonds.

**Statutory duties:** Time costs have been exceeded in 'Statutory duties' due to the time costs associated with preparing for the court hearing as part of the extensions of the administration.

**VAT & Taxation:** Time costs have been exceeded in 'VAT & Taxation' due to the time costs associated with preparing the final VAT returns and seeking clearance from HMRC.