

TO ALL KNOWN CREDITORS

27 June 2024

Ref: TRS/LW/TP/LJ/D11.1

Laura Jones
gwksadministration@uk.ey.com

Dear Sir / Madam

GWKS Ltd (In Administration) ('the Company')

In the High Court of Justice, Business and Property Courts in Bristol, Insolvency and Companies List (ChD), Companies List, Court Case Number: CR-2023-BRS-000061

I write, in accordance with Rule 18.3 of the Insolvency (England and Wales) Rules 2016 ('the Rules'), to provide creditors with a report on the progress of the Administration. This report covers the period from 13 December 2023 to 12 June 2024 ('the Period') and should be read in conjunction with the Joint Administrators' statement of proposals ('the Proposals') dated 7 August 2023, and our progress report dated 10 January 2024, including the definitions contained therein. Copies of our previous reports can be viewed and downloaded from the Companies House website.

The Company entered Administration on 13 June 2023 and Daniel Christopher Hurd and I, Lucy Winterborne, were 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 of the Insolvency Act 1986.

As licensed Insolvency Practitioners, we are bound by the Insolvency Code of Ethics when carrying out all professional work relating to the Administration. Certain statutory information about the Company, the Administration and the office holders is given at Appendix 1.

1. Summary of progress since our last report

Trade debtors / WIP / Retentions

As creditors will recall, the Joint Administrators appointed Naismiths to conduct a review of the Company's debtor book and assist with the collection of outstanding balances, of which realisations of £2,689 have been achieved. Unfortunately, we have received no outside interest in acquiring the Company's debtor book due to its relatively modest size and value.

Since the commencement of the Administration, a significant number of disputes have been raised by debtors, which has adversely impacted the overall collectability of the ledger. We will arrange to submit a VAT bad debt relief claim to HM Revenue & Customs ('HMRC') in respect of the uncollectable book debts in due course.

VAT refund

At the time of drafting the Proposals, the Joint Administrators had received a VAT refund of £99,954 from HMRC on 22 June 2023, which related to an earlier period. The Company was also due a further refund of £74,067 from HMRC in relation to pre-appointment VAT. It has been confirmed to the Joint Administrators that HMRC has offset this refund against the Company's overdue PAYE debt.

Cash at bank

At the commencement of the Administration, the Joint Administrators secured cash of £776,967 from Barclays Bank PLC, which was transferred into the Administration bank account. A further and final sum of £2,281 was received in the period.

To date, the Company holds £543,347 in the Administration bank account with gross interest of £5,186 earned during the period, and bank charges amounting to £3.

2. Extension of Administration

As there were a number of outstanding issues to be resolved in the Administration, including the recovery of debtors and payment of dividends to preferential creditors, an extension of the Administration was required. We are pleased to advise that the requisite creditors' consent was received, allowing the Administrators to extend the period of the Administration by 12 months to 12 June 2025. The statutory forms have been filed with Companies House and the Court.

No creditors have expressed an interest in forming a creditors' committee.

3. Receipts and payments account

A summary of our receipts and payments for the period from 13 December 2023 to 12 June 2024 is attached at Appendix 2. It does not reflect estimated future realisations or costs.

4. Joint Administrators' statement of expenses incurred

During the period covered by this report, we have incurred and paid expenses totalling £391 plus VAT. There is a breakdown of expenses incurred in this period and to date at Appendix 3 of this report.

5. Joint Administrators' remuneration

The statutory provisions relating to remuneration are set out in Part 18 of the Rules. 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 Rules). Further information is provided in 'A Creditors' Guide to Administrators' Fees' referred to above.

In accordance with our fee estimate dated 7 August 2023, our remuneration of £911,131 plus VAT was fixed on a time-cost basis by a resolution of the creditors on 28 August 2023.

During the period covered by this report, we have incurred time costs of £113,545. Together with time incurred previously of £902,302 this results in total time incurred to 12 June 2024 of £1,015,847. Of this sum, £300,000 has been invoiced and paid to date.

An analysis of the time spent, and a comparison with the fee estimate dated 7 August 2023 is attached at Appendix 4 together with an explanation of the work done in the period at Appendix 5 to this report. A statement of the Administrators' policy in relation to charging time is attached at Appendix 6.

Although our time costs have exceeded the fee estimate dated 7 August 2023, the Joint Administrators will not draw any further fees beyond such estimate.

6. Distributions to creditors

As at the date of this report, no distributions had been made to any class of creditor.

Primary preferential creditors

Claims from employees in respect of accrued but unpaid arrears of pay up to £800, accrued but unpaid holiday pay and certain pension benefits, rank preferentially and in priority to other preferential creditors (see below). These claims are therefore referred to as 'primary preferential creditors'.

The Joint Administrators estimate the amount of primary preferential creditors at the date of the appointment to be c.£70k and are of the opinion that a nominal distribution to the primary preferential creditors may be made in due course.

Secondary preferential creditors

Claims from HMRC, in relation to VAT, PAYE and employees' National Insurance Contributions rank preferentially, but secondary to the employee primary preferential creditors above. These claims are therefore referred to as 'secondary preferential creditors'.

The Joint Administrators estimate the amount of secondary preferential creditors at the date of the appointment to be c.£118k, however, we have yet to receive HMRC's claim. Based on current estimates, the Joint Administrators are of the opinion that there are insufficient realisations to enable a distribution to be made to the secondary preferential creditors.

Non-preferential, unsecured creditors

To date, claims totaling £6,846,194 have been received from the non-preferential, unsecured creditors.

The Joint Administrators are of the opinion that there are insufficient realisations to enable a distribution to be made to the non-preferential, unsecured creditors.

7. Remaining work

The Joint Administrators will continue to deal with the Administration in line with the stated objectives outlined in the Proposals. Future tasks will include, but may not be limited to, the following:

- Submission of a VAT bad debt relief claim in respect of the uncollectable book debts;
- Dealing with creditor queries;

- Dealing with corporation tax and VAT matters, including filling statutory returns;
- Ensuring all statutory reporting and compliance obligations are met;
- Finalising the Administration including payment of all Administration expenses;
- Any other actions required to be undertaken by the Joint Administrators in order to fulfil the purpose of the Administration.

9. Other matters

Corporation tax matters

Our internal tax specialists have been instructed to review the Company's tax position and to prepare the necessary corporation tax returns for the periods affecting the Administration to date. I am pleased to advise that the post-appointment tax filings for 2023 have now been submitted with the tax liability of £59 paid in the period.

Books and records

An amount of £329 has been paid in the period in relation to the storage of the Company's books and records. We will shortly be arranging for the final storage and destruction fees to be billed and paid.

10. Next report

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

In the meantime, if you have queries regarding the content of this report, please do not hesitate to contact us by email at gwksadministration@uk.ey.com.

Yours faithfully
for the Company



Lucy Winterborne
Joint Administrator

Lucy Winterborne is licensed in the United Kingdom to act as an Insolvency Practitioner by The Insolvency Practitioners Association and Daniel Christopher Hurd is licensed in the United Kingdom to act as an Insolvency Practitioner by The Institute of Chartered Accountants in England and Wales. As licenced insolvency practitioners, we are bound by the Insolvency Code of Ethics when carrying out all professional work relating to the Administration.

The affairs, business and property of the Company are being managed by the Joint Administrators, Lucy Winterborne and Daniel Christopher Hurd, 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 Administrators' appointment. The Office Holder Data Privacy Notice can be found at 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:	In the High Court of Justice, Business and Property Courts in Bristol, Insolvency and Companies List (ChD), Companies List
Court reference:	CR-2023-BRS-000061
Registered name of the Company:	GWKS Ltd (In Administration)
Registered office address of the Company:	C/o Ernst & Young LLP, The Paragon, 32 Counterslip, Bristol, BS1 6BX
Company registered number:	05704709
Country of incorporation (for a company incorporated outside the United Kingdom):	N/A
Date of appointment of the Joint Administrators:	13 June 2023
Details of any changes of Administrator:	None
Full names of the Joint Administrators:	Lucy Winterborne and Daniel Christopher Hurd
Office holder numbers:	21130 / 20030
<u>Joint Administrators' addresses:</u>	
Lucy Winterborne Ernst & Young LLP The Paragon, 32 Counterslip, Bristol, BS1 6BX	Daniel Christopher Hurd Ernst & Young LLP No1 Colmore Square, Birmingham, B4 6HQ
Email:	gwksadministration@uk.ey.com
Name of alternative person to contact with enquiries about the case:	Laura Jones

Appendix 2

GWKS Ltd (In Administration) ('the Company')

Joint Administrators' Summary of Receipts and Payments for the period
from 13 December 2023 to 12 June 2024

Estimated to Realise as per Directors' Statement of Affairs	Notes	Cumulative to 12 December 2023	Transactions since 13 December 2023	Cumulative to 12 June 2024
£		£	£	£
776,964	Cash and cash equivalent	776,967	2,281	779,247
100,000	Sale of Subsidiary	100,020	-	100,020
335,000	VAT Refund	99,954	-	99,954
	Bank Interest	7,861	5,186	13,048
168,000	Related entities	167,756	-	167,756
	Book debts	2,689	-	2,689
	Prepayments	7,902	-	7,902
	Sundry Income	1,604	-	1,604
	Plant and machinery / office equipment	387	-	387
1,379,964	Total Receipts	1,165,139	7,467	1,172,606
	Payments			
	Legal fees	11,831	-	11,831
	Agents' fees - debt collection	5,000	-	5,000
	Insurance	967	-	967
	Employee costs	105,961	-	105,961
	Property costs	7,923	-	7,923
	Bank Charges and Interest	1,908	3	1,911
	Statutory costs	103	329	432
	Telecoms and IT	2,947	-	2,947
	Administrators' fees	300,000	-	300,000
	Pre-Administration costs	106,286	-	106,286
	Corporation tax	-	59	59
	Total Payments	542,925	391	543,316
	Net Receipts / (Payments)	622,214	7,076	629,290
	Represented by:			£
	Interest bearing current accounts			543,347
	VAT			86,069
	Employee Saving Control A/c			126
				629,290

Notes

1. Reflects cash on appointment as at 13 June 2023.
2. A VAT refund of £99,954 (relating to an earlier period) was realised on 22 June 2023.
3. Receipts and payments are stated net of VAT.

Appendix 3

GWKS Ltd (In Administration) ('the Company') Summary of Joint Administrators' expenses incurred

Type of Expense	Per Estimate Dated 7 August 2023	Paid to 12 December 2023	Paid in the period	Outstanding	Total
Payments made from the estate which are not disbursements – all Category 1					
(Please refer to notes 1, 2 and 3 at the end of this table for definitions)					
Legal costs	50,000	11,831	-	38,169	50,000
Agents' costs	12,000	5,000	-	7,000	12,000
Insurance	25,000	967	-	24,033	25,000
Employee costs	130,050	105,961	-	24,089	130,050
Property costs	10,000	7,923	-	2,077	10,000
Bank charges and interest	2,500	1,908	3	589	2,500
Statutory costs	6,500	103	329	6,068	6,500
Telecoms and IT	5,000	2,947	-	2,053	5,000
Corporation tax	5,000	-	59	4,941	5,000
Category 1 disbursements (notes 2 and 3)					
Accommodation and subsistence	4,500	-	-	4,500	4,500
Travel costs	2,500	-	-	2,500	2,500
Specific penalty bond	775	-	-	775	775
Postage and printing	3,000	-	-	3,000	3,000
Sundry expenses	1,000	-	-	1,000	1,000
Category 2 disbursements (notes 2 and 3)					
Mileage	1,100	-	-	1,100	1,100
		-	-		
Totals	258,925	136,639	391	121,895	258,925

Notes

- 1 Statement of Insolvency Practice 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.

GWKS Ltd (In Administration) ('the Company')

Joint Administrators' time costs for the period from 13 December 2023 12 June 2024

	Staff Grade						Total Hours	Total Cost £	Average Rate £
	Associate Partner	Director	Assistant Director	Manager	Executive	Analyst			
Administration & Planning	0.7	1.0	0.6	8.6	25.8	7.0	43.7	23,394.00	535.3
Creditors	-	-	-	1.2	-	-	1.2	870.00	725.0
Employees	0.7	-	-	2.1	3.9	-	6.7	4,514.00	673.7
Other Matters	-	-	-	-	1.8	0.5	2.3	1,142.00	496.5
Realisations of Assets	-	3.1	-	0.2	-	-	3.3	3,865.00	1,171.2
Reporting	1.0	0.5	-	7.3	3.0	3.0	14.8	9,797.50	662.0
Statutory Duties	0.5	2.0	-	20.8	-	4.7	28.0	20,491.00	731.8
VAT & Taxation	0.5	2.7	6.0	19.8	32.9	3.6	65.5	49,472.00	755.3
Total Hours	3.4	9.3	6.6	60.0	67.4	18.8	165.5		
Time Costs (£)	4,508.50	11,160.00	7,488.00	48,250.00	35,637.50	6,501.50		113,545.50	
Average Hourly Rate (£)	1,326.0	1,200.0	1,134.5	804.2	528.7	345.8		686.1	

Appendix 4 continued

Joint Administrators' time costs for the period from 13 December 2023 12 June 2024 and a comparison with the fee estimate dated 7 August 2023

	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	337.0	198,246.0	588	43.7	23,394.00	535	304.8	164,329.5	539
Creditors	154.0	91,856.0	596	1.2	870.00	725	190.7	111,282.0	584
Employees	134.8	99,337.0	737	6.7	4,514.00	674	159.8	121,817.0	762
Immediate Tasks	98.5	54,273.5	551	-	-	-	99.4	54,557.0	549
Investigation & CDDA	52.1	29,256.5	562	-	-	-	51.8	31,400.0	606
Job Acceptance & Strategy	16.6	14,083.0	848	-	-	-	21.9	19,103.0	872
Other Matters	128.9	65,603.0	509	2.3	1,142.00	497	128.5	62,761.0	488
Property	8.4	7,464.0	889	-	-	-	13.3	11,809.5	888
Realisations of Assets	212.4	141,239.0	665	3.3	3,865.00	1,171	242.0	162,921.0	673
Reporting	61.7	30,253.0	490	14.8	9,797.50	662	123.3	70,785.5	574
Statutory Duties	221.4	130,864.0	591	28.0	20,491.00	732	142.6	92,378.5	648
Trading	21.8	20,833.0	956	-	-	-	22.5	21,596.0	960
VAT & Taxation	20.9	17,473.0	836	65.5	49,472.00	755	109.4	80,757.5	738
Cashiering	30.0	10,350.0	345	-	-	-	30.0	10,350.0	345
Total	1,498.5	911,131.00	608	165.5	113,545.50	686	1,640.0	1,015,847.50	619

Appendix 5

GWKS Ltd (In Administration) ('the Company')

Joint Administrators' time costs – explanation of the work done for the period from 13 December 2023 to 12 June 2024

Basis of work	Category of work	Description of work to be completed	Work done / in progress / to be performed
Statutory	Accounting & Administration	<ul style="list-style-type: none"> Overall management of the case, statutory compliance diaries and time cost reporting. 	<ul style="list-style-type: none"> In progress
Statutory	Cashiering	<ul style="list-style-type: none"> Treasury and accounting functions. 	<ul style="list-style-type: none"> Work done
Statutory	Creditors	<ul style="list-style-type: none"> Receiving and recording creditor claims. Correspondence with creditors. Processing distributions to preferential and unsecured creditors (as applicable). 	<ul style="list-style-type: none"> In progress In progress Won't be performed
Asset realisation	Customers	<ul style="list-style-type: none"> Liaising with customers. 	<ul style="list-style-type: none"> Work done
Asset realisation	Debtors	<ul style="list-style-type: none"> Realising the book debts of the Company. 	<ul style="list-style-type: none"> Work done
Statutory	Employees	<ul style="list-style-type: none"> Assessing staffing requirements and making redundancies. Making statutory submissions to the relevant government departments. Dealing with employee enquiries. Processing employee claims (if applicable) Administering the Company's payroll, including taxation and other deductions. 	<ul style="list-style-type: none"> Work done In progress Work done Won't be performed Work done
Statutory	Immediate Tasks	<ul style="list-style-type: none"> Completion of work streams requiring immediate attention following the appointment as required by statute. 	<ul style="list-style-type: none"> Work done
Statutory	Investigations & CDDA	<ul style="list-style-type: none"> Investigations into the Company's affairs in accordance with Statement of Insolvency Practice 2 "Investigations by Office Holders". The Joint Administrators' report on the conduct of the directors under the Company Directors Disqualification Act 1986. 	<ul style="list-style-type: none"> Work done Work done
Asset realisation	Job Acceptance & Strategy	<ul style="list-style-type: none"> Matters relating to the appointment and initial planning of the liquidation strategy, including management and formulating and executing the strategy adopted. Considering exit routes from Administration and implementing the most appropriate route. 	<ul style="list-style-type: none"> Work done Work done
Statutory	Legal Issues	<ul style="list-style-type: none"> Dealing with any ad hoc legal issues. 	<ul style="list-style-type: none"> Work done
Statutory	Members	<ul style="list-style-type: none"> Liaising with the Company's shareholders (as required). 	<ul style="list-style-type: none"> Work done
Asset realisations	Other Assets	<ul style="list-style-type: none"> Realising value from the Company's other assets. Assessing, quantifying and seeking to realise value from assets not recorded in the management accounts of the Company at the date of appointment. 	<ul style="list-style-type: none"> Work done Work done
Statutory	Other Matters	<ul style="list-style-type: none"> Dealing with assets owned by third parties. Recovery of the Company's physical books 	<ul style="list-style-type: none"> Work done

		and records, and electronic records (including a back-up of the Company's servers and systems).	<ul style="list-style-type: none"> • Work done
Asset realisation	Property	<ul style="list-style-type: none"> • Reviewing the terms of the Company's leasehold property. • Liaising with the landlord of the Company's former premises. 	<ul style="list-style-type: none"> • Work done • Work done
Statutory	Public relations	<ul style="list-style-type: none"> • Agreeing and issuing statements to the press as required in pursuit of the Administration strategy. 	<ul style="list-style-type: none"> • Work done
Statutory	Reporting	<ul style="list-style-type: none"> • Preparing the Joint Administrators' Statement of Proposals, six monthly progress reports and final report. 	<ul style="list-style-type: none"> • Work done
Asset realisation	Retention of title	<ul style="list-style-type: none"> • Assessment and settlement of claims for retention of title from the Company's suppliers (if applicable). 	<ul style="list-style-type: none"> • Work done
Asset realisation	Sale of business	<ul style="list-style-type: none"> • Sale of the business and/or the assets of the Company's subsidiary. • Liaising with the Purchaser and its advisors and relevant suppliers in relation to transitional arrangements. 	<ul style="list-style-type: none"> • Work done • Work done
Statutory	Statutory Duties	<ul style="list-style-type: none"> • Completion of statutory requirements of the Administration, including notifications to creditors and members, advertising the appointment, and sending to creditors and filing at Companies House. 	<ul style="list-style-type: none"> • In progress
Statutory	Trading	<ul style="list-style-type: none"> • Formulating the strategy to ensure orderly winddown of the various sites. • Working with the site managers to oversee return of assets to leasing companies. • Liaising with the Company's Health & Safety specialist to ensure insurance and security is handed over in live sites. • Liaising with suppliers. 	<ul style="list-style-type: none"> • Work done • Work done • Work done • Work done
Statutory	VAT & Taxation	<ul style="list-style-type: none"> • Preparing corporation tax and VAT returns, with input from EY VAT and tax specialists. • Submitting relevant notifications to HMRC. • Preparing claims for VAT bad debt relief (if applicable). • Assessment of the VAT and tax treatments of transactions and agreements entered into during the Administration. 	<ul style="list-style-type: none"> • In progress • In progress • Not started • In progress

GWKS Ltd (In Administration) ('the Company')

Statement of Administrators' charging policy for remuneration and disbursements pursuant to Statement of Insolvency Practice No.9

Joint Administrators' charging policy for remuneration

The Joint Administrators have engaged managers and other staff to work on the Administration. The work required is delegated to the most appropriate level of staff taking account of the nature of the work and the individual's experience. Additional assistance is provided by accounting and treasury executives dealing with the Company's bank accounts and statutory compliance diaries. Work carried out by all staff is subject to the overall supervision of the Joint Administrators.

All time spent by staff working directly on case-related matters is charged to a time code established specifically for this engagement. Time is recorded in units of six minutes. Each member of staff has a specific hourly rate, which is subject to change over time.

Administrators' charging policy for expenses

Statement of Insolvency Practice No. 9 divides expenses into two categories.

- ▶ Category 1 expenses are defined as specific expenditure relating to the Administration of the insolvent's affairs and referable to payment to an independent third party. Such expenses can be paid from the insolvent's assets without approval from the Creditors' Committee or the general body of creditors. In line with Statement of Insolvency Practice No. 9, it is our policy to disclose Category 1 expenses drawn but not to seek approval for their payment. We are prepared to provide such additional information as may reasonably be required to support the expenses drawn.
- ▶ Category 2 expenses are charges made by the office holder's firm that include elements of shared or overhead costs. Statement of Insolvency Practice No. 9 provides that such expenses are subject to approval as if they were remuneration. It is our policy, in line with the Statement, to seek approval for Category 2 expenses before they are drawn.

It is our policy, in line with the Statement, to seek approval for Category 2 expenses before they are drawn.