

AM10

Notice of administrator's progress report



Companies House

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1 Company details

Company number

Company name in full

→ **Filling in this form**

Please complete in typescript or in
bold black capitals.

2 Administrator's name

Full forename(s)

Surname

3 Administrator's address

Building name/number

Street

Post town

County/Region

Postcode

Country

4 Administrator's name ①

Full forename(s)

Surname

① **Other administrator**

Use this section to tell us about
another administrator.

5 Administrator's address ②

Building name/number

Street

Post town

County/Region

Postcode

Country

② **Other administrator**

Use this section to tell us about
another administrator.

AM10

Notice of administrator's progress report

6 Period of progress report

From date	d	d	m	m	y	y	y	y
To date	d	d	m	m	y	y	y	y

7 Progress report

I attach a copy of the progress report

8 Sign and date

Administrator's
signature

Signature

X



X

Signature date

d	d	m	m	y	y	y	y
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AM10

Notice of administrator's progress report

Presenter information

You do not have to give any contact information, but if you do it will help Companies House if there is a query on the form. The contact information you give will be visible to searchers of the public record.

Contact name

Company name

Address

Post town

County/Region

Postcode

Country

DX

Telephone

Checklist

We may return forms completed incorrectly or with information missing.

Please make sure you have remembered the following:

- The company name and number match the information held on the public Register.
- You have attached the required documents.
- You have signed the form.

Important information

All information on this form will appear on the public record.

Where to send

You may return this form to any Companies House address, however for expediency we advise you to return it to the address below:

The Registrar of Companies, Companies House,
Crown Way, Cardiff, Wales, CF14 3UZ.
DX 33050 Cardiff.

Further information

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This form is available in an alternative format. Please visit the forms page on the website at www.gov.uk/companieshouse

TO ALL KNOWN CREDITORS

7 December 2022

Ref: SW/CGJK/ BL/ AP
Email: officeteamadministration@uk.ey.com

Dear Sirs

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

High Court of Justice, Business and Property Courts in Birmingham, Insolvency and Companies List (ChD), Number CR-2020-BHM-000303

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 2022 to 13 November 2022 and should be read in conjunction with the Joint Administrators’ Statement of Proposals (‘the Proposals’) dated 21 May 2020 and the previous progress reports. Statutory information about the Company, the administration and the office holders is given at Appendix 1.

Summary of progress since last report

Debtors

As at the date of the Administration, the book value of the Company’s debtor ledger, excluding intercompany debts was £10.7m.

During the period of this report, we have collected further receipts of £159,835, primarily relating to the settlement of a larger debtor balance and collections received by a debt collection agent. This brings total collections to £9.2m.

Distribution Exercise

As previously reported, Spicers Limited (in Administration) (‘Spicers’) made distributions in respect of the BECAP12 secured debt, which totals £9,106,998 for settlement of the principal amount, plus accrued interest and charges. This debt was cross guaranteed by certain entities within the Company’s group, including the Company. Further to the guarantee aspect, the Company settled the debt owed by Spicers to Lloyds Banking Group (‘LBG’) on its Invoice Discounting Facility (‘IDF’) account, which totalled £2,335,695.

We are currently undertaking an exercise (the “Distribution Exercise”) to determine the quantum of any subrogated claims the Company may have against the other guarantors of the BECAP and LBG indebtedness and that other guarantors may have against it in relation to these payments.

We currently consider, based on detailed legal advice on the position, that other entities within the Company’s group are indebted to the Company under the guarantee, resulting in subrogated claims.

The Distribution Exercise is further complicated by the fact there are various secured and unsecured intercompany debts within the group. The Administrators are continuing to undertake an exercise to analyse this to determine the impact this will have on any distribution to the Company’s unsecured creditors.

Extension of the Administration

As previously reported, the Administration was extended by order of the court on 11 April 2022 for a period to 13 May 2023.

Receipts and payments account

A summary of our receipts and payments for the period from 14 May 2020 to 13 November 2022 is attached at Appendix 2. The receipts and payments do not reflect estimated future realisations or costs.

The Joint Administrators hold funds of c.£2.8m.

Investigations

During the period prior to the report, we had 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 £106,936, taking total post-Administration time costs incurred to date to £2,474,680, of which, £1,388,861 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 previous fee estimate. This increase reflects the additional time that has necessarily been spent by the Joint Administrators and their staff.

As previously reported, the trade debtor collection exercise has involved a significantly greater level of disputes than initially thought. These have 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 benefit the creditors from additional recoveries for the unsecured creditors.

In addition, debtors were paying debts owed to the purchaser of the Company's business ("OTG") into the IDF account and this had to be reconciled. Given the volume of invoices this has not been a straightforward exercise.

Time has also been spent in undertaking the Distribution Exercise, which was not originally foreseen and is complex and requires careful consideration given its impact on any distribution to the Company's 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, excluding Joint Administrators' fees and remuneration, totalling £319,036 plus VAT. An analysis of the expenses incurred is provided at Appendix 3 of this report.

An explanation where the costs incurred have resulted in exceeding the original expenses estimate is given below:

- £2,067 - Erroneous Debtor receipts returned: funds received in error have been repaid after determining the monies were not due to the Company.
- £195,352 – Erroneous debtors receipts received into the IDF account, which related to debts owed to the purchaser of the Company's business ("OTG").
- £265 - Storage charges: charges for storing the Company's books and records collected from the Company's sites. Further charges are expected to be incurred.
- £3 – Bank Charges: the level of transactions has been greater than anticipated, resulting in charges exceeding the original estimate. Further charges are expected to be incurred.
- £22,209 - Legal fees: costs have exceeded the original estimate due to legal advice being required in respect advice provided regarding the Distribution Exercise and the allocation exercise that was required to be undertaken in respect of debts owed to the purchaser of the Company's business ("OTG").

Distributions to creditors

Secured creditors

LBG

LBG, the Company's first ranking secured creditor, had a total direct indebtedness of £3,846,771 due as at the date of Administration. Additionally, the Company provided cross guarantees to LBG for monies owed by Spicers and ZenOffice Limited, increasing LBG's overall indebtedness to £17,154,991, with further interest and charges accruing post the appointment of Administrators.

During the period prior to this report, net receipts relating to debtor collections in the IDF account totalled £8,178,144. Consequently, there was a surplus on the account at the time of closure of £4,331,374. Of this surplus, £2,335,695 was applied to the shortfall on the Spicers LBG IDF account, which LBG was entitled to do under their cross guarantee. The Company now has a subrogated claim against Spicers for the value of £2,335,695. The remaining balance of £1,995,679 was transferred to the Company's account. The debt owed to LBG by the Company has been settled in full.

BECAP12

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

As previously reported, Spicers has made distributions (£9,365,435) to settle this debt including accrued interest and charges. This debt was cross guaranteed by certain entities within the Company's group, including the Company and we are seeking to determine the quantum of and value from any resultant subrogated claims between the entities in the Company's group.

Preferential creditors

No preferential claims are expected to be received. All employees of the Company at appointment were transferred to OTG under TUPE and under the sale agreement OTG were responsible for any liabilities in respect of arrears of wages and other liabilities owed to them.

Non-preferential creditors

Unsecured third party claims totalling £32,584,150 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.

Whilst the Distribution Exercise remains ongoing and there continue to be assets of the Company to realise we are not able to confirm with certainty the funds that will be available to the unsecured creditors of the Company.

However, based on realisations to date, anticipated future costs and our current understanding of the potential outcome from the Distribution Exercise, we estimate that funds totalling c.£1.6m may be available for an unsecured creditors distribution in the future. At present the timing of such a distribution remains uncertain.

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.

Change of Administrator

In accordance with a Court Order dated 27 June 2022 (“the Order”), Robert Hunter Kelly was replaced as Joint Administrator by Samuel James Woodward, an Insolvency Practitioner licenced by the Institute of Chartered Accountants in England and Wales. In compliance with the terms of the Order, a block advertisement was advertised in the London Gazette on 7 July 2022 and creditors are to be notified of the Order within this progress report.

Pursuant to the Order, each creditor has the right to apply to vary or discharge the Order within 28 days of receipt of this notification.

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.
- Conclude the assessment of the Distribution Exercise.
- Dealing with employee and 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 deem 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



C G J King
Joint Administrator

S J Woodward and C G J King are 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, S J Woodward 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.

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-000303
Registered name of the Company:	OfficeTeam Limited
Registered office address of the Company:	Ernst & Young LLP, 1 Bridgewater Place, Water Lane, Leeds, LS11 5QR
Registered number:	05095978
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:	In accordance with a Court Order dated 27 June 2022 ("the Order"), Robert Hunter Kelly was replaced by Samuel James Woodward
Full names of the Joint Administrators:	Samuel James Woodward and Charles Graham John King
Office Holder number(s):	12030 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

OfficeTeam Limited (in Administration)

Joint Administrators' Receipts and Payments from 14 May 2020 to 13 November 2022

Statement of Affairs Estimated to Realise Values (£)		Period from 14 May 2020 to 13 May 2022 (£)	Period from 14 May 22 to 13 November 2022 (£)	Total
	1,2			
Fixed charge receipts (excludes debts assigned to LBG)				
2		2	-	2
9,771,388	3	286,130	159,835	445,965
		1,995,679	-	1,995,679
		539,240	-	539,240
100,000		100,000	-	100,000
		2,354,365	-	2,354,365
		<u>5,275,415</u>	<u>159,835</u>	<u>5,435,249</u>
Fixed charge payments				
	3	65,386	2,067	67,453
		39,678	-	39,678
		2,354,364	-	2,354,364
		82,593	195,352	277,945
		442,273	98,283	540,556
		<u>2,984,293</u>	<u>295,703</u>	<u>3,279,996</u>
Net fixed charge realisations				
		<u>2,291,122</u>	<u>(135,868)</u>	<u>2,155,253</u>
Floating charge receipts				
Asset realisations				
		528,311	-	528,311
45,000		74,000	-	74,000
375,000		375,000	-	375,000
	4	4	-	4
273,591		272,946	-	272,946
439,016		408,638	-	408,638
		100,294	6,188	106,481
		1,463	-	1,463
		35,000	-	35,000
		-	-	-
Transfer receipts				
		305,629	-	305,629
		15,079	-	15,079
		454,755	-	454,755
		-	-	-
Other receipts				
	4	1,074	2,325	3,399
		<u>2,572,193</u>	<u>8,513</u>	<u>2,580,706</u>
Floating charge payments				
		107,795	-	107,795
		-	-	-
Costs of realisations:				
		6,232	-	6,232
		6,250	-	6,250
		4,000	-	4,000
		11,775	-	11,775
		763	-	763
		-	-	-
Expenses:				
		2,525	3	2,527
		1,620	265	1,885
		4,586	857	5,443
		95	-	95
		-	-	-
Property:				
		309,557	-	309,557
		11,151	-	11,151
		-	-	-
Professional Fees:				
		79,926	22,209	102,136
		22,561	-	22,561
		-	-	-
Administrators' Expenses:				
		1,388,861	-	1,388,861
		2,101	-	2,101
		<u>1,959,799</u>	<u>23,334</u>	<u>1,983,132</u>
Net floating charge receipts				
		<u>612,395</u>	<u>(14,821)</u>	<u>597,574</u>
Total net realisations				
		<u>2,903,516</u>	<u>(150,689)</u>	<u>2,752,827</u>
Funds in Hand				
		2,788,257	(173,873)	2,614,384
		115,259	23,184	138,444
		<u>2,903,516</u>	<u>(150,689)</u>	<u>2,752,827</u>

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 receipts are an asset of the fixed charge holder, Lloyds Bank PLC ("LBG"), which had control of the IDF account into which receipts were paid. The receipts received are therefore 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:

	Total
	(£)
Trade debtor balance - At appointment	13,960,657
Less: Irrecoverable intercompany balance	(3,222,712)
Debtor balance	10,737,945
Debtor collections received	8,767,158
Commissions on debtor collections paid from IDF	(454,755)
LBG IDF Interest and service charges	(134,259)
Net debtor collections enabling a reduction in the IDF debt	8,178,144
OfficeTeam IDF debt	(3,846,771)
OfficeTeam surplus	4,331,374
Application of funds against Spicers IDF deficit	(2,335,695)
Net surplus	1,995,679
Unreconciled receipts	539,240
Funds transferred to Administration account	2,534,919

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

OfficeTeam Limited (in Administration)

Summary of expenses incurred

Type of Expense	Paid in Period to 13 May 2022	Paid in Period to 13 November 2022	Outstanding 3	Total	Per Estimate Dated 21 May 2020
	£	£	£	£	£
Payments made from the estate which are not disbursements ¹					
<i>Fixed charge</i>					
Erroneous Debtor Receipts Returned	65,386	2,067	-	67,453	-
Transfer to Debtor Collection Account	39,678	-	-	39,678	-
Erroneous Debtor Receipts Returned from Debtor Collection Account	2,354,364	-	-	2,354,364	-
Erroneous Debtor Receipts Returned from Unallocated IDF Funds	82,583	195,352	-	277,935	-
Debtor Collection Agent Commission	442,273	98,283	-	540,556	820,000
<i>Floating charge</i>					
<i>Pre-Administration Costs</i>					
Pre-Administration: EY Fees	48,928	-	-	48,928	- ⁴
Pre-Administration expenses: Legal Fees	38,866	-	-	38,866	- ⁴
Pre-Administration expenses: Agents' Fees	20,000	-	-	20,000	- ⁴
<i>Costs of realisations</i>					
Contribution to Purchaser Staff Costs	10,250	-	-	10,250	-
Contractor fees (Rebates and Customer Contracts)	6,232	-	-	6,232	-
Return of Deposits	11,775	-	-	11,775	-
Other Costs - Smart Room fee	649	-	-	649	1,000
<i>Expenses</i>					
Insurance costs	4,586	857	-	5,443	40,000
Storage costs	1,620	265	-	1,885	-
Bank charges	2,525	3	-	2,528	1,000
Statutory costs	95	-	-	95	1,000
<i>Property</i>					
Property Payments (LTO Properties)	309,558	-	-	309,558	580,000
Property Payments (Non-LTO Properties)	11,151	-	-	11,151	20,000
<i>Professional Fees</i>					
Legal costs - Pinsent Mason LLP	59,164	22,209	-	81,374	65,000
Legal costs - Clarion Solicitors	20,763	-	-	20,763	-

Agents costs - Gordon Brothers	22,561	-	-	22,561	20,000
Administrators' Disbursements					
Specific penalty bond	1,280	-	-	1,280	1,280
Postage and printing	821	656	-	821	3,500
Conference call facilities	-	-	-	-	5,000
Totals	3,555,108	319,036	-	3,874,144	1,557,780

Notes

1. Statement of Insolvency Practice 9 (SIP 9) defines expenses as amounts properly payable from the insolvency estate which are not otherwise categorised as office holders' remuneration or distributions to creditors. The payments shown are set out by type of expense.
2. SIP 9 defines disbursements as a type of expense which is met by, and reimbursed to, an office holder in connection with an insolvency appointment. Disbursements fall into two categories: Category 1 and Category 2.
 - ▶ Category 1 disbursements are payments to independent third parties where there is specific expenditure directly referable to the appointment
 - ▶ Category 2 disbursements are expenses which are directly referable to the appointment but not a payment to an independent third party. They may include shared and allocated costs.
3. Outstanding expenses relate to expenses invoiced within the reporting period, but which were yet to be settled by the Joint Administrators.
4. 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

OfficeTeam Limited (in Administration)

Joint Administrators' time costs for the period from 14 May 2020 to 13 November 2022 and a comparison with the fee estimate dated 21 May 2020

	Total to 13 May 2022			Actual in this period			Total actual to 13 November 2022			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	557.8	204,111.0	366	73.0	30,269.0	415	630.8	234,380.00	372	195.4	99,839.0	511
Bank & Statutory Reporting	281.7	180,247.0	640	14.5	8,980.0	619	296.2	189,227.00	639	237.3	124,498.0	525
Creditors	565.4	251,928.7	446	41.7	32,276.0	774	607.1	284,204.70	468	483.5	246,808.0	510
Debtors	1,553.9	902,013.5	580	19.0	17,862.5	940	1,572.9	919,876.00	585	388.1	201,606.0	519
Employee Matters	166.1	89,023.0	536	2.0	1,710.0	855	168.1	90,733.00	540	90.6	51,049.0	563
Immediate Tasks	27.6	19,831.0	719	-	-	-	27.6	19,831.00	719	54.8	30,288.0	553
Investigation & CDDA	59.7	26,181.0	439	-	-	-	59.7	26,181.00	439	92.9	49,719.0	535
Job Acceptance & Strategy	56.6	27,044.0	478	-	-	-	56.6	27,044.00	478	61.3	32,271.0	526
Other Assets	42.6	31,545.0	740	0.5	600.0	1,200	43.1	32,145.00	746	38.2	23,463.0	614
Other Matters	227.3	110,751.0	487	-	-	-	227.3	110,751.00	487	138.1	73,519.0	532
Property	348.8	186,471.5	535	-	-	-	348.8	186,471.50	535	149.4	75,574.0	506
Public Relations	1.0	900.0	900	-	-	-	1.0	900.00	900	9.6	6,188.0	645
Retention of Title	378.8	191,453.5	505	-	-	-	378.8	191,453.50	505	306.1	178,760.0	584
Statutory Duties	160.7	84,890.0	528	11.3	7,036.5	623	172.0	91,926.50	534	217.1	120,948.0	557
VAT & Taxation	108.1	61,354.0	568	11.4	8,202.0	719	119.5	69,556.00	582	115.9	74,333.0	641
Total	4,536.1	2,367,744.20	522	173.4	106,936.00	617	4,709.5	2,474,680.20	525	2,578.3	1,388,861.00	539

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 £10.7m 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 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.

There have also been significant receipts into the Company's LBG bank account that belong to OTG and significant time has been incurred in verifying ownership of these funds.

- ▶ **Employee matters** – relates to correspondence and calls with c.800 employees regarding the TUPE process. Dealing with any other employee queries. Liaising with HMRC in relation to pre-administration furlough claims. It also includes the processing of the monthly payroll for OTG employees, the costs of which have been recharged to OTG since August 2020.
- ▶ **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, extension of the administration and carrying out day 1 activities.
- ▶ **Investigations & 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 residual stock not included within the Sale & Purchase Agreement and transfer of ownership of Stat Company Limited (parent company to Zen) to OTG. 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 Licenses to Occupy granted as part of the Sale & Purchase Agreement and corresponding with Landlords and other property related issues including arranging vacation of the properties and corresponding with utility and business rate providers in respect of the Company's 14 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 158 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 business and 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.