

Richard Irvin & Sons Limited
In Administration (the Company)

Six monthly progress report

In accordance with Rule 18.3 and 18.6 of The Insolvency Rules
2016

Deemed date of delivery of progress report to creditors: 18
January 2023

Ernst & Young LLP



Abbreviations

The following abbreviations are used in this report:

the Act	the Insolvency Act 1986
the Company	Richard Irvin & Sons Limited
RIFM	Richard Irvin FM Limited
the Date of Appointment	19 December 2018
EY	Ernst & Young LLP
HMRC	HM Revenue and Customs
the Joint Administrators / Administrators	Fiona Livingstone Taylor and Colin Peter Dempster
the Proposals	Joint Administrators' Statement of Proposals, dated 21 December 2018
the Bank	Bank of Scotland plc
SPA	Sale and Purchase Agreement between the Company and RIFM
the Rules	the Insolvency (England and Wales) Rules 2016
TUPE	Transfer of Undertakings (Protection of Employment) Regulations
VAT	Value Added Tax
AG	Addleshaw Goddard LLP
GAJ	Gordon Johnston Associates
TSA	Thainstone Specialist Auctions and / or ANM Group Limited
Ryden	Ryden LLP
Savills	Savills plc
CDDA	Company Directors Disqualification Act 1986
M&E	Mechanical and Electrical
FM	Facilities Management
The Court	The High Court of Justice, Business and Property Courts of England and Wales, Insolvency and Companies List (Chd)
Acuitus	Acuitus Limited
WYM	Williams Young McKaig Limited

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1. Introduction

1.1 Introduction

I write, in accordance with Rule 18.3 and Rule 18.6 of the Rules, to provide creditors with a report on the progress of the Administration. This report covers the period from 19 June 2022 to 18 December 2022 and should be read in conjunction with the Proposals dated 21 December 2018 and my previous progress reports dated 18 July 2019, 17 January 2020, 17 July 2020, 18 January 2021, 16 July 2021, 18 January 2022 and 6 July 2022.

On 19 December 2018, the Company entered Administration and F L Taylor and C P Dempster were appointed to act as Joint Administrators. The appointment was made by the Company's Directors under the provisions of paragraph 22(2) of Schedule B1 of the Act. Under the terms of the appointment, any act required or authorised to be done by the Joint Administrators can be done by either of them.

F L Taylor and C P Dempster are UK licenced insolvency practitioners and, consequently, are bound by the Insolvency Code of Ethics when carrying out all professional work relating to the Administration.

Immediately following the appointment of the Joint Administrators, a sale of the Company's FM business and assets was completed to RIFM, an investment vehicle of Rcapital Partners LLP, for total consideration of c. £1.0m (excluding VAT). Approximately £0.5m of the consideration was contingent on i) the successful novation of certain customer contracts, and ii) the quantum of collections by RIFM in respect of the Company's FM debtor book at the Date of Appointment.

Statutory information about the Company, the Administration and the office holders is given at Appendix A.

1.2 Extensions to the initial period of appointment

In accordance with paragraph 76 of Schedule B1 to the Insolvency Act 1986, the Administration of the Company was due to end automatically on 18 December 2019. With the consent of the secured and preferential creditors, the Company's Administration was extended to 18 December 2020. The Administration was further extended to 18 December 2021 and 18 December 2022 by way of an application to the Court.

Certain matters have still to be resolved and, in our letter of 3 November 2022, we sought the consent of all of the Company's creditors to apply to Court for an extension of the Administration for a period of six months to 18 June 2023. As no objections were received, an application to Court was made and we are pleased to advise that the Court granted this extension.

We do not anticipate that a further extension will be required and aim to be in a position to close the Administration within the next few months (i.e. before the expiry of the Administration on 18 June 2023).

2. Progress since my last report to creditors

2.1 Purpose of the Administration

As detailed in the Proposals, the Joint Administrators' strategy in respect of the Administration is 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).

2.2 Asset realisations

As noted, the Company's FM business and assets were sold to RIFM immediately following the Joint Administrators' appointment. Further, all FM-related employees TUPE transferred to RIFM.

Accordingly, assets to be realised in the Company's Administration principally comprised i) freehold / long leasehold properties, ii) unencumbered M&E vehicles, iii) M&E contract debtors, and iv) deferred payments as set out in the SPA.

Further information in relation to asset realisations over the last six months is provided below.

2.2.1 Freehold and leasehold properties (the Properties)

At the Date of Appointment, the Company owned two freehold properties - Irvin House, Aberdeen (the Aberdeen Property) and Harbour Road, Inverness (the Inverness Property). A long leasehold interest was also held in relation to a property in Elgin (the Elgin Property). Additionally, short-term leases were held in relation to four other properties across Scotland.

The Aberdeen Property, Inverness property and Elgin Property were realised in previous periods of the Administration, generating gross realisations of c. £1.2m (ex VAT).

In accordance with the SPA, RIFM was granted licences to occupy the Properties. We are working with RIFM to agree the final recharges (comprised of recharged rent, rates and utilities) and anticipate a final payment to the Company of £10k over the coming weeks. Other than this, there remain no outstanding matters in relation to the Properties.

2.2.2 M&E debtors

At the Date of Appointment, the Company had outstanding M&E contract balances of c. £3.7m. Given the stage of completion of the projects (many were only part complete at the Date of Appointment) and the contractual complexities associated with the Company's Administration, the Joint Administrators instructed a specialist agent, GAJ, to pursue the collection of these balances.

As anticipated, collection of these balances has proved challenging but, to date, total recoveries of c. £402k have been generated (£5k of which was collected since our last report). GAJ, with the assistance of AG and Anderson Strathern, continues to pursue M&E debtors where i) there is considered to be strong prospects of a recovery, and ii) it is commercially sensible to do so.

2.3 Other matters

We have submitted the necessary post-Appointment corporation tax returns and have requested the appropriate clearances from HMRC.

3. Outcome for creditors

An update is provided below on the current position with regard to creditors' claims.

3.1 Secured creditors

The principal secured creditor of the Company is the Bank. At the Date of Appointment, the debt due by the Company to the Bank was c. £3.7m (comprised of a term loan and overdraft).

The Bank's debt is secured by a qualifying floating charge and standard securities in respect of the Aberdeen Property and the Elgin Property.

We anticipate that there will be a substantial shortfall to the Bank in respect of its securities.

3.2 Preferential creditors

Preferential claims of c. £148k, in respect of employees' salaries, holiday pay and pension contributions, were paid in full in December 2020.

3.3 Unsecured non-preferential creditors

Per the Directors' statement of affairs, unsecured creditors at the Date of Appointment were c. £23.1m. The claim amounts were compiled by the Company's management and have not been subject to independent review or audit.

3.4 The 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. The relevant charge for the Company was created on 25 June 2015.

The value of the Prescribed Part is currently estimated to be c. £150k (assuming no further material floating charge receipts or payments).

In accordance with Rules 14.29 and 14.30 of the Rules, we are pleased to advise that a Notice of intention to declare a dividend was issued to all non-preferential unsecured creditors in December 2022 and the dividend payment will be made within 2 months from the last date for proving, being 23 January 2023.

4. Administrators' receipts and payments

A summary of the Administrators' receipts and payments for the period from 19 December 2018 to 18 December 2022 is attached at Appendix B.

5. Administrators' remuneration, expenses and payments to other professionals

5.1 Remuneration

The statutory provisions relating to remuneration are set out in Chapter 4, 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 website 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 the Joint Administrators.

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 the fee estimate dated 21 December 2018, the Joint Administrators' remuneration of £599,365 (net of VAT) was fixed on the basis of time properly given by the Joint Administrators and their staff in dealing with matters arising in the Administration at the hourly rates agreed between the Joint Administrators and the secured creditor. In accordance with the Rules, the requisite approvals of the secured creditor and the preferential creditors were received on 13 February 2019 and 6 March 2019, respectively.

A revised fee estimate, issued in June 2020, was subsequently approved by the secured and preferential creditors on 19 June 2020 and 10 July 2020, respectively, fixing the remuneration at £849,250 (net of VAT).

A further revised fee estimate, issued in May 2022, was approved by the secured and preferential creditors on 26 May 2022 and 29 June 2022, respectively, fixing the Joint Administrators' remuneration at £1,070,296 (net of VAT).

During the period covered by this report, the Joint Administrators have incurred time costs (based on the agreed hourly rates) of £63,123 (net of VAT) bringing total time costs to £953,483 (net of VAT). Of this sum, £849,250 (net of VAT) has been invoiced and paid to date.

Attached at Appendices D, E and F is a detailed analysis of time spent and average charge out rates for the various areas of work carried out to 18 December 2022 as required by the Association of Business Recovery Professionals' Statement of Insolvency Practice No. 9. A copy of this can be found at <https://www.icaew.com/en/technical/insolvency/creditors-guides>.

5.2 Pre-appointment remuneration

As previously reported, the Joint Administrators sought approval for unpaid pre-Administration costs totalling £135,004 plus expenses of £700. The requisite approvals were received from the secured creditor and preferential creditors on 13 February 2019 and 6 March 2019 respectively and the costs were subsequently drawn from the Administration estate.

5.3 Joint Administrators' statement of expenses incurred

During the period covered by this report, we have incurred expenses totalling £8,776 (net of VAT and excluding the Joint Administrators' fees and expenses).

Our latest estimate of Administration expenses is set out at Appendix C, together with explanations for any increases compared with our previous estimate.

5.4 Expenses

Appendix C also includes an analysis of the Joint Administrators' Category 1 and 2 expenses.

In accordance with the Rules, the Joint Administrators received the approval of the secured creditor and preferential creditors to draw expenses in accordance with the policy set out in Appendix F and estimate provided with the Proposals.

5.5 Payments to other professionals

The Joint Administrators have engaged the services of the following professional advisers during the course of the Administration:

Name of firm	Nature of service	How contracted to be paid
Addleshaw Goddard LLP	Legal advisors	Time cost basis
Thainstone Specialist Auctions, ANM Group Limited	Auction, appraisal and valuation services	Percentage of realisations for auction sales, and time cost basis for certain other tasks
G A Johnston Associates	Quantity surveyor services	Time cost basis
Ryden LLP	Property advice, valuation and marketing services	Percentage of realisations for sale of freehold property Fixed fees for certain other work
Savills plc	Property advice, valuation and marketing services	Percentage of realisations for sale of freehold property Fixed fees for certain other work
Williams Young McKaig Limited	Business rates services	Time cost basis
Acuitus Limited	Auction House	Percentage of gross realisations for the auction sale Fixed fees for certain other tasks
Anderson Strathern LLP	Legal advisors for debtor recoveries	Time cost basis

Details of the fees paid to the above agents to date are included in the receipts and payments account at Appendix B.

6. Other matters

6.1 Future conduct of the Administration

The Joint Administrators will continue to manage the affairs, business and property of the Company to achieve the purpose of the Administration. This will include, inter alia:

- ▶ Realisation of the outstanding M&E debtor balances;
- ▶ Dealing with VAT matters, which includes filing statutory returns and, at the appropriate time, obtaining the relevant clearances from HMRC;
- ▶ Making a final distribution to the secured creditor of the Company;
- ▶ Agreeing unsecured creditor claims and distributing the Prescribed Part;
- ▶ Ensuring all statutory reporting and compliance obligations are met;
- ▶ Any such actions the Joint Administrators consider, in their reasonable opinion, are necessary and / or expedient to fulfil the purpose of the Administration; and
- ▶ Finalising the Administration, including payment of all Administration liabilities.

6.2 The end of the Administration

As the only distribution to unsecured creditors is from the Prescribed Part, then the Joint Administrators are required to distribute the Prescribed Part during the Administration, rather than placing the Company into Liquidation simply for this purpose.

The Joint Administrators do not anticipate that there will be any assets remaining at the end of the Administration. Accordingly, it is proposed that at the end of the Administration and provided the Company has no further property which might permit a distribution to its creditors other than by way of the Prescribed Part, then the Joint Administrators will send a notice to that effect to the Registrar of Companies. On registration of the notice the Joint Administrators' appointment will come to an end. In accordance with the provisions of paragraph 84(6) of Schedule B1 to the Insolvency Act 1986 the Company will be deemed to be dissolved three months after the registration of the notice.

6.3 Reporting

I will report to you again at the conclusion of the Administration. Please also refer to the Company's Administration website (details below) for further communications in relation to the Administration.

https://www.ey.com/en_uk/ey-richard-irvin-sons-limited-administration

Should you wish to discuss any aspect of this report, please contact Laura Jones on 0141 226 9332.

Yours faithfully
for the Company



Fiona Livingstone Taylor
Joint Administrator

F L Taylor is licensed in the United Kingdom to act as an Insolvency Practitioner by The Institute of Chartered Accountants in England and Wales and 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 Company are being managed by the Joint Administrators, F L Taylor and C P Dempster, 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 A Statutory information

Company Information

Company Name:	Richard Irvin & Sons Limited
Registered Office Address:	c/o Ernst & Young LLP, 2 St Peter's Square, Manchester, M2 3EY
Registered Number:	00096281
Trading Name(s):	Richard Irvin Energy Solutions
Trading Address(es):	Irvin House, Hareness Road, Altens Industrial Estate, Aberdeen, AB12 3LE Suite 1, Kingfisher House, Barlow Park, West Pitkerro Industrial Estate, Dundee, DD5 3UB 3 Centura Court, Nasmyth Place, Hillington Park, Glasgow, G52 4PR Block 132, Unit 4/7, 42 Nasmyth Road South, Hillington Park, Glasgow, G52 4PR 4 Straiton View, Straiton Parc, Loanhead, EH20 9QZ 30 Tyock Industrial Estate, Elgin, IV30 1XY 29a Harbour Road, Inverness, IV1 1SY

Details of the Administrators and of their appointment

Administrators:	F L Taylor and C P Dempster
Date of Appointment:	19 December 2018
By Whom Appointed:	The appointment was made by the Company's Directors under the provisions of paragraph 22(2) of Schedule B1 to the Insolvency Act 1986.
Court Reference:	High Court of Justice, Business and Property Courts of England and Wales: CR-2018-010741

Any of the functions to be performed or powers exercisable by the Administrators may be carried out/exercised by any one of them acting alone or by any or all of them acting jointly.

Statement concerning the EC Regulation

The EC Council Regulation on Insolvency Proceedings does apply to this Administration and the proceedings are main proceedings. This means that this Administration is conducted according to UK insolvency legislation and is not governed by the insolvency law of any other European Union Member State.

Share capital

Class	Authorised		Issued and fully paid	
	Number	£	Number	£
A Ordinary	415,695	4,156.95	415,695	4,156.95
B1 Ordinary	68,670	686.70	68,670	686.70
B2 Ordinary	21,230	213.30	21,230	213.30
Ordinary Shares	3,741,250	935,312.50	3,741,250	935,312.50

Directors and their shareholdings

Name	Director or Secretary	Date appointed	Date resigned	Current shareholding
George Still	Director and Secretary	1 April 2014	18 December 2018	A Ordinary - 89,593 B1 Ordinary - 12,970
Hugh Stewart	Director	21 September 2012	n/a	NIL
William Lund	Director	11 September 2003	n/a	Ordinary - 79,125
Richard Emmerson	Director	8 September 2005	14 February 2019	Ordinary - 27,222
Lindsey Cradock	Director	4 December 2014	n/a	Ordinary - 1,000
Robert Brannan	Director	6 November 2013	n/a	A Ordinary - 89,588 B1 Ordinary - 12,970
William Maclean	Director	1 January 2012	12 January 2018	A Ordinary - 188,501 B1 Ordinary - 33,100 Ordinary - 25,000

Appendix B Joint Administrators' receipts and payments account for the period from 19 June 2022 to 18 December 2022

Estimate to Realise per Director's Statement of Affairs	Cumulative to 18 June 2022	Transactions since 19 June 2022	Cumulative to 18 December 2022	Notes
£ Receipts	£	£	£	
Sale of motor vehicles / road tax refunds	628,470	-	628,470	1
500,000 Pre-appointment debtor receipts	397,006	5,116	402,122	2
License to occupy income / recharged costs	363,514	-	363,514	3
30,000 Prepayments and other debts	37,278	-	37,278	4
Contract novation fees	12,999	-	12,999	5
1,670 Petty cash as at date of appointment	2,024	-	2,024	
Sundry receipts	4,139	-	4,139	
Bank interest	6,207	705	6,912	
Rates rebate	1,058	-	1,058	
Insurance rebate	4,275	-	4,275	
2,700,001 Property	1,192,000	-	1,192,000	6
647,154 Recoveries from FM debtor book	470,428	-	470,428	7
3,878,825	3,119,397	5,822	3,125,219	
Payments				
Joint Administrators' fees	849,250	-	849,250	8
Joint Administrators' pre-appointment fees	86,504	-	86,504	8
Joint Administrators' pre-appointment disbursements	450	-	450	8
Legal fees & disbursements	76,528	3,584	80,112	9
Legal fees - pre-appointment	48,500	-	48,500	9
Legal disbursements - pre-appointment	263	-	263	9
Employee costs	65,035	-	65,035	10
Utilities	101,416	4,493	105,909	11
Insurance costs	71,489	-	71,489	11
Property agents' fees	62,387	-	62,387	11
Rent	73,014	-	73,014	11
Rates	55,997	-	55,997	11
Agents' fees - debt collection	21,026	-	21,026	
Sundry expenses	34,101	488	34,589	
Bank charges	447	5	452	
Statutory costs	70	-	70	
Irrecoverable VAT	3,611	207	3,818	12
Corporation Tax	1,180	-	1,180	
Distribution to Secured Creditor	500,000	-	500,000	13
Distribution to Preferential creditors	147,920	-	147,920	14
	2,199,188	8,776	2,207,964	
	920,210	(2,955)	917,255	
Represented by:				
BOS current account			791,721	
RBS current account			90,439	
VAT			35,094	
			917,255	

Notes to the receipts and payments account:

1. Comprised of i) £500k received from RIFM in respect of the FM vehicles, ii) £122k in respect of the Company's M&E related vehicles, and iii) £6k in respect of pre-paid road fund licence rebates from the DVLA.
2. Gross debtor recoveries in respect of the Company's M&E contract balances at the date of the Joint Administrators' appointment.
3. Rental income in respect of the tenancies at the Aberdeen Property and RIFM's occupation of the Company's other properties.
4. Receipts in respect of prepaid costs at the date of Administration.
5. Joint Administrators' costs, paid by RIFM, in respect of the novation of certain FM-related contracts from the Company to RIFM. For the avoidance of doubt, these fees were agreed separately with RIFM and have no net impact on the Administration estate. Accordingly, the Joint Administrators will draw these fees in due course and do not propose to seek further approvals from the Company's creditors in respect of these fees.
6. Sale proceeds in respect of the Company's Elgin, Inverness and Aberdeen properties.
7. Deferred consideration receipts in respect of the FM debtor book, in accordance with the SPA.
8. Joint Administrators' fees and expenses, drawn in accordance with the insolvency legislation following receipt of the requisite creditor approvals.
9. Legal fees and expenses (including pre appointment legal costs), drawn in accordance with the insolvency legislation following receipt of the requisite creditor approvals.
10. Comprised of i) c. £14k gross employment costs in respect of two M&E employees retained for a short period following the Administration, and ii) c. £51k of PAYE / NI costs in respect of the pre-appointment salaries / wages (the secured creditor has agreed to settle these costs and, accordingly, £51k will be deducted from the future dividend made to the secured creditor).
11. Property related costs in respect of the Company's freehold and leasehold properties. In accordance with the rental / licence fee agreements for the Company's properties, certain costs are able to be recharged to the occupants.
12. The Company's property in Inverness was not opted to tax for VAT purposes and, therefore, input VAT incurred in relation to this property is irrecoverable.
13. First interim dividend to the secured creditor.
14. First and final dividend of 100 p / £ to the preferential creditors
15. The above receipts and payments account does not reflect any transactions after 18 December 2022 and is presented net of VAT.

Appendix C Summary of Joint Administrators' expenses incurred for the period from 19 June 2022 to 18 December 2022

1. Payments made from the estate which are not expenses

Category	Per estimate in last progress report	Paid as at 18 June 2022	Paid in the period		Outstanding	Revised Estimate	Notes
			19 June 2022 to 18 December 2022	December 2022			
Agents Fees	£93,413	£83,413	£0	£10,000	£93,413		
Legal Fees	£155,291	£125,291	£3,584	£26,417	£155,291	2	
Storage	£12,000	£5,159	£488	£6,354	£12,000		
Insurance	£70,103	£68,103	£0	£2,000	£70,103		
Statutory Charges	£5,000	£70	£0	£4,930	£5,000		
Bank Charges	£550	£447	£5	£98	£550		
Corporation Tax	£1,180	£1,180	£0	£0	£1,180		
Property Costs	£95,000	£259,370	£4,493	(£168,862)	£95,000		
Employee costs	£13,936	£65,035	£0	(£51,099)	£13,936		
Irrecoverable VAT	£5,000	£3,611	£207	£1,182	£5,000		
Total	£451,473	£611,677	£8,776	(£168,981)	£451,473		

Notes:

- Expenses paid to date represent fixed and floating expenses paid from case funds.
- We have revised the legal fees estimate to include a provision for future legal costs.

Category of expense	Description of expense, work done and ongoing
Agents' fees	<ul style="list-style-type: none"> Agents' fees in respect of the realisation of the Company's assets and resolution of other matters, including those paid to TSA, GAJ, Ryden, Savills, Acuitus and WYM. Further fees are anticipated in respect of the Company's remaining assets, (including, but not limited to, M&E debtors).
Legal fees	<ul style="list-style-type: none"> Fees paid to AG in respect of legal matters in connection with the Administration, including, but not limited to, assignments / novations of agreements, ROT claims, and ad hoc legal queries. The amount incurred to date also includes pre-appointment fees of £49k incurred by AG in respect of the pre-Administration period. The requisite approvals to draw these fees in the Administration were obtained from the relevant creditors. Further fees associated with other ad hoc matters (including, but not limited to, M&E debtor balances) will be incurred. To the extent there are any unexpected / contentious legal matters, additional costs may be incurred.
Storage	<ul style="list-style-type: none"> Costs in respect of the collection, storage and destruction (if appropriate) of the Company's records in accordance with the Administrators' retention policy.
Insurance	<ul style="list-style-type: none"> Insurance costs in respect of the Company's assets. The Company's properties (in particular, the Aberdeen Property) took longer to realise than originally anticipated.
Statutory costs	<ul style="list-style-type: none"> Costs in respect of complying with the Administrators' statutory obligations
Bank charges	<ul style="list-style-type: none"> Charges associated with processing bank transfers (including CHAPS fees). To the extent possible, direct payments are made from the Company's RBS account which attracts lower transfer charges.
Corporation tax	<ul style="list-style-type: none"> Estimated corporation tax liabilities in respect of the periods from 19 December 2018 to the close of the Administration.
Property costs	<ul style="list-style-type: none"> Costs associated with the Company's freehold and leasehold properties including, but not limited to, utilities, general maintenance, rent (leasehold only). To the extent possible, costs in respect of the sublet properties have been recharged to the respective tenants. The 'Revised Estimate' column represents the net amount estimated to be payable by the Company.

Employee costs	<ul style="list-style-type: none"> ▶ Costs associated with two M&E employees retained for a short period to assist with Administration related tasks. ▶ In January 2019, PAYE/NI liabilities were settled in respect of the December M&E related payroll however it was agreed that this cost would be deducted from the future dividend(s) to the Bank as it agreed to settle the M&E wages to 18 December 2018. Accordingly, the net employee cost to the Administration was c. £14k.
Irrecoverable VAT	<ul style="list-style-type: none"> ▶ The Inverness Property was not "opted to tax" and, therefore, input VAT was irrecoverable in respect of this property.

2. Category 1 expenses

Category	Per estimate in last progress report	Paid to 18 December 2022	Outstanding	Total estimate
Accommodation	£0	£0	£0	£0
Travel costs (excl. mileage)	£1,000	£0	£1,000	£1,000
Specific Bond	£500	£0	£500	£500
Postage and printing	£2,000	£0	£2,000	£2,000
Other	£2,000	£0	£2,000	£2,000
Total	£5,500	£0	£5,500	£5,500

3. Category 2 expenses

Category	Per estimate in last progress report	Paid to 18 December 2022	Outstanding	Total estimate
Mileage	£250	£0	£250	£250
Total	£250	£0	£250	£250

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.
2. SIP 9 defines expenses as a type of expense which is met by, and reimbursed to, an office holder in connection with an insolvency appointment. Expenses fall into two categories: Category 1 and Category 2.
 - ▶ Category 1 expenses are payments to independent third parties where there is specific expenditure directly referable to the appointment; and
 - ▶ Category 2 expenses 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.

Exceeding estimates of remuneration and expenses

As required by the Rules, the Proposals included the Joint Administrators' estimate of remuneration and expenses.

These estimates may be exceeded, in which case an explanation will be provided in the appropriate progress report. The Joint Administrators will only draw remuneration in excess of the estimate with the prior agreement of the approving body, in accordance with Rule 18.30 of the Rules.

Appendix D Joint Administrators' time costs for the period from 19 June 2022 to 18 December 2022 and a comparison with the revised fee estimate

	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	960.9	197,515	206	58.5	13,116	224	895.6	182,910	204
Reporting	485.3	119,303	246	2.0	800	400	404.2	99,495	246
Creditors	637.9	152,150	239	58.6	15,270	261	461.9	109,873	238
Debtors	103.5	24,551	237	9.3	2,745	295	61.7	16,023	260
Employee Matters	342.6	87,714	256	6.6	1,809.5	274	304.7	79,586	261
Environmental Issues	0.8	128	160	-	-	-	0.8	128	160
Immediate Tasks	107.3	33,956	316	-	-	-	107.3	33,956	316
Investigation/CDDA	70.1	14,032	200	-	-	-	70.1	14,032	200
Legal Issues	62.9	20,488	326	-	-	-	62.9	20,488	326
Members	6.6	1,242	188	-	-	-	6.6	1,242	188
Other Assets	77.0	21,756	283	-	-	-	77.0	21,756	283
Other Matters	232.1	64,871	279	28.1	7,790	277	207.6	60,899	293
Out of scope	10.8	3,868	358	-	-	-	10.8	3,868	358
Property	596.9	157,858	264	-	-	-	596.9	157,858	264
Public Relations issues	1.4	484	346	-	-	-	1.4	484	346
Retention of Title	36.1	9,058	251	-	-	-	36.1	9,058	251
Statutory Duties	348.0	86,122	247	78.3	18,010	230	290.0	70,571	243
Trading	11.1	2,406	217	-	-	-	11.1	2,406	217
VAT & Taxation	307.4	72,797	237	17.5	3,583	205	293.3	68,853	235
Total	4,398.7	1,070,295	243	258.9	63,123	244	3,900.0	953,483	244

1. Please note that "Out of scope" time costs represent the Joint Administrators' time costs associated with entering into novations with RIFM, in accordance with the SPA. For the avoidance of doubt, these time costs will not be charged to the Administration estate.
2. The above table shows the latest fee estimate which was approved by the secured creditor and preferential creditors.

Appendix E Joint Administrators' time costs – explanation of the work done and ongoing

Category of work	Description of work done and ongoing
Administration & planning	<ul style="list-style-type: none"> ▶ Overall management of the case, treasury, accounting functions, statutory compliance diaries and time cost reporting – including, but not limited to, monitoring bank accounts, preparing/reviewing bank reconciliations, preparing/reviewing payments to agents/suppliers/creditors, preparing receipts & payments accounts for stakeholders, preparing SIP9 reports for stakeholders and monitoring/maintaining the IPS diary.
Bank and Statutory Reporting	<ul style="list-style-type: none"> ▶ Regular reporting to the Company's secured creditor. ▶ Preparing the Joint Administrators' Statement of Proposals, six monthly progress reports and final report.
Creditors	<ul style="list-style-type: none"> ▶ Receipt and recording of creditor claims. ▶ Correspondence with creditors. ▶ Processing distributions to the secured, preferential and unsecured creditors (as appropriate).
Debtors	<ul style="list-style-type: none"> ▶ Liaising with agents and our appointed solicitors regarding book debts and contract debts. ▶ Realising value from book debts, accrued income, WIP and prepayments.
Employee Matters	<ul style="list-style-type: none"> ▶ Writing to employees regarding their redundancy and TUPE. ▶ Dealing with any employee enquiries. ▶ Consultation with employees. ▶ Processing employee claims, including correspondence with RPS
Immediate Tasks	<ul style="list-style-type: none"> ▶ Completion of work streams requiring immediate attention following the appointment, in order to execute the strategy outlined in the Proposals.
Investigations	<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.
Legal Issues	<ul style="list-style-type: none"> ▶ Liaising with RIFM and our appointed solicitors to support the assignment of certain leasehold properties in use by RIFM. ▶ Dealing with any ad hoc legal issues.
Other Assets	<ul style="list-style-type: none"> ▶ Realising value from the Company's residual assets. ▶ Assessing, quantifying, and seeking to realise value from assets not recorded in the management accounts of the Company at the Date of Appointment. ▶ Recovery of the Company's physical books and records, and electronic records (including a back-up of company servers and systems), where applicable.
Property	<ul style="list-style-type: none"> ▶ Collecting licence fees from RIFM and arranging for rent payments to landlords. ▶ Collecting rent payments from the tenants of the Aberdeen Property. ▶ Dealing with landlord enquiries regarding the property interests. ▶ Liaising with Acuitus, Savills and Ryden in connection with the realisation of Aberdeen Property, Inverness Property and Elgin property. ▶ Liaising with the rating authorities in connection with council rates expenses and, where possible, securing the appropriate exemptions.
Statutory Duties	<ul style="list-style-type: none"> ▶ Completion of statutory requirements of the Administration, including notifications to creditors and members, advertising the appointment, reporting to creditors on a 6-monthly basis and at the conclusion of the Administration together with appropriate filings at Companies House. ▶ Seeking extensions of the Administration from the Court.
VAT & Taxation	<ul style="list-style-type: none"> ▶ Preparing corporation tax and quarterly VAT returns, with input from EY Tax and other specialists as appropriate. ▶ Assessment of the VAT and tax treatment of transactions and agreements entered into during the Administration. ▶ Preparing claims for VAT bad debt relief (if applicable)

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

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 has been agreed between the Joint Administrators and the secured creditor.

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.

Details of Category 1 or Category 2 expenses incurred to date are included at Appendix C.

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