

TO ALL KNOWN MEMBERS AND CREDITORS

21 June 2021

Ref: SJW/HJO/AH/PCF/SAD09E01
Email: slgadministration@uk.ey.com

Dear Sirs

Shearings Hotels Limited (in Administration) (the “Company”)

I write further to the Company entering administration on 22 May 2020 (the “**Date of Appointment**”), with S J Woodward and C P Dempster appointed to act as joint administrators (the “**Joint Administrators**”).

In accordance with Rule 3.93 of the Insolvency (Scotland) (Company Voluntary Arrangements and Administration Rules 2018 (the “**Rules**”)), I am now writing to provide creditors with a report on the progress of the administration. This report covers the period from 22 November 2020 to 21 May 2021 (the “**Period**”) and should be read in conjunction with the Joint Administrators’ Statement of Proposals dated 3 July 2020 (the “**Proposals**”), as well as the previous Joint Administrators’ Progress Report covering the period 22 May 2020 to 21 November 2020 (the “**Previous Report**”).

The Company is part of the Specialist Leisure Group Limited and its subsidiaries (the “**Group**”). As with the Proposals and the Previous Report, the progress report of certain entities of the Group (the “**Companies**”) registered in England is prepared separately in accordance with Rule 18.3 of the Insolvency (England and Wales) Rules 2016. However, the affairs and business of the Group are intrinsically linked and therefore we have included reference to the Companies throughout this document.

Statutory information about the Company, the administration and the office holders is detailed in Appendix A.

Summary of Progress during the Period

I have detailed below the principal workstreams progressed during the Period.

Further detail with regard to the receipts and payments received and incurred during the Period is attached at Appendix B. Please note that these accounts do not reflect future estimated realisations or costs, including the Joint Administrators’ remuneration and disbursements.

Asset Realisations

Freehold and Long Leasehold Properties

As detailed in the Proposals and Previous Report, the Company owned the freehold interest in the Grand Hotel, Exmouth and a long leasehold interest in the Majestic Hotel, Bournemouth.

Both hotels were successfully sold during the Period. Sales proceeds have been received and associated costs have been paid in the Period.

Further detail regarding the sales and marketing process can be found in the Previous Report. The final sales outcomes for both properties are summarised below.

The Grand Hotel, Exmouth (“the Grand”)

An offer of £920k was accepted and heads of terms were exchanged in October 2020.

Following legal due diligence, it transpired that the lease attached to the Grand was never registered with the HM Land Registry, and therefore a Stamp Duty Land Tax (“**SDLT**”) charge that would have crystallised at the point of registration was not paid. In order to not delay the sale process, it was agreed with the purchaser that the SDLT return be prepared by the Company post completion.

A sale of the Grand completed on 11 January 2021 with total consideration of £920k plus VAT being paid on completion.

The SDLT return was submitted on 14 January 2021 and a tax liability of £4k was paid in full by the Company.

The Majestic Hotel, Bournemouth (“the Majestic”)

An offer of £550k was accepted for the Majestic in January 2021 from the same bidder as for the Grand. This offer represented a revision to the original offer submitted by the bidder, and a significant erosion in value compared to i) initial expectations; and, ii) initial offers received.

The basis of this revised offer resulted from several points being brought to light during legal due diligence ahead of an initial sale, relating principally to the dynamics of the underlying leasing arrangement. An immediate renegotiation of the sales consideration was felt to be the most appropriate course of action having given due consideration to i) the potential time scales and subsequent cost involved in seeking to navigate the legal hurdles that had come to light; and, ii) the material uncertainty that had been placed on the Company’s ability to compete a sale at any level.

A sale subsequently completed on 6 April 2021, having been further delayed following additional negotiation relating the appropriate VAT treatment of the transaction. EY VAT specialists were engaged to advise on this matter.

In summary, the sale has currently been treated as a transfer of a going concern (“**TOGC**”), and as such no VAT has been charged on the sales price. A determination has been sought from HMRC to confirm this approach, with an indemnity provided by the purchaser to pay the VAT on the purchase price if HMRC determines that the transaction should not in fact be treated as a TOGC. The indemnity is supported by a charge granted to the Company over the Majestic until HMRC concludes whether the sale should be treated as a TOGC.

HMRC have not yet responded to our correspondence and we will provide a further update in our next report.

Rates Refunds

During the Period, rates refunds of £21k have been received in relation to various historical rateable value challenges. This brings total realisations from this source to £58k.

There are several open claims still to be addressed. We are unable to accurately comment on the quantum or timing of any future realisations at this stage, but we continue to pursue realisations where possible and will provide a further update in our next report.

Insurance Claims

As previously reported, at the Date of Appointment, the Company was in the process of submitting a claim in relation to damage caused by a fire at a property adjacent to one of its hotels. The claim procedure is ongoing and we will update creditors in our next report.

Other Matters

Administration Funding

As outlined in the Proposals, prior to the administration, the Group had working capital facilities of £14.33m, provided by Lloyds Banking Group (“**LBG**”). These facilities consisted of a Revolving Credit Facility (“**RCF**”) of £9.33m and an overdraft of £5m. At the Date of Appointment, the RCF was fully drawn and there was c.£1.9m of availability under the overdraft facility.

Prior to the administration, the Joint Administrators agreed with LBG (the secured creditor) that the funds available under the overdraft facility would be made available to the Joint Administrators for the purposes of the administrations of the Group.

Accordingly, shortly following the appointment, LBG transferred £1.9m to the administration bank account of Specialist Leisure Group Limited (the “**Funding**”). The Funding was made available to meet applicable fixed and floating costs across all Group administrations. During the Period, the Group fully utilised the Funding to meet both fixed and floating costs of the administration.

In January 2021 the Joint Administrators repaid the Funding in full, from fixed charge asset realisations across the Group.

Customer Communications

As discussed in the Previous Report, holidays booked for customers of the Group, before 22 May 2020, were cancelled and not rescheduled.

While a large majority of holidays were protected under a range of various consumer protection schemes, such as Bonded Coach Holidays, ATOL, ABTA and credit card chargebacks, a number of customers were unable to claim through the aforementioned schemes and are registered as unsecured creditors in the administration.

The Joint Administrators will continue to provide updates to customers regarding the administration through the Group's website at www.specialistleisuregroup.com and the Customer FAQs on our dedicated website at www.ey.com/en_uk/ey-slg-administration.

Corporation Tax and VAT obligations

Obligations in relation to the submission of corporation tax and VAT returns have continued to be monitored and actioned where appropriate in the Period, with assistance from EY's tax teams. No tax liabilities have been paid in the Period.

We will seek the final necessary tax and VAT clearances before formally closing the administration once all required returns have been submitted to HMRC and outstanding work has been completed.

Distributions to Creditors

Secured Creditors

Following the initial distribution of £7.1m to LBG from the Group's fixed charge realisations referenced in the Previous Report, a second distribution of £3.0m was paid from the Group's fixed charge realisations on 28 May 2021.

A third and final distribution to LBG is expected; however, it is anticipated that LBG will still suffer a significant shortfall.

Preferential Creditors

As mentioned in the Previous Report, the Statement of Affairs ("**SoA**") at the Date of Appointment showed preferential creditor claims to be in the region of £645k.

To date, floating charge realisations have been insufficient to enable a distribution to preferential creditors. Current estimates of future floating charge realisations do not change this outcome.

We will provide a further update on this position as applicable in our future statutory reporting.

Unsecured Creditors

While the directors' SoA at the Date of Appointment indicated unsecured claims in the region of £175m, unsecured claims lodged to date currently total c.£13.7m.

We continue to respond to creditor queries and provide assistance in registering claims as applicable.

Current estimates show that there will be insufficient funds to enable a distribution to unsecured creditors.

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 Company's floating charges were created after 15 September 2003, the prescribed part applies to the Company.

The realised value of the Company's net property is £nil and as such no distribution will be possible by virtue of the prescribed part.

Joint Administrators' Remuneration and Disbursements

The statutory provisions relating to remuneration are set out in Rules 3.95 to 3.101 of the Rules.

In certain circumstances, creditors are entitled to request further information about our remuneration or outlays, or to apply to court if they consider the costs to be excessive (Rule 3.100 of the Rules). Further information is given in 'A Creditors' Guide to Administrators' Fees', a copy of which may be accessed from the web site of the Institute of Chartered Accountants of Scotland at <https://www.icas.com/technical-resources/creditor-guides-to-office-holder-remuneration> or is available in hard copy upon written request to the Joint Administrators.

Remuneration

Our remuneration was fixed on the basis of time properly spent by the Joint Administrators and their staff in dealing with matters arising in the administration by the secured creditor by resolution on 3 August 2020.

An analysis of the time spent in the Period, is attached at Appendix C to this report along with a description of work carried out in the Period and work still to complete.

Time costs of £288k have been incurred during the Period, giving a total time cost to date of £1,369k. This exceeds the Joint Administrators' original fee estimate of £1,169k, however the Joint Administrators' total remuneration is not expected to exceed the original fee estimate of £1,169k.

The Joint Administrators have drawn remuneration in the Period split across both fixed and floating charge costs of £150k and £250k plus VAT respectively.

Disbursements

The Joint Administrators have incurred a total of £63 category 1 disbursements during the Period, bringing the total for the administration to £5,243. In line with Statement of Insolvency Practice 9 ("SIP9"), it is the Joint Administrators' policy to disclose Category 1 disbursements, as detailed in Appendix D, but not seek approval to draw them.

The Joint Administrators received approval to draw category 2 disbursements from the secured creditor by resolution on 3 August 2020. No category 2 disbursements have been incurred during the Period.

Payments to Other Professionals

The table below details the professionals engaged to assist us in the administration, and the cost incurred for each. They were chosen based on their experience in similar assignments.

| Name of firm | Nature of service | How contracted to be paid | Total amount paid in the Period (£) |
|---------------------------------|---|----------------------------|-------------------------------------|
| DLA Piper | Legal Advice | Time costs | 130,657 |
| Savills | Property marketing agents | Percentage of Realisations | 30,000 |
| Moorcroft Property Management | Vacant property management | Time costs | 13,355 |
| Fenchurch Law Limited | Legal fees relating to potential BI claim | Time costs | 8,500 |
| SR Consultants | Project management and health and safety support during asbestos survey | Time costs | 1,400 |
| Total paid in the Period | | | 183,912 |

Details of the fees paid in the Period are outlined further in the receipts and payments account attached at Appendix B.

Joint Administrators' Outlays

During the Period the Joint Administrators have incurred outlays totalling £219k plus VAT, a breakdown of which is detailed at Appendix D to this report.

Remaining Work

The Joint Administrators will continue to carry out their statutory duties and to deal with matters in order to achieve the objectives of the administration, as set out in the Proposals. Future tasks will include, but may not be limited to, the following:

- ▶ continue to realise Company assets including finalising business rates refunds and the business interruption insurance claim as set out earlier in this report;
- ▶ completion of any tax obligations including preparation and submission of corporation tax and VAT returns to HMRC as required;
- ▶ continue to correspond with employees, customers and trade creditors of the Company as required;
- ▶ continued completion of statutory reporting; and
- ▶ any such actions the Joint Administrators consider, in their reasonable opinion, are necessary and/or expedient to fulfil the purpose of the administration and to bring it to a conclusion.

The Extension and End of the Administration

The administration was due to automatically end on 21 May 2021. The decision was taken to extend the administration of the Company for a period of up to 12 months in order to complete the work outlined above. An extension was approved by the secured creditor in accordance with the provisions of paragraph 78 of Schedule B1 to the Insolvency Act 1986, on 18 May 2021.

It is proposed that if at the end of the administration (21 May 2022), the Company has no property which might permit a distribution to its creditors, 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.

Next Report

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

Should you have any remaining questions about the administration, please do not hesitate to contact Tristan Robinson at this office by emailing at slgadministration@uk.ey.com.

Yours faithfully
for the Company



S J Woodward
Joint Administrator

Enclosed:

- Appendix A Statutory Information
- Appendix B Summary of Receipts and Payments
- Appendix C Joint Administrators' Time Costs
- Appendix D Summary of Joint Administrators' Outlays Incurred

S J Woodward is licensed in the United Kingdom to act as an Insolvency Practitioner by The Institute of Chartered Accountants in England and Wales and C P Dempster is licensed in the United Kingdom to act as 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, S J Woodward 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 Administrator's appointment. The Office Holder Data Privacy Notice can be found at www.ey.com/uk/officeholderprivacy.

Appendix A Statutory Information

Information about the proceedings, the Company and the office holders, as required by Rule 3.94 of the Insolvency (Scotland) (Company Voluntary Arrangements and Administration) Rules 2018

| | |
|---|--|
| Name of court: | Court of Session, Scotland |
| Court reference: | P370/20 |
| Registered name of the company: | Shearings Hotels Limited (in Administration) |
| Registered office address of the company: | c/o Ernst & Young LLP, Atria One, 144 Morrison Street, Edinburgh, EH3 8EX |
| Registered number: | SC024759 |
| Country of incorporation (for a company incorporated outside the United Kingdom): | N/A |
| Date of appointment of the Joint Administrators: | 22 May 2020 |
| Details of administration extension: | Administration extended to 22 May 2022 |
| Details of any changes of administrator: | None |
| Full names of the administrators: | Samuel James Woodward and Colin Peter Dempster |
| Office holder number(s): | 12030 and 8908 |
| Administrators' address(es): | Ernst & Young LLP, 2 St. Peter's Square, Manchester M2 3EY; and Ernst & Young LLP, Atria One, 144 Morrison Street, Edinburgh, EH3 8EX |
| Telephone number: | +44 161 333 3294 |
| Name of alternative person to contact with enquiries about the case: | Tristan Robinson |

Appendix B Summary of Receipts and Payments

Shearings Hotels Limited

| Statement of affairs estimated to realise | | 22 May 2020 to 21 November 2020 | 22 November 2020 to 21 May 2021 | Cumulative Totals |
|--|---|------------------------------------|------------------------------------|---------------------|
| (£) | Note | (£) | (£) | (£) |
| 2,629,900.50 | | | | |
| | Fixed charge receipts | | | |
| | Property | 15,000.00 | 1,470,006.25 | 1,485,006.25 |
| | Intellectual property | 26,959.00 | - | 26,959.00 |
| | Bank interest | - | 18.82 | 18.82 |
| | 1 Secured lender funding | 67,976.78 | (67,976.78) | - |
| | | 109,935.78 | 1,402,048.29 | 1,511,984.07 |
| 100,000.00 | Floating charge receipts | | | |
| | Fixtures and fittings | 69,240.00 | - | 69,240.00 |
| | Rates refund | 37,090.05 | 20,962.33 | 58,052.38 |
| | IT systems | 39,545.00 | - | 39,545.00 |
| 5,000.00 | Stocks | 17,722.00 | - | 17,722.00 |
| | Unallocated receipts | 4,000.03 | - | 4,000.03 |
| | Property | 577.98 | - | 577.98 |
| | Bank interest | 53.38 | 9.22 | 62.60 |
| | 1 Secured lender funding | 332,611.96 | (332,611.96) | - |
| | | 500,840.40 | (311,640.41) | 189,199.99 |
| 2,734,900.50 | * Total receipts | 610,776.18 | 1,090,407.88 | 1,701,184.06 |
| | Fixed charge payments | | | |
| | Administrators' fees | - | 150,000.00 | 150,000.00 |
| | Legal fees and disbursements | 6,370.93 | 130,657.20 | 137,028.13 |
| | Security Costs | 36,234.65 | 13,354.80 | 49,589.45 |
| | Agents' fees and disbursements | 18,121.00 | 30,000.00 | 48,121.00 |
| | Property Holding Costs | 14,637.10 | 25,189.40 | 39,826.50 |
| | SDLT Tax | - | 4,305.00 | 4,305.00 |
| | Professional fees | - | 1,400.00 | 1,400.00 |
| | | 75,363.68 | 354,906.40 | 430,270.08 |
| | Floating charge payments | | | |
| | Administrators fees - post appointment | - | 250,000.00 | 250,000.00 |
| | Legal fees and disbursements - post appointment | 152,491.36 | 8,500.00 | 160,991.36 |
| | Administrators fees - pre appointment | 132,814.25 | - | 132,814.25 |
| | Legal fees and disbursements - pre appointment | 116,331.02 | - | 116,331.02 |
| | Employee costs | 110,156.52 | - | 110,156.52 |
| | Other professional fees | 58,930.00 | - | 58,930.00 |
| | IT suppliers | 28,789.08 | 10,520.55 | 39,309.63 |
| | Repayment of charity donations | 25,301.63 | - | 25,301.63 |
| | Rent apportionment | 5,367.33 | - | 5,367.33 |
| | Postage | 1,038.00 | - | 1,038.00 |
| | Waste disposal costs | 408.79 | - | 408.79 |
| | Bank charges | 347.70 | 18.20 | 365.90 |
| | Storage costs | 16.10 | 108.17 | 124.27 |
| | Public notices | 94.50 | - | 94.50 |
| | Security costs | 28.80 | - | 28.80 |
| | Sundry expenses | 15.00 | - | 15.00 |
| | | 632,130.08 | 269,146.92 | 901,277.00 |
| | * Total payments | 707,493.76 | 624,053.32 | 1,331,547.08 |
| | Balances in hand | (96,717.58) | 466,354.56 | 369,636.98 |
| | Represented by: | | | |
| | 2 Cash at bank | | | 1,131,010.67 |
| | 3 Interco balance | | | (775,700.23) |
| | 4 VAT receivable (payable) | | | 14,326.54 |
| | | | | 369,636.98 |

Notes

- The negative receipt during the Period represents the repayment of secured lender funding as discussed in the body of the report.
- All funds are held in interest bearing accounts.
- Interco balances represent amounts due from / (to) other group companies in respect of amounts invoiced to and paid by certain of the Group Companies on behalf of other of other Group companies and subsequently recharged.
- VAT liabilities have been prepared on the basis of VAT invoices raised and settled during the Period.

* This receipts and payments account is shown net of VAT and has been prepared on a cash basis and does not reflect debts not collected or liabilities not paid. Any amendments to amounts detailed in the Previous Report are a result of a recategorisation of certain costs following groupwide reconciliation work.

Appendix C Joint Administrators' Time Costs

Joint Administrators' Time Costs from 22 November 2020 to 21 May 2021

| | Staff Grade | | | | | | | Total for the Period | | | Total administration | |
|-----------------------------|------------------|-------------------|-----------------|--------------------|------------------|------------------|------------------|----------------------|-------------------|----------------|----------------------|------------------|
| | Partner | Associate Partner | Director | Assistant Director | Manager | Executive | Analyst | Total Hours | Total Cost £ | Average Rate £ | Total costs (£) | Average rate (£) |
| Accounting & Administration | 3.0 | - | - | 1.8 | 19.9 | 58.1 | 10.3 | 93.1 | 35,694.10 | 383 | 74,112.60 | 404 |
| Creditors | - | - | - | 1.3 | - | 3.0 | 32.6 | 36.9 | 9,066.20 | 246 | 74,174.60 | 287 |
| Customers & Bonds | - | - | - | - | - | 1.8 | 21.9 | 23.7 | 5,554.80 | 234 | 201,309.80 | 288 |
| Debtors | - | - | - | - | - | - | - | - | - | - | 3,731.00 | 746 |
| Employees | - | - | - | - | 4.7 | 29.4 | - | 34.1 | 11,705.00 | 343 | 188,360.50 | 540 |
| Investigation & CDDA | - | - | - | - | - | - | - | - | - | - | 27,107.10 | 405 |
| Environmental Issues | - | - | - | - | 9.2 | - | - | 9.2 | 4,784.00 | 520 | 4,784.00 | 520 |
| Immediate Tasks | - | - | - | - | - | - | - | - | - | - | 7,873.50 | 220 |
| Job Acceptance & Strategy | - | - | - | - | - | - | - | - | - | - | 2,646.00 | 344 |
| Legal Issues | - | - | - | - | 10.9 | - | - | 10.9 | 5,668.00 | 520 | 7,462.00 | 553 |
| Other Matters | - | - | - | - | - | 2.0 | - | 2.0 | 630.00 | 315 | 5,330.00 | 395 |
| Property | 10.5 | 2.0 | - | 101.2 | 44.5 | 28.5 | 11.0 | 197.7 | 116,380.50 | 589 | 447,877.60 | 531 |
| Public Relations Issues | - | - | - | - | - | - | - | - | - | - | 1,548.50 | 815 |
| Realisation of Other Assets | - | - | - | 14.5 | 2.0 | 3.0 | 1.5 | 21.0 | 12,178.00 | 580 | 51,095.70 | 578 |
| Reporting | 1.2 | - | - | 12.5 | 13.8 | 4.3 | - | 31.8 | 18,242.50 | 574 | 56,047.00 | 603 |
| Retention of Title | - | - | - | - | - | - | - | - | - | - | 3,207.00 | 324 |
| Sale of Business | - | - | - | - | - | - | - | - | - | - | 70,979.00 | 591 |
| Statutory Duties | - | - | - | 29.8 | 7.5 | 4.0 | 7.9 | 49.2 | 27,177.80 | 552 | 64,207.40 | 416 |
| Trading | - | - | - | - | - | - | - | - | - | - | 34,783.50 | 487 |
| VAT & Taxation | - | 3.1 | 6.2 | - | 35.3 | 9.1 | 26.6 | 80.3 | 40,768.00 | 508 | 42,559.50 | 505 |
| Total Hours | 14.7 | 5.1 | 6.2 | 161.1 | 147.8 | 143.2 | 111.8 | 589.9 | | | | |
| Time Costs (£) | 14,847.00 | 5,205.50 | 6,355.00 | 109,548.00 | 77,636.00 | 46,830.00 | 27,427.40 | | 287,848.90 | | 1,369,196.30 | |

Description of Work Done

Outlined in the table below is supporting narrative explanation as to the work undertaken during the Period. This information is detailed on a category by category basis, aligned to the reporting of time costs in the table above.

This supporting information should be read in conjunction with all sections of this report.

| Category of work | Description of work completed in the Period |
|-------------------------------|--|
| Accounting and Administration | <ul style="list-style-type: none"> ▶ Case management of statutory tasks and compliance, including maintaining statutory compliance diary and vigilance regarding time costs. ▶ Treasury and accounting functions, including: ensuring payments for services are made and recorded appropriately; ensuring receipts from asset realisations are recorded appropriately; ensuring bank accounts are reconciled regularly; and, maintaining appropriate allocation of secured lender funding and intercompany recharges. |
| Creditors | <ul style="list-style-type: none"> ▶ Monitoring of mailboxes and corresponding with creditors who were not registered as at the Date of Appointment and had therefore not been provided with information on how to make a claim. ▶ Recording and filing of claims as received. ▶ Several creditors required further dialogue through letters, emails and calls to clarify specific issues such as the administration process and updates on the progress of their claim. ▶ Assisting creditors and their credit insurance claims where applicable and providing confirmation of debt forms. ▶ Liaising with utility companies (electricity, gas and water suppliers to hotels). Providing closing meter readings where possible in order to minimise claims. ▶ Liaising with local authorities (council tax, business rates etc) in ensuring account details were updated and unsecured claims filed with regards to leased properties vacated post appointment. |
| Customers and Bonds | <ul style="list-style-type: none"> ▶ Given the nature of the business, there have been multiple customer queries to resolve through email, letter and phone calls. ▶ The Joint Administrators have worked closely with ABTA, the Civil Aviation Authority, the Confederation of Passenger Transport, Bonded Coach Holidays and the merchant service provider throughout the Group administrations to remain aligned on messaging to customers. ▶ Produced a thorough FAQ to be sent to customers in response to email with easy to follow guidance on their specific queries. |

| Category of work | Description of work completed in the Period |
|------------------------------|--|
| | <ul style="list-style-type: none"> ▶ Supporting customers on submitting a claim with Bonded Coach Holidays for cancelled holidays which had coach travel included. |
| Employee Matters | <ul style="list-style-type: none"> ▶ Liaising with pension providers and providing necessary statutory forms to allow for any outstanding pension contributions to be claimed from the Redundancy Payment Service. ▶ Responding to employment tribunal notices and proving information where necessary. ▶ Dealing with queries and miscellaneous former employee matters on an ad hoc basis. |
| Environmental Issues | <ul style="list-style-type: none"> ▶ During a site inspection it was noted that there was structural damage to the roof from a collection of rainwater. ▶ A risk assessment was carried out on the premises which indicated a number of potential risks. We liaised with the duly appointed health and safety officer and carried out necessary investigations which included an asbestos survey to ensure the premises was safe. |
| Legal Issues | <ul style="list-style-type: none"> ▶ Discussing legal issues with our legal advisors where appropriate on topics such as property matters and other ad hoc concerns. ▶ Review and preparation of sale contracts and other documentation in relation to the sale of assets. ▶ Liaising with our legal representatives regarding a security review for the Company. ▶ Liaising with the Company's insurers and legal advisors where necessary with regards to ongoing claims: public liability, personal injury and accident and motor claims. |
| Other Matters | <ul style="list-style-type: none"> ▶ Dealing with assets owned by third parties and assisting with the collection of these assets. |
| Property | <ul style="list-style-type: none"> ▶ Worked with our appointed agents to realise value in the Company's interests in certain hotels (detailed in the report). ▶ Liaising with our appointed vacant property managing agents to secure hotels we retained an interest in, with ongoing monitoring of any threats to the security of these hotels through the Period. ▶ Calculating the outstanding business rates and council tax costs associated with the occupied hotels to organise for payment to be made or exemptions to be sought. ▶ Finalising and closing undertaking for the costs incurred post appointment due to occupation of properties to several utility providers. |
| Realisations of Other Assets | <ul style="list-style-type: none"> ▶ Review of Company records, and execution of realisation strategies in respect of asset categories including rates refunds and insurance matters. |
| Reporting | <ul style="list-style-type: none"> ▶ Reporting to the secured lender with regard to specific realisation strategies (as applicable). ▶ Updates on secured lender funding in accordance with the funding agreement detailed in this report. |
| Statutory Duties | <ul style="list-style-type: none"> ▶ Filed appropriate documentation with Companies House notifying the administration extension. ▶ Completion of Proposals as well as ensuring all documents are appropriately filed in line with the statutory requirements. |
| VAT & Taxation | <ul style="list-style-type: none"> ▶ Complexities associated with HMRC administration of the VAT group has involved significant time spent in this area. ▶ Assessment of the VAT and tax treatment of transactions and agreements entered into during the administration. ▶ Option to Tax enquiries made in relation to the freehold properties ensuring appropriate tax is charged on sale transactions. ▶ Liaising with EY tax specialists to ensure tax obligations are met throughout the Period and planned for moving forwards. |

Appendix D Summary of Joint Administrators' Outlays Incurred

| Type of Expense | Paid in Previous Period (£) | Paid in Period (£) | Estimated Outstanding (£) | Total Expected (£) |
|---|-----------------------------|--------------------|---------------------------|---------------------|
| Payments made from the estate which are not disbursements (Note 1) | | | | |
| Property costs | 20,004.43 | 25,189.40 | 14,441.00 | 59,634.83 |
| Security holding costs | 36,263.45 | 13,354.80 | - | 49,618.25 |
| Insurance | - | - | 24,000.00 | 24,000.00 |
| IT | 28,789.08 | 10,520.55 | 8,133.23 | 47,442.86 |
| Employee costs | 110,156.52 | - | - | 110,156.52 |
| ERA solutions costs | 58,930.00 | - | 1,070.00 | 60,000.00 |
| Hotels costs | - | - | 20,000.00 | 20,000.00 |
| Legal fees | 158,862.29 | 139,157.20 | 14,296.69 | 312,316.18 |
| Agent costs | 18,121.00 | 31,400.00 | 6,674.00 | 56,195.00 |
| Storage costs | 16.10 | 108.17 | 875.73 | 1,000.00 |
| Waste disposal costs | 408.79 | - | - | 408.79 |
| Public notices | 94.50 | - | 94.50 | 189.00 |
| Sundry expenses | 15.00 | - | - | 15.00 |
| Repayment of charitable donation | 25,301.63 | - | - | 25,301.63 |
| Bank charges | 347.70 | 18.20 | - | 365.90 |
| Postage | 1,038.00 | - | - | 1,038.00 |
| SDLT Tax | - | 4,305.00 | - | 4,305.00 |
| | 458,348.49 | 219,748.32 | 89,585.15 | 767,681.96 |
| Category 1 disbursements (Note 2) | | | | |
| Travel costs (exc. Mileage) | - | - | 400.00 | 400.00 |
| Specific bond | 40.00 | - | - | 40.00 |
| Postage and printing | 5,180.27 | 62.51 | 820.23 | 6,063.01 |
| | 5,220.27 | 62.51 | 1,220.23 | 6,503.01 |
| Category 2 disbursements (Note 2) | | | | |
| Mileage | - | - | 250.00 | 250.00 |
| | - | - | 250.00 | 250.00 |
| Pre-administration costs | 249,145.27 | - | - | 249,145.27 |
| Total | 712,714.03 | 219,810.83 | 91,055.38 | 1,023,580.24 |

Notes

- 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.
- 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 disbursements are payments to independent third parties where there is specific expenditure directly referable to the appointment; and
 - ▶ 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.