

TO CREDITORS WHO ARE NOT OPTED OUT AND OTHERS WHO RECEIVED NOTICE OF THE ADMINISTRATORS' APPOINTMENT

17 May 2023

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

Dear Sirs

Spicers Limited (“the Company”) (formerly in Administration and now in Creditors’ Voluntary Liquidation)

I write to inform you that the Administration of the Company has now ended and that the Company has moved into Creditors’ Voluntary Liquidation pursuant to paragraph 83 of Schedule B1 to the Insolvency Act 1986.

I enclose a copy of the notice of move to Creditors’ Voluntary Liquidation, which was registered at Companies House on 16 May 2023, together with a copy of the Administrators’ final progress report.

Should you have any queries, please contact the email address above.

Yours faithfully
for the Company



C G J King
Joint Administrator

Enc: Notice of move from administration to creditors’ voluntary liquidation
Final progress report

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.

TO ALL KNOWN CREDITORS

4 May 2023

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

Dear Sirs

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

High Court of Justice, Business and Property Courts in Birmingham, Insolvency and Companies List (ChD), Number CR-2020-BHM-000302

I write to provide you with our final progress report in the Administration, which includes details of the outcome.

The report covers the period from 14 November 2022 to 4 May 2023 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.

On 14 May 2020, the Company entered Administration with R H Kelly and C G J King 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 to the Insolvency Act 1986. In accordance with a Court Order dated 27 June 2022, R H Kelly was replaced by S J Woodward as he retired from the EY Partnership.

Summary of the Administrators’ proposals

The Joint Administrators Statement of Proposals was issued to the Company’s creditors on 21 May 2020.

The Proposals summarised the background of the Company and the circumstances giving rise to the appointment of the Joint Administrators, as well as a detailed explanation of the Pre-Pack transaction entered into with OT Group Limited on 14 May 2020 (“the Transaction”).

The principal objective of the Administration was 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). As set out in the Proposals, it was concluded that the Transaction delivered a better outcome for creditors than a liquidation or a wind down realisation of the stock and other assets.

As detailed in the Proposals, it was proposed that at the end of the Administration, the Company would move straight into Creditors’ Voluntary Liquidation upon the filing with the Registrar of Companies of a notice pursuant to paragraph 83 of Schedule B1 to the Insolvency Act 1986.

In accordance with a creditor decision by correspondence, the Proposals were approved on 8 June 2020.

Summary of steps taken during the administration

In accordance with the Proposals and as set out in the Joint Administrators' previous progress reports, the Joint Administrators' work has included, inter alia:

- ▶ Dealing with matters arising out of the Transaction;
- ▶ Recovering trade debtor balances owing to the Company;
- ▶ Renting and selling the Company's freehold property and dealing with other property matters;
- ▶ Realising Company deposits and prepayments;
- ▶ Recovering funds held as cash on appointment;
- ▶ Realising other residual assets of the Company;
- ▶ Dealing with employee matters, including the submission of a furlough claim and matters relating to the retained employees (funded by OT Group Limited);
- ▶ Dealing with retention of title claims in respect of stock supplied to the Company;
- ▶ Assessment of the complex Distribution Exercise;
- ▶ Investigating the conduct of the Company's directors as required by law;
- ▶ Dealing with corporation tax and VAT matters, including filing statutory returns;
- ▶ Dealing with statutory duties, including reporting to creditors;
- ▶ Distributing funds to the secured creditors under their fixed and floating charges;
- ▶ Dealing with preferential creditor claims and making a distribution to the preferential creditors; and
- ▶ Dealing with unsecured creditor and employee queries.

Summary of progress since the last report

Debtors

As previously reported, at the date of the Administration, the book value of the Company's debtor ledger (excluding intercompany debts) was £17.5m.

During the period of the Administration, collections have totalled c.£10.7m. However, there remains one larger debtor balance which we continue to consider to be contractually due. We will continue to pursue this debt in the subsequent Liquidation.

Distribution exercise

As also previously reported, the Company has made distributions and payments in respect of the BECAP12 secured debt, which total £9,365,435 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. Additionally, OfficeTeam Limited (in Administration) ("OfficeTeam") settled the £2,335,695 debt owed by the Company to Lloyds Banking Group ("LBG") on its Invoice Discounting Facility ("IDF") account.

We are continuing to undertake an exercise (the "Distribution Exercise") to determine the quantum of the subrogated claims the Company has 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, that the other companies are each indebted to the Company due to its over contribution under the guarantee, resulting in subrogated claims.

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.

Preferential creditor distribution

As set out in further detail below, during the period of the report a dividend of 100p in the £ was paid to preferential creditors in March 2023.

Distributions to creditors

Secured creditors

LBG

LBG, the Company's first ranking secured creditor, had a total indebtedness of £12,913,614 due as at the date of Administration with further interest and charges accruing post the appointment of Administrators. Additionally, the Company provided cross guarantees to LBG for monies owed by OfficeTeam and ZenOffice Limited, increasing LBG's overall indebtedness to £17,154,991,

Following the sale of the freehold property the Company settled the outstanding LBG property loan in full, repaying LBG's remaining indebtedness on the loan of £1,915,028.

During the Administration, net receipts relating to debtor collections in the IDF account totalled £8,705,976. After accounting for £650,000 of property loan payments made from the IDF account, there was an outstanding direct indebtedness of £2,335,695. This amount was settled by an application of funds from a surplus in the OfficeTeam IDF account, which LBG was entitled to under their cross guarantee. The debt owed to LBG on the IDF account by the Company has been settled in full and OfficeTeam has a subrogated claim against Spicers Limited for the value of £2,335,695 which will be settled in the following creditors' voluntary liquidation.

BECAP12

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

The Company has made distributions in respect of the BECAP12 debt of £9,365,435, for settlement of the principal amount, plus accrued interest and charges.

As noted above, this debt was cross guaranteed by certain other entities within the Company's group, 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

In the period of this report, Preferential claims of £273,085 have been agreed in respect of employees' salaries and accrued holiday pay.

A dividend of 100p in the £ was paid to preferential creditors in March 2023.

Non-preferential creditors

Unsecured third-party claims totalling c.£16.6m 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.£3.6m 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.

Details of assets still to be realised

Book Debts

There remains a larger debtor balance which we continue to consider to be contractually due.

As previously reported, our legal advice confirms that there are substantive grounds to pursue this debt and we believe this is rightfully due to the Company. We will continue to pursue this debt during the subsequent Liquidation.

Amounts owing from group entities

We currently consider, based on detailed legal advice which has been provided as part of the Distribution Exercise, that other group companies are indebted to the Company due to its over contribution under the BECAP12 guarantee, resulting in subrogated claims against these group companies.

Based on our current understanding of the potential outcome from the Distribution Exercise, we believe there may be funds received by the Company from other group companies at a future point in time in relation to these subrogated claims.

Receipts and payments account

I enclose at Appendix 2 a receipts and payments account for the period from 14 May 2020 to 4 May 2023.

Funds of c.£4.9m, will be transferred to the Company's CVL bank account.

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 by a resolution of the creditors passed on 8 June 2020. A further resolution regarding the Joint Administrators remuneration was also passed by a resolution of the creditors on 24 March 2023.

During the period covered by this report, we have charged remuneration of £136,612.50 taking total post Administration time costs incurred to date to £3,596,760.40. Of this sum, £1,737,684 has been paid. An analysis of the time spent, and a comparison with the fee estimate dated 9 March 2023 is attached as Appendix 4 to this report.

The administrators' remuneration has exceeded the original fee estimate. The reasons for this were set out in detail in the Administrators' Notice of decision procedure regarding the revision of the Administrators' Remuneration dated 9 March 2023. In summary, this included, inter alia, significant levels of additional work in relation to matters that were unforeseen in relation to the Company's debt structure, the debtor collection exercise, dealing with employee matters and property matters. The increase in the remuneration estimate from £1,737,684 plus VAT to £3,329,145 plus VAT was approved by a resolution of the creditors on 24 March 2023.

The Administrators have drawn fees of £1,737,684 in the Administration and will draw the remaining balance of £1,591,461 in the Liquidation.

Joint administrators' statement of expenses incurred

During the period covered by this report, the Administrators have incurred expenses totalling £11,787 plus VAT. There is a breakdown of expenses incurred in the period and to date at Appendix 3 to this report.

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

- ▶ £1,637 - Storage costs: charges for storing the Company's books and records collected from the Company's sites.
- ▶ £4,801 - Legal costs: costs have exceeded the original estimate due to legal advice being required in respect of an extended number of disputes made by debtors and advice provided regarding the Distribution Exercise.

Pre-administration costs

The Administrators' proposals dated 21 May 2020 included a statement of pre-administration costs, which included £48,928.25 plus VAT in relation to pre-Administration work conducted by the Joint Administrators, together with expenses (legal fees of £38,866 and agents' fees of £20,000), which was outstanding at the date on which the company entered administration. On 8 June 2020, payment of the unpaid costs was approved under rule 3.52 and this amount was subsequently settled.

The outcome of the Administration

In accordance with the terms of the proposals, the Administrators have delivered to Companies House a notice of move from Administration to Creditors' Voluntary Liquidation.

The Liquidation will begin when the notice is registered by Companies House and Samuel James Woodward and Charles Graham John King of Ernst & Young LLP (the current Joint Administrators or the Company) will become the Joint Liquidators.

Should you have any remaining questions about the Administration, please do not hesitate to contact the email address at the top of this report.

Yours faithfully
for the Company



C G J King
Joint Administrator

Enc: Copy of Form AM22



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.

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-000302
Registered name of the Company:	Spicers Limited
Registered office address of the Company:	c/o Ernst & Young LLP, 1 Bridgewater Place, Water Lane, Leeds, LS11 5QR
Registered number:	00425809
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

Spicers Limited (in Administration)

Joint Administrators' Receipts and Payments from 14 November 2022 to 4 May 2023

Statement of Affairs Estimated to Realise Values (£)	1,2	Period from		Total	
		14 May 2020 to 13 November 2022 (£)	14 November 22 to 4 May 2023 (£)		
Fixed charge receipts (excludes debts assigned to LBG)					
70,000		Intellectual Property	120,000	-	120,000
13,000,000		Freehold Property	15,005,000	-	15,005,000
12,659,015	3	Debtors to be transferred to IDF account	60367.15	-	60,367
		Debtors received in the Administration account	906,483	-	1,102,321
	4	Bank interest	811	18,550	23,466
			<u>16,092,662</u>	<u>18,550</u>	<u>16,311,154</u>
Fixed charge payments					
		Property Agent Fees	112,538	-	112,538
	3	Debtor Collection Agent Commission	655,113	5,000	723,716
		Erroneous Debtor Receipts Returned	510	-	510
		Transfer to Debtor Collection Account	60,367	-	60,367
		Agents fees - Intellectual Property Sale	10,200	-	10,200
		Legal fees settled for OTT and Other Co-Guarantors	2,604	-	8,604
		Bank charges	1	-	1
			<u>841,333</u>	<u>5,000</u>	<u>915,936</u>
Payments to Secured Creditors					
		Secured Creditor Distribution to LBG (Property Loan)	1,915,028	-	1,915,028
		Secured Creditor Distribution to BECAP12	8,901,521	-	9,106,998
		Withholding Tax on BECAP12 Distribution	258,437	-	258,437
			<u>11,074,986</u>	<u>-</u>	<u>11,280,463</u>
		Net fixed charge realisations	4,176,342	13,550	4,114,755
Floating charge receipts					
Asset realisations					
		Stock	821,521	-	821,521
125,000		Fixtures and Fittings	150,700	-	150,700
412,220		Cash at bank at date of appointment	440,246	-	440,246
		Freehold Property Rent	807,876	-	807,876
111,169		Apportionments	110,391	-	110,391
12,449		Deposits and Prepayments	318,853	-	353,048
Transfer receipts					
		HMRC Furlough Receipt	128,869	-	128,869
		Employee Costs Funded by OTG	302,281	-	295,887
		Property Costs Funded by OTG (LTO Properties)	47,674	-	47,674
		Property Costs Funded by OTG (Non-LTO Properties)	161,520	-	161,520
	3	Transfer From Debtor Collection Account for Commission	629,869	-	629,869
Other receipts					
	4	Bank Interest	821	1,548	2,690
			<u>3,920,622</u>	<u>1,548</u>	<u>3,950,292</u>
Floating charge payments					
		Pre-Administration Costs	107,794	-	107,794
Costs of realisations:					
		Purchase Ledger Update Cost	6,250	-	6,250
		Contractor Costs (Debtors, Rebates and Customer Contrac	20,532	-	28,812
		Other Costs	1,949	-	1,949
Expenses:					
		Bank Charges	217	63	284
		Insurance	6,928	286	7,594
		Storage Charges	10,468	1,637	14,151
		Statutory Costs	95	-	95
Employees:					
		Employee Costs (Property Exit)	140,367	-	140,367
		Employee Costs (Debtor Realisation)	87,250	-	87,250
		Employee Costs (Furlough)	131,875	-	131,875
		Employee Costs (Other)	68,269	-	68,269
Property:					
		Property Payments (LTO Properties)	44,167	-	44,167
		Property Payments (Non-LTO Properties)	161,520	-	161,520
Professional Fees:					
		Legal Fees	289,490	4,801	301,139
		Other Professional Fees	34,748	-	34,748
Administrators' Expenses:					
		Administrators' Remuneration	1,737,684	-	1,737,684
		Administrators' Disbursements	2,773	-	2,773
			<u>2,852,377</u>	<u>6,787</u>	<u>2,876,722</u>
		Net floating charge realisations	1,068,245	(5,238)	1,073,570
Payments to Preferential Creditors					
		Preferential creditor distributions	-	273,085	273,085
		Total net realisations	5,244,587	(264,773)	4,915,240
Funds in Hand					
		Cash at bank	5,069,143	(267,061)	4,913,778
		VAT Receivable / (Payable)	175,444	2,288	1,462
			<u>5,244,587</u>	<u>(264,773)</u>	<u>4,915,240</u>

Notes

1. Receipts and payments are stated net of VAT.
2. This receipts and payments account has been prepared on a cash basis.
3. As a result of the assignment of trade debtors, the related debtor receipts are an asset of the fixed charge holder, Lloyds Bank PLC ("LBG"), which has control of the IDF account into which receipts were paid. The receipts received into this account are 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	20,399,815
Less: Irrecoverable intercompany balance	(2,838,358)
Debtor balance	17,561,457
Debtor collections received into IDF account	9,578,418
Commissions on debtor collections paid from IDF	(629,869)
LBG IDF Interest and service charges	(242,573)
Net debtor collections enabling a reduction in the LBG IDF debt	8,705,976
Repayments against the Company's mortgage	(650,000)
Net collections enabling a reduction in the IDF debt	8,055,976
Spicers IDF debt	(10,391,671)
Spicers deficit	(2,335,695)
Application of funds from OfficeTeam's IDF surplus	2,335,695
LBG IDF indebtedness	-

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

Appendix 3

Spicers Limited (in Administration)

Summary of joint administrators' expenses incurred

Type of Expense	Paid in Period to 13 November 2022	Paid in Period to 4 May 2023	Total	Per Estimate Dated 21 May 2020
Payments made from the estate which are not disbursements ¹	£	£	£	£
Fixed charge				
Erroneous Debtor Receipts Returned	510	-	510	-
Transfer to Debtor Collection Account	60,367	-	60,367	-
Debtor Collection Agent Commission	718,716	5,000	723,716	1,385,000
Legal costs - Pinsent Masons LLP (Legal advice and documentation for sale of property)	-	-	-	30,000
Agents costs - Jones Lang LaSalle (Sale of property)	112,538	-	112,538	110,000
Agents fees - Intellectual Property Sale	10,200	-	10,200	-
Bank charges	1	-	1	-
Floating charge				
Pre-Administration Costs				
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
Costs of realisations				
Purchase Ledger Update Costs	6,250	-	6,250	-
Contractor fees (Debtors, Rebates and Customer Contracts)	28,811	-	28,811	-
Other Costs - Smart Room fee	649	-	649	1,000
Other Costs – Postage redirection	963	-	963	-
Other Costs – Payment to release stock	336	-	336	-
Other Costs – Test Payment	1	-	1	-
Expenses				
Insurance costs	7,308	286	7,594	65,000
Bank Charges	223	63	286	1,000

Statutory costs	95	-	95	1,000
Storage costs	12,514	1,637	14,151	-
Employees				
Employee costs (Exit from properties)	140,367	-	140,367	200,000
Employee costs (Debtor Realisation)	87,250	-	87,250	140,000
Employee costs (Furlough)	131,875	-	131,875	-
Employee costs (Other)	68,269	-	68,269	-
Property				
Property occupation costs (rent, service charge and insurance rent)	205,687	-	205,687	180,000
Professional Fees				
Legal costs - Pinsent Masons LLP	292,705	4,801	297,506	65,000
Legal costs - Clarion Solicitors	12,237	-	12,237	-
Agents costs - Gordon Brothers (Clearance of trading premises, collection of IT hardware and sales commission)	32,139	-	32,139	30,000
Agents costs - Daisy Software (IT decommissioning)	1,660	-	1,660	-
Agents costs - Colliers International Property Consultants (Property advice)	950	-	950	-
Administrators' Disbursements				
Specific penalty bond	1,280	-	1,280	1,280
Postage and printing	1,067	-	1,067	3,500
Conference Call facilities	-	-	-	5,000
Travel	431	-	431	-
Meeting Rooms	3	-	3	-
Totals	2,043,197	11,787	2,054,983	2,217,780

Notes

- 1 Statement of Insolvency Practice No.9 defines expenses as any payments from the insolvency estate which are neither an office holder's remuneration or a distribution to a creditor or member.
- 2 Expenses are divided into those that do not need approval before they are charged to the estate (Category 1) and those that do require prior approval (Category 2):
 - Category 1 expenses are payments to persons providing the service to which the expense relates who are not an associate of the office holder
 - Category 2 expenses are payments to associates or which have an element of shared costs.
- 3 Expenses also include disbursements. Disbursements are payments which are first met by the office holder and then reimbursed to the office holder from the estate. Disbursements fall into either Category 1 or Category 2
- 4 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

Spicers Limited (in Administration)

Joint administrators' time costs for the period from 14 May 2020 to 4 May 2023 and a comparison with the fee estimate dated 9 March 2023

	Total to 13 November 2022			Actual in this period			Total actual to 4 May 2023			Per Fee Estimate dated 9 March 2023		
	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	670.7	254,437.0	379	32.9	10,225.0	311	703.6	264,662.0	376	195.4	99,839.0	511
Bank & Statutory Reporting	316.9	201,969.0	637	3.0	2,380.0	793	319.9	204,349.0	639	237.3	124,498.0	525
Creditors	631.5	308,745.8	489	57.6	42,984.0	746	689.1	351,729.8	510	776.5	384,145.8	495
Debtors	2,075.6	1,390,773.0	670	-	-	-	2,075.6	1,390,773.0	670	2,135.6	1,450,973.0	679
Employee Matters	826.7	349,236.5	422	105.4	35,441.5	336	932.1	384,678.0	413	846.7	366,396.5	433
Immediate Tasks	45.7	27,023.0	591	3.0	2,145.0	715	48.7	29,168.0	599	45.7	27,023.0	591
Investigation & CDDA	87.2	44,492.0	510	-	-	-	87.2	44,492.0	510	87.2	44,492.0	510
Job Acceptance & Strategy	53.5	22,797.0	426	-	-	-	53.5	22,797.0	426	53.5	22,797.0	426
Other Assets	100.9	71,532.0	709	-	-	-	100.9	71,532.0	709	100.9	65,695.0	651
Other Matters	233.7	114,448.5	490	31.0	21,920.0	707	264.7	136,368.5	515	138.1	73,519.0	532
Property	486.3	270,921.0	557	-	-	-	486.3	270,921.0	557	486.3	270,921.0	557
Public Relations	3.0	1,905.0	635	-	-	-	3.0	1,905.0	635	3.0	1,905.0	635
Retention of Title	396.2	201,660.0	509	-	-	-	396.2	201,660.0	509	352.0	201,660.0	573
Statutory Duties	193.9	101,740.5	525	10.5	4,342.5	414	204.4	106,083.0	519	217.1	120,948.0	557
VAT & Taxation	188.4	98,467.6	523	54.2	17,174.5	317	242.6	115,642.1	477	115.9	74,333.0	641
Total	6,310.2	3,460,147.90	548	297.6	136,612.50	459	6,607.8	3,596,760.40	544	5,791.2	3,329,145.30	575

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 £17.6m 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 and dealer groups 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.

- ▶ **Employee matters** – time spent in assessing staffing requirements and dealing with redundancy procedures, including correspondence and calls with employees on appointment, answering queries, filing forms and liaising with the Redundancy Payments Service, and processing of claims. The time spent has also been impacted by Covid-19, including liaising with HMRC in relation to pre-Administration furlough claims and the distribution of furlough funds to employees. It also includes dealing with retained employees and the processing of the monthly payroll for the retained employees.
- ▶ **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.
- ▶ **Investigation & 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 realising intellectual property and residual IT hardware which have been collected from employees. 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 the sale of the freehold property, liaising with the landlords of properties vacated and other property related issues including corresponding with utility and business rate providers in respect of the Company's 6 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 193 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 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.



For further information, please refer to our guidance at www.gov.uk/companieshouse

1 Company details

Company number

Company name in full

→ **Filling in this form**

Please complete in typescript or in bold black capitals.

2 Court details

Court name

Court case number

3 Administrator's name

Full forename(s)

Surname

Woodward

4 Administrator's address

Building name/number

Street

Post town

County/Region

Postcode

Country

AM22

Notice of move from administration to creditors' voluntary liquidation

5 Administrator's name ¹

Full forename(s)

Surname

King

¹ Other administrator

Use this section to tell us about another administrator.

6 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.

7 Appointor/applicant's name

Give the name of the person who made the appointment or the administration application.

Full forename(s)

Surname

8 Proposed liquidator's name

Full forename(s)

Surname

Insolvency practitioner number

9 Proposed liquidator's address

Building name/number

Street

Post town

County/Region

Postcode

Country

AM22

Notice of move from administration to creditors' voluntary liquidation

10 Proposed liquidator's name ^①

Full forename(s)

Surname

Insolvency practitioner
number

① Other liquidator

Use this section to tell us about another liquidator.

11 Proposed liquidator's address ^②

Building name/number

Street

Post town

County/Region

Postcode

Country

② Other liquidator

Use this section to tell us about another liquidator.

12 Period of progress report

From date

d	d	m	m	y	y	y	y
d	d	m	m	y	y	y	y

To date

13 Final progress report

I have attached a copy of the final progress report.

14 Sign and date

Administrator's
signature

Signature

X



X

Signature date

d	d	m	m	y	y	y	y
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AM22

Notice of move from administration to creditors' voluntary liquidation



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 and dated 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

For further information please see the guidance notes on the website at www.gov.uk/companieshouse or email enquiries@companieshouse.gov.uk

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