

TO ALL KNOWN CREDITORS

9 June 2021

Ref: HK/ 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

On 14 May 2020, the Company entered Administration with R H Kelly and C G J King appointed to act as Joint Administrators (“the Joint Administrators”). The appointment was made by the Company’s directors under the provisions of paragraph 22(2) of Schedule B1 to the Insolvency Act 1986.

I write, in accordance with Rule 18.3 of the Insolvency (England and Wales) Rules 2016, to provide creditors with a report on the progress of the administration.

This report covers the period from 14 November 2020 to 13 May 2021 and should be read in conjunction with the Joint Administrators’ Statement of Proposals (“the Proposals”) dated 21 May 2020 and our previous report dated 11 December 2020. Statutory information about the company, the administration and the office holders is given at Appendix 1.

Summary of progress since last report

Freehold property sale Extension of rental

The Company owned a freehold property at Dartmouth Road, Smethwick and Jones Lang LaSalle (“JLL”), commercial property agents were engaged to market the property for sale.

Prior to then we had sought to get the tenant, OT Group Limited (“OTG”) to enter into a long term lease as that would have enhanced the value.

OTG were not in a position to commit to a long term lease, however, they did agree to extend the existing licence to occupy for an additional 7 months and an increased annual rental charge.

Following agreement of the licence, which enhanced the attractiveness of the property, it was marketed for sale in March 2021.

During the marketing period, expressions of interest were received from 24 parties, with 9 initial offers received. The five highest bidders were asked to submit further best and final offers, which resulted in the majority of the invited parties submitting increased offers. All offers were subject to building surveys and legal investigations. The highest offer was selected to pursue through to completion.

I am pleased to confirm that on 28 May 2021 the sale of the property was completed for a sale price of £15.005m to an unconnected third-party purchaser.

As this sale was completed after the period covered by this report, the receipt is not reflected in the receipts and payments summary.

Freehold property rent

During the period of the report, rental income of £598,871 has been received for the LTO occupation of the freehold property and £28,627 has been received in relation to property insurance costs in the period. Following the sale of the property, no further rental income will be received.

Fixtures and fittings and stock

As detailed in the Proposals, certain assets were excluded from the sale to OTG. During the period of this report we have worked with our agents to realise the Company's remaining plant and equipment and IT assets, which has resulted in further realisations of £25,700.

Debtors

Lloyds Bank Plc ("LBG") provided an invoice discounting facility ("IDF") to the Company. As at the date of the Administration, the book value of the Company's debtor ledger, excluding intercompany debts was £17.6m.

Trade debts of £702,439 have been collected during the period of this report bringing total collections to £9,553,712, with the funds being paid to the Company's IDF account as the debts had been assigned to LBG.

Under the terms of the OTG sale agreement, OTG retained the credit control team and maintained the related IT systems at their cost and had been collecting trade debtors on behalf of the Company on a commission basis. As the level of collections had slowed, this debt collection arrangement was ended by mutual consent in December 2021. We considered that the collection of the remaining ledger would benefit from the involvement of a specialist debt collection agency. Following a tender process, JP Associates were selected.

During the period of the report, commissions of £99,106 have been paid to OTG relating to accrued fees on previous collections and earned commissions to the cessation of the collection arrangement.

The funds to settle the commission charges due to OTG were released by LBG from the IDF bank account for onward settlement to OTG.

Commission of £25,244 has been paid during the period of the report to a customer dealer group who facilitated the recovery of a number of debtor accounts. As previously advised, this was agreed to avoid incurring multiple legal costs to achieve recovery on these accounts.

Debt collection agent (JP Associates) were engaged to assist with the recovery of the remaining lower value outstanding debts. Progress regarding these lower value debts has been slow, which is primarily due to a large proportion of these debts being owed from smaller customers which have been significantly impacted by the Covid-19 pandemic and the associated lockdowns, meaning that many business are either temporarily shut, operating with skeleton staff or experiencing significant disruption. The debt collection agent will continue to pursue these debts and we will look to commence legal action and recovery proceedings in court where appropriate.

With regard to the larger outstanding debtor balances, we have agreed full and final settlements with two of these debtors during the period of the report. This followed protracted discussions and legal correspondence as well as principal to principal meetings. This has resulted in recoveries of c.£350k.

There remain three larger debtor balances where we are continuing to encounter difficulty in agreeing what we consider is contractually due and we are continuing to pursue payment with the support of OTG and our legal agents.

Our legal advice confirms that there are substantive grounds to pursue these debts and detailed discussions are ongoing between the Company and the debtors to achieve an agreement that avoids the need to involve the courts.

In the event that we are unable to reach a satisfactory agreement, we will look to pursue these debts through the courts to recover what we believe is rightfully due to the Company.

The Company has sufficient assets in the estate to fund legal actions against these debtors. We have also engaged with litigation funders so that we may consider the merits of external funding for any legal actions which are deemed to be required.

Apportionments

At the date of Administration, there were various prepayments that had been made by the Company, which OTG has subsequently obtained the benefit of. During the period of the report the Company has received a further £18,952 from OTG in relation to these prepayments.

Deposits and prepayments

Funds totalling £25,211 have been received following the pursuit of rates refunds, return of deposits and other prepayments bringing total realisations for this category to £299,051. Further recoveries are being pursued in relation to rates refunds.

Extension of administration

The Administration of the Company was extended by consent of the Company's creditors on 15 April 2021 for a period of 12 months until 13 May 2022. The reasons for extending the Administration include the following:

- to conclude the sale of the Company's freehold property;
- to conclude the book debt collection process;
- to make distributions to the secured creditors;
- to deal with preferential creditor claims and make a distribution to the preferential creditors
- to agree the unsecured creditor claims and make a distribution to creditors from the prescribed part or from any residual floating charge realisations; and
- to conclude any other such actions required to be undertaken by the Administrators to fulfil the purpose of the Administrations.

Receipts and payments account

A summary of our receipts and payments for the period from 14 May 2020 to 13 May 2021 is attached at Appendix 2. The receipts and payments do not reflect estimated future realisations or costs.

Investigations

As previously reported, we have 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 prior to the Period.

No investigations are continuing in this respect and no third-party funding has been provided.

Joint administrators' remuneration

The statutory provisions relating to remuneration are set out in Part 18 of the Insolvency (England and Wales) Rules 2016. Further information is given in the Association of Business Recovery Professionals' publication 'A Creditors' Guide to Administrators' Fees', a copy of which may be accessed from the web site of the Institute of Chartered Accountants in England and Wales at <https://www.icaew.com/en/technical/insolvency/creditors-guides> or is available in hard copy upon written request to me.

In certain circumstances, creditors are entitled to request further information about our remuneration or expenses, or to apply to court if they consider the costs to be excessive (Rules 18.9 and 18.34 of the Insolvency (England and Wales) Rules 2016). Further information is provided in 'A Creditors' Guide to Administrators' Fees' referred to above.

Our remuneration was fixed on a time-cost basis by a resolution of the creditors on 8 June 2020.

During the period covered by this report, we have incurred time costs totalling £574,522, taking total post-Administration time costs incurred to date to £2,950,820. Of this sum, £1,102,000 has been paid. An analysis of the time spent, and a comparison with the fee estimate dated 21 May 2020 is attached as Appendix 4 to this report.

We anticipate that our remuneration will exceed the fee estimate. This anticipated increase in remuneration reflects the additional time that has necessarily been spent by the Joint Administrators and their staff. The trade debtor collection exercise has raised a significantly greater level of disputes, that required detailed interrogation and collating and reviewing of supporting documentation, than initially thought. In addition, the debt collection exercise has been hindered by Covid-19 and we have had to have detailed consideration of the impact of Covid-19 and reach agreements on payment plans or consider alternate collection methods. However, the time spent continues to result in additional recoveries and is anticipated to increase the net floating charge property available to the unsecured creditors. We will not draw remuneration in excess of the initial fee estimate without the prior approval of creditors and will be writing to the creditors in due course with a revised fee estimate.

Joint administrators' statement of expenses incurred

During the period covered by this report, we have incurred expenses totalling £333,618 plus VAT. These were mostly in relation to commission on debtor collections, property related costs (which have been

passed on to OTG) and legal fees. An analysis of the expenses incurred is provided at Appendix 3 of this report.

A significant proportion of the costs incurred have been recharged to OTG under the terms of the sale agreement, particularly in respect of employee and property costs.

An explanation where these costs for the period have resulted in the total costs exceeding the original expenses estimate is given below:

- £295 - Erroneous Debtor receipts returned: funds received in error were repaid after determining the monies were not due to the Company.
- £360,367 - Transfer to Debtor Collection Account: book debts were received in to the post appointment administration account and were transferred to the Company's IDF account.
- £205,687 – Property occupation costs: costs have exceeded the original fee estimate by £25,687 in relation to rent, service charges and insurance. Most of these costs have been recharged to OTG under the terms of the sale agreement.
- £45,387 & £12,237 - Legal fees: costs have exceeded the original estimate by £138,198 due to legal advice being required in respect of an extended number of disputes made by the debtors who owed significant amounts. Further legal fees are expected to be incurred as we have yet to reach agreement with some of these debtors.
- £32,139 and £950 - Agents costs – the level of activity required by our agents in dealing with site inspections, the exit of properties and realising certain of the Company's assets has been greater than anticipated and resulted in charges exceeding the original estimate by £3,089.

Distributions to creditors

Secured creditors

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

As set out in Appendix 2, funds of £499,415 have been applied against LBG's indebtedness in the period, bringing the total applied to £8,668,610. The Administrators continue to expect LBG's debt to be repaid in full under its fixed charge over the debtor realisations of the Company and OfficeTeam Limited (in Administration) and the Company's freehold property.

In addition, as at 18 May 2020 the sum of £7,847,205 was owed to BECAP12 from The Spicers-OfficeTeam Group Limited, with further interest accruing post-Administration. The Company has guaranteed this debt which benefits from a second ranking security behind the LBG indebtedness. The Administrators continue to anticipate that the sales proceeds from the freehold property, after settlement of any balance due to LBG, will be sufficient to repay this debt in full. This may result in the Company having a subrogated claim against the other guarantors under the security agreement.

Preferential creditors

Preferential claims received to date total £301,318. Based upon current information, we anticipate that these claims will be paid in full.

Non-preferential creditors

Unsecured claims totalling £11,564,208 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.

It is not currently possible to provide an estimate of the amount or timing of any dividend to unsecured creditors. Firstly, the level of funds available to unsecured creditors remains dependent upon the further debtor recoveries and the settlement of secured creditor claims. Secondly, whilst the Administrators believe that there will be a surplus available to unsecured creditors, the quantum and beneficiary of the surplus (as between the Company and OfficeTeam Limited) remains uncertain and will require a detailed exercise to be undertaken considering intercompany flows and subrogated claims arising from the Company and OfficeTeam Limited making payments to the secured creditors on behalf of themselves and other group companies. The Administrators anticipate being able to comment on this in more detail in the next progress report.

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.

Based upon present information, the secured creditors are expected to be paid in full from fixed charge realisations and therefore it is not expected that the Prescribed Part will apply as the funds that would be available to floating charge creditors will be available to unsecured creditors.

Remaining work

The Joint Administrators will continue to manage the affairs, business and property of the Company to achieve the purpose of the Administration. Future tasks will include, but may not be limited to, the following:

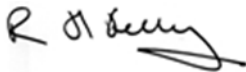
- Dealing with remaining property matters, including finalising matters following the sale of the freehold property.
- Continuing debtor collections to maximise recoveries for creditors.
- Distributing realisations to the secured creditors under their fixed charges.
- Dealing with preferential creditor claims and making a distribution to the preferential creditors.
- Dealing with employee queries.
- Dealing with unsecured creditor queries.
- Agreeing unsecured creditor claims and making a distribution to creditors.

- Dealing with corporation tax and VAT matters, including filing statutory returns.
- Dealing with statutory reporting and compliance obligations.
- Finalising the Administration, including payments of all Administration period liabilities.
- If the Joint Administrators deemed appropriate, to seek an extension and/or further extensions to the Administration from the Court.
- Any other actions required to be undertaken by the Joint Administrators to fulfil the purpose of the Administration.

Next report

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

Yours faithfully
for the Company



R H Kelly
Joint Administrator

R H Kelly is licensed in the United Kingdom to act as an insolvency practitioner by The Institute of Chartered Accountants of Scotland. C G J King is 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, R H Kelly and C G J King, who act as agents of the Company only and without personal liability.

The Joint Administrators may act as data controllers of personal data as defined by the UK General Data Protection Regulation (as incorporated in the Data Protection Act 2018), depending upon the specific processing activities undertaken. Ernst & Young LLP and/or the Company may act as a data processor on the instructions of the Joint Administrators. Personal data will be kept secure and processed only for matters relating to the Joint Administrator's appointment. The Office Holder Data Privacy Notice can be found at www.ey.com/uk/officeholderprivacy.

Appendix 1

Information about the proceedings, the company and the office holders, as required by Rule 18.3(1) of the Insolvency (England and Wales) Rules 2016

Name of court:	High Court of Justice, Business and Property Courts in Birmingham, Insolvency and Companies List (ChD)
Court reference:	CR-2020-BHM-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:	None
Full names of the Joint Administrators:	Robert Hunter Kelly and Charles Graham John King
Office Holder number(s):	8582 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:	Benjamin Leach

Appendix 2

Spicers Limited (in Administration)

Joint Administrators' Receipts and Payments from 14 November 2020 to 13 May 2021

Statement of Affairs Estimated to Realise Values (£)		Period from		Total	
		14 May 2020 to 13 November 2020 (£)	14 November 2020 to 13 May 2021 (£)		
	1,2				
		Fixed charge receipts (excludes debts assigned to LBG)			
70,000		Intellectual Property	120,000	-	120,000
13,000,000		Freehold Property	-	-	-
12,659,015	3	Debtors	-	60,367	60,367
	4	Bank interest	18	6	24
			<u>120,018</u>	<u>60,373</u>	<u>180,391</u>
		Floating charge receipts			
		Asset realisations			
		Stock	821,021	1,000	822,021
125,000		Fixtures and Fittings	125,000	25,700	150,700
412,220		Cash at bank at date of appointment	410,079	100	410,179
		Freehold Property Rent	219,355	598,871	818,226
111,169		Apportionments	91,439	18,952	110,391
12,449		Deposits and Prepayments	273,839	25,211	299,051
		Transfer receipts			
		HMRC Furlough Receipt	128,869	-	128,869
		Employee Costs Funded by OTG	308,292	-	308,292
		Property Costs Funded by OTG (LTO Properties)	22,822	28,627	51,449
		Property Costs Funded by OTG (Non-LTO Properties)	175,164	-	175,164
	3	Transfer From Debtor Collection Account for Commission	529,891	99,106	628,997
		Other receipts			
	4	Bank Interest	663	45	708
			<u>3,106,437</u>	<u>797,611</u>	<u>3,904,048</u>
		Total Receipts	3,226,455	857,984	4,084,439
		Fixed charge payments			
		Erroneous Debtor Receipts Returned	-	295	295
		Transfer to Debtor Collection Account	-	60,367	60,367
		Agents fees - Intellectual Property Sale	10,200	-	10,200
		Bank charges	1	-	1
			<u>10,201</u>	<u>60,663</u>	<u>70,864</u>
		Floating charge payments			
		Pre-Administration Costs	107,794	-	107,794
		Costs of realisations:			
	3	Debtor Collection Agent Commission	529,891	124,350	654,242
		Purchase Ledger Update Cost	6,250	-	6,250
		Contractor Costs (Rebates and Customer Contracts)	14,532	-	14,532
		Other Costs	1,948	-	1,948
		Expenses:			
		Bank Charges	163	22	186
		Insurance	-	4,086	4,086
		Statutory Costs	95	-	95
		Employees:			
		Employee Costs (Property Exit)	140,367	-	140,367
		Employee Costs (Debtor Realisation)	84,521	2,124	86,645
		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)	154,027	7,493	161,520
		Professional Fees:			
		Legal Fees	145,574	57,624	203,198
		Other Professional Fees	-	33,089	33,089
		Administrators' Expenses:			
		Administrators' Remuneration	1,102,000	-	1,102,000
		Administrators' Disbursements	1,600	-	1,600
			<u>2,488,907</u>	<u>272,955</u>	<u>2,761,863</u>
		Total Payments	2,499,108	333,618	2,832,726
		Net realisations	727,346	524,366	1,251,713
		Funds in Hand			
		Cash at bank	837,210	504,184	1,341,394
		VAT Payable	(109,863)	20,183	(89,681)
			<u>727,346</u>	<u>524,366</u>	<u>1,251,713</u>

Notes

1. Receipts and payments are stated net of VAT.
2. This receipts and payments account has been prepared on a cash basis and does not reflect future estimated receipts and payments.
3. As a result of the assignment of trade debtors, the related debtor receipts are an asset of the fixed charge holder, Lloyds Bank PLC ("LBG"), which has control of the IDF account into which receipts are paid, and are therefore not reflected in the summary of receipts and payments.

Debtor receipts received by the Company in the period of this report totalled are £702,439. Commission costs in relation to the debt collections of £35,633 have been earned by OTG and a dealer group, whilst interest and service charges have been incurred in relation to the LBG IDF account of £167,301.

As a result of net debtor collections to date, a reduction of £8,668,610 has been achieved in respect of LGB's secured debt as detailed in the table below:

	Period from 14 May 2020 to 13 November 2020 (£)	Period from 14 November 2020 to 13 May 2021 (£)	Total (£)
Trade debtor balance - At appointment	20,399,815		
Less: Irrecoverable intercompany balance	(2,838,358)		
Debtor balance	17,561,457		
Debtor collections received	8,851,363	702,439	9,553,712
Commissions earned on debtor receipts	(619,507)	(35,633)	(655,140)
LBG IDF Interest and service charges	(62,661)	(167,301)	(229,962)
Net debtor collections enabling a reduction of the LBG secured debt	8,169,195	499,415	8,668,610

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

Appendix 3

Spicers Limited (in Administration)

Summary of expenses incurred

Type of Expense	Paid in Period to 13 November 2020	Paid in Period to 13 May 2021	Outstanding ³	Total	Per Estimate Dated 21 May 2020
Payments made from the estate which are not disbursements¹	£	£	£	£	
Fixed charge					£
Erroneous Debtor Receipts Returned	-	295	-	295	-
Transfer to Debtor Collection Account	-	60,367	-	60,367	-
Legal costs - Pinsent Masons LLP (Legal advice and documentation for sale of property)	-	-	-	-	30,000
Agents costs - Jones Lang LaSalle (Sale of property)	-	-	-	-	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					
Debtor Collection Agent Commission	529,891	124,350	-	654,241	1,385,000
Purchase Ledger Update Costs	6,250	-	-	6,250	-
Contractor fees (Rebates and Customer Contracts)	14,532	-	-	14,532	-
Other Costs -Smart Room fee	649	-	-	649	1,000
Other Costs – Postage redirection	963	-	-	963	-
Other Costs – Payment to release stock	336	-	-	336	-
Expenses					
Insurance costs	-	4,086	-	4,086	65,000
Bank Charges	165	22	-	187	1,000
Statutory costs	95	-	-	95	1,000
Employees					
Employee costs (Exit from properties)	140,367	-	-	140,367	200,000
Employee costs (Debtor Realisation)	84,521	2,124	-	86,645	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)	154,027	51,660	-	205,687	180,000
Professional Fees					

Legal costs - Pinsent Masons LLP	145,574	45,387	-	190,961	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 - Colliers International Property Consultants (Property advice)	-	950	-	950	-
Administrators' Disbursements²					
Specific penalty bond	1,280	-	-	1,280	1,280
Postage and printing	320	-	663	983	3,500
Conference Call facilities	-	-	-	-	5,000
Totals	1,397,109	333,618	663	1,731,390	2,217,780

Notes

1. Statement of Insolvency Practice 9 (SIP 9) defines expenses as amounts properly payable from the insolvency estate which are not otherwise categorised as office holders' remuneration or distributions to creditors. The payments shown are set out by type of expense.
2. SIP 9 defines disbursements as a type of expense which is met by, and reimbursed to, an office holder in connection with an insolvency appointment. Disbursements fall into two categories: Category 1 and Category 2.
 - ▶ Category 1 disbursements are payments to independent third parties where there is specific expenditure directly referable to the appointment
 - ▶ Category 2 disbursements are expenses which are directly referable to the appointment but not a payment to an independent third party. They may include shared and allocated costs.
3. Outstanding expenses relate to expenses invoiced within the reporting period but which were yet to be settled by the Joint Administrators.
4. The pre-Administration fees and expenses were not included in the estimate of expenses dated 21 May 2020. They were requested as part of the decision procedure by correspondence issued to creditors with the proposals on 21 May 2020 and were subsequently approved by a creditors' resolution dated 8 June 2020.

Spicers Limited (in Administration)

Joint Administrators' time costs for the period from 14 November 2020 to 13 May 2021 and a comparison with the fee estimate dated 21 May 2020

	Actual in previous period 14 May 2020 - 13 November 2020			Actual in this report period			Total actual to 13 May 2021			Per Fee Estimate dated 21 May 2020		
	Total hours	Total costs (£)	Average rate (£)	Total hours	Total costs (£)	Average rate (£)	Total hours	Total costs (£)	Average rate (£)	Total hours	Total costs (£)	Average rate (£)
Accounting & Administration	300.3	126,707.50	422	128.3	46,771.00	365	428.6	173,478.50	405	195.4	99,839.00	511
Bank & Statutory Reporting	183.7	124,583.00	678	77.5	45,810.00	591	261.2	170,393.00	652	237.3	124,498.00	525
Creditors	283.0	138,815.30	491	128.2	43,892.00	342	411.2	182,707.30	444	483.5	246,808.00	510
Debtors	1,476.6	969,795.00	657	416.6	295,041.50	708	1,893.2	1,264,836.50	668	411.3	213,702.00	520
Employee Matters	728.5	298,376.00	410	45.2	22,984.50	509	773.7	321,360.50	415	453.0	255,246.00	563
Immediate Tasks	43.7	25,933.00	593	-	-	-	43.7	25,933.00	593	54.8	30,288.00	553
Investigation & CDDA	87.2	44,492.00	510	-	-	-	87.2	44,492.00	510	92.9	49,719.00	535
Job Acceptance & Strategy	53.2	22,525.50	423	0.3	271.50	905	53.5	22,797.00	426	61.3	32,271.00	526
Other Assets	89.3	64,609.00	724	11.6	6,923.00	597	100.9	71,532.00	709	106.8	65,695.00	615
Other Matters	203.2	95,458.50	470	3.0	1,172.50	391	206.2	96,631.00	469	138.1	73,519.00	532
Property	314.5	161,748.50	514	121.5	79,384.00	653	436.0	241,132.50	553	274.8	139,057.00	506
Public Relations	2.0	1,520.00	760	1.0	385.00	385	3.0	1,905.00	635	9.6	6,188.00	645
Retention of Title	395.2	201,140.00	509	1.0	520.00	520	396.2	201,660.00	509	352.0	205,574.00	584
Statutory Duties	141.2	68,924.50	488	12.4	6,556.00	529	153.6	75,480.50	491	217.1	120,948.00	557
VAT & Taxation	48.5	31,671.00	653	54.3	24,810.50	457	102.8	56,481.50	549	115.9	74,333.00	641
Total	4,350.1	2,376,298.80	546	1,000.9	574,521.50	574	5,351.0	2,950,820.30	551	3,203.8	1,737,685.00	542

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 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.