

TO ALL KNOWN CREDITORS

25 September 2020

Ref: RHK/CGJK/TH/SA//D16.1  
Email: stylesandwood@uk.ey.com

Dear Sirs

## **Styles & Wood Limited (in Administration) (“the Company”)**

### **High Court of Justice, The Business and Property Courts in Leeds, Insolvency and Companies List (ChD), CR2020-LDS-000222**

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.

On 28 February 2020, the Company entered Administration with R H Kelly, S J Woodward and C G J King appointed to act as Joint Administrators (‘the 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.

This report covers the period from 28 February 2020 to 27 August 2020 and should be read in conjunction with the Joint Administrators’ Statement of Proposals (‘the Proposals’) delivered to creditors on 23 April 2020.

Statutory information about the Company, the Administration and the office holders is set out at Appendix 1.

As insolvency practitioners, the Joint Administrators are bound by the Insolvency Code of Ethics when carrying out all professional work relating to an insolvency appointment. A copy of the Statement of Insolvency Practice 1 is available from <https://www.icaew.com/-/media/corporate/files/technical/insolvency/regulations-and-standards/sips/england/sip-1-e-and-w-introduction-to-statements-of-insolvency-practice-oct-2015.ashx>.

## **Summary of progress since the Proposals dated 23 April 2020**

### **Approval of the Proposals**

Following delivery of the Proposals to all known creditors on 23 April 2020, the Proposals were deemed approved on 6 May 2020.

### **Realisation of assets**

#### ***Trading/wind down***

As previously advised, the Company had virtually ceased trading at its operating sites prior to the Administrators’ appointment. Further, given the contractual nature of its core activities, the scale of

losses and significant extent of its funding requirements, it was not deemed viable to trade the Frameworks or Mobias businesses following the Administration.

Another key factor impacting the ability to trade was the contractual provisions contained in the contracts operated by the Frameworks division which were likely to result in termination by the employers on the Company entering insolvency.

In addition, there were substantial arrears to creditors and no funding available to facilitate completion of any works.

It has not been possible to novate any of the Frameworks contracts following our appointment. Notwithstanding this, we have emphasised to each customer their duty to mitigate costs and losses.

The Joint Administrators continued to operate the Technologies division for the benefit of its customers, albeit this was on a reduced basis with a basic level of operational support for the software packages. Certain staff were therefore retained to facilitate the customers either transitioning to a new provider or to achieve a sale of the business. The outcome of this is set out below.

## **Sale of business and assets**

### ***Frameworks***

As outlined above, given the numerous challenges (in particular the inability to trade), it was evident that a sale of business would not be achieved following appointment.

### ***Mobias***

It was not deemed viable to explore a sale of the business following appointment due to the limited asset base of the business, risk of customer attrition and the level of funding required to trade in an insolvency process.

As such, the focus has been on realising value from the outstanding debtor book as part of the wider contract realisation exercise.

### ***Technologies***

In conjunction with a reduced level of trading, the Administrators explored a sale of the Technologies business. Key aspects of this are set out below in the Technologies section of the document.

The Administration strategy has principally focussed on winding down the Company's affairs and maximising realisations from the Company's asset base; primarily the outstanding value due on contracts.

## **Realisations from the Company's contract base**

As previously advised, the Administrators engaged a firm of quantity surveyor agents, Leslie Keats, to assist in realising value from the Company's live and completed contracts.

At the date of appointment there was c.£16.2m of outstanding amounts across the Company's contract base analysed as follows:

- ▶ Contract debtors - £5m;
- ▶ Applications for payment - £4.9m;
- ▶ Work in progress - £3.4m;
- ▶ Retentions - £2.4m; and
- ▶ Certified amounts (not yet invoiced) - £0.5m;

To date, recoveries of c.£1.5m have been generated from 16 customers, many of which involve multiple framework contracts.

Negotiations remain ongoing with c.25 customers regarding finalising outstanding positions, some of which remain subject to completion of the outstanding works.

The contract realisation process is expected to continue for another 18 to 24 months. This timetable is influenced by the contractual provisions whereby, in the event of an insolvency of the contractor, the employer has a legal right to defer any settlement of outstanding balances until contract completion or the end of the defect period.

Accordingly, the process of agreeing and collecting outstanding balances is likely to be protracted due to:

- ▶ Employers assessing the nature of any defects;
- ▶ Employers tendering and completing outstanding works; and
- ▶ Following the completion of the work, it will be necessary to agree the final accounts and receive certification at the end of the defects period and receive payment of the outstanding sums. In practice, there will be a period of time (c. three months) to collate the relevant information following contract completion in order to agree the final position.

We will continue to work with Leslie Keats to recover value from the Company's contract base.

### **St Ann's Square adjudication**

As previously advised, following appointment, the Administrators and the appointed legal advisers continued with the final account adjudication on this matter and the Company was awarded £675,000 plus interest following an adjudication hearing on 9 April 2020.

Significant work has been undertaken by the Administrators and the appointed legal advisers to convert the adjudication sum into realisable value in the Administration, including commencing enforcement proceedings for the full award plus accrued interest.

Although outside the period covered by this report (i.e. not included in the receipts and payments account), the enforcement hearing took place on 4 September 2020 and resulted in the Company being granted summary judgement for the full decision sum, accrued interest and a contribution to costs.

The Administrators have entered into a formal Settlement Agreement with the counterparty on 17 September 2020 with funds expected to be received within 7 days thereafter. Receipt of these funds will be reflected in the next progress report to creditors and is expected to result in net realisations for the

benefit in the Administration of c.£0.5m (i.e. net of costs associated with the process). This will be reflected in the receipts and payments account in the subsequent progress report.

### ***Technologies***

Following our appointment, we took steps to limit the activities of the Technologies division to providing a basic level of ongoing services to customers whilst we explored options for a sale of the division.

This resulted in retaining a core team of employees to support the ongoing provision of services.

The Administrators agreed a support fee arrangement with the customers which was effectively designed to de-risk the trading of the division in the Administration. Under this arrangement, the customers have covered all costs associated with trading the business such that there is no downside risk to the wider body of creditors from continuing to trade. The arrangement also contained an administration fee to ensure the trading period resulted in a net benefit to the Administration from continuing to operate the business.

Gross Technologies income was c.£0.7m which predominantly comprised iSite income of c.£690,000 and Arctick income of c.£14,000.

We estimate that the trading period between 1 March 2020 to 2 September 2020 will result in a net benefit to the Administration of c.£0.3m net of trading costs (before associated Administrators' and legal fees).

The Administrators have also progressed and completed a sale of the assets of the iSite and Arctick businesses to 7FC LLP ("7FC"). This completed in September 2020 (i.e. outside the period covered by this report for receipts and payments purposes) and therefore the net realisations are not included in the receipts and payments account. The net realisations from the sale are expected to amount to c.0.1m after associated transaction costs and settlement of an outstanding debt with the software developer. These recoveries will be included in the next report.

This was the best and only viable outcome following a number of expressions of interest that were explored during the Administration period. The 7FC offer was ultimately the only offer received capable of being completed.

### ***Joint Venture interests***

#### ***Spatial Initiative Limited***

The Company owned 50% of a joint venture called Spatial Initiative Limited ("SIL") which delivered projects for the Department for Education via construction frameworks.

Prior to the Administration, SIL subcontracted the contract delivery to the Company and its JV partner Extraspace Solutions UK Limited ('ESS').

Under the JV Agreement, ESS had pre-emption rights to acquire the Company's equity following an independent valuation by the auditor. ESS exercised its pre-emption rights and, following the required valuation being completed, the equity was sold to ESS for a gross consideration of £33,000.

All retained employees associated with providing services to SIL transferred from the Company to SIL on 12 June 2020. In addition, prior to the sale, SIL covered all employment costs incurred by the Company for these employees during the Administration period.

SIL have also contributed to ongoing administration and support costs for continued access to the Company's premises, finance function, systems and IT infrastructure.

The Administrators have also recovered £50,000 in respect of outstanding costs due to the Company in relation to historic bid activity undertaken on SIL's behalf to secure new work.

There remains significant outstanding value due to the Company from SIL in relation to live contracts at the date of appointment. We will continue to pursue recovery, however the timing of this remains uncertain as it will be subject to completion of the contracts and a final account reconciliation thereafter which is unlikely to conclude before December 2021.

### ***Dutco Styles & Wood LLC***

The Joint Administrators have been working with the Company's JV partner, Dubai Transport Company LLC, to achieve an orderly wind down of its JV interests in Dubai.

The timing for completion of this process remains fluid as it is subject to final account settlements and settlement of supplier balances. As such, the quantum and timing of any realisations remains uncertain.

### ***Duplicate payment recoveries***

On appointment, the Joint Administrators discovered a number of overpayments had previously been made to suppliers.

To date, c.£82,000 has been received by the Company in relation to overpayment refunds with work continuing.

### ***Chattel assets***

The Joint Administrators instructed property and asset consultants, Hilco Valuation Services Europe ("Hilco"), to assist with the disposal of the chattel assets and to facilitate clearance and exit of the properties.

The Company owned minimal assets which mainly comprised office furniture and IT equipment. These assets typically attract lower recoverable values (compared to book values), however this has been further impacted by COVID-19 and an oversupply in the market against a backdrop of reduced demand. With a requirement to vacate the premises during lockdown, it was only possible to realise nominal value for these assets.

To date, gross realisations of £20,820 have been generated. Of this, £8,185 was received in the reporting period with the remainder being held in Hilco's client account. The balance will be shown in the receipts and payments account contained within the next report to creditors.

### ***Other asset realisations***

#### ***Cash at date of appointment***

There was c.£1.2m of cash held in the Company's bank account with Santander at the date of appointment. These funds have been transferred into the Administration bank account and are reflected in the receipts and payments account.

In addition, the Company also held c.£0.8m in two HSBC business banking accounts which will be subject to set off under HSBC's facility arrangements and will not form part of the Administration estate.

### ***Tax matters***

Joint Administrators also consulted with EY tax specialists to understand the tax position of the Company and whether there was any prospect of surrendering tax losses to other former Group companies. Following conversations with other former Group companies no interest was expressed and the Joint Administrators believe there is no value in pursuing this further.

The Statement of Affairs provided by the directors also indicated there may be an overseas tax asset of c.£366,000. The Joint Administrators are currently investigation the recoverability of this and will provide an update to creditors during the next report.

### **Other matters**

#### ***Leasehold property***

At the date of our appointment, the Company operated four properties on leasehold arrangements, being Sale (main trading location), Nottingham (Technologies business), Stansted Airport and London.

The Company ceased to occupy the Stansted and London properties immediately on appointment and the leases have since been surrendered.

There was a requirement to occupy both Sale and Nottingham following the Joint Administrators' appointment. However, following the restrictions put in place by the UK Government following the COVID-19 outbreak it was not possible to continue to work from either premises.

The Company ceased to occupy the Sale property from 23 March 2020 and, following the relaxation of lockdown restrictions, the Administrators cleared the site of books and records and any residual property.

Property costs associated with the Nottingham office were recovered in full through inclusion in the iSite support fee. The premises were vacated on 6 August 2020.

### **Receipts and payments account**

A summary of our receipts and payments for the period from 28 February 2020 to 27 August 2020 is attached at Appendix 2. It does not reflect estimated future realisations or costs.

### **Investigations**

We have undertaken investigations into the Company's affairs, in accordance with Statement of Insolvency Practice 2 (Investigations by Office Holders), and the Company Directors Disqualification Act 1986 with the required statutory returns made to the Insolvency Services. As part of our ongoing role we continue to make investigations into the background to the Administration. No third-party funding has been provided for any investigations.

### **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/-/media/corporate/files/technical/insolvency/creditors-guides/2017/administration-creditor-fee-guide-6-april-2017.ashx?la=en> 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.

The Proposals stated that in the event a creditors' meeting is not requisitioned and a creditors' committee is not formed, the Joint Administrators would seek to have their remuneration fixed by the secured and preferential creditors, in accordance with Rule 18.8(4) of the Insolvency (England and Wales) Rules 2016. The Joint Administrators will ask for their remuneration to be fixed on the basis of time properly given by them and their staff in dealing with matters arising in the administration.

We have recently written to the secured and preferential creditors of the Company to fix the basis of the Joint Administrators' remuneration.

To date, the Joint Administrators have incurred times costs in respect of the Company of £700,998. No fees have been paid to date.

An analysis of time spent is attached at Appendix 4 for each grade of staff for the various areas of work carried out to 27 August 2020. A description of work undertaken in relation to the time cost categories is also provided at Appendix 4.

### **Joint Administrators' statement of expenses incurred**

During the period covered by this report, we have incurred expenses totalling c.£1.2m plus VAT. There is a breakdown of expenses incurred in this period and to date at Appendix 3 of this report.

A significant proportion of the expenses incurred have been recharged to customers or other parties, particularly in respect of SIL and iSite, as referred to earlier in this report. A detailed explanation of where these costs have exceeded the original expenses estimate is included below:

- ▶ Wages, NIC and pension: costs have exceeded the original estimate by £67,537 as a result of the retention of SIL employees for a longer than expected period and the extended trading period of the Technologies business. These costs however have been recharged in full to other parties.
- ▶ Sundry expenses: these costs include the employee health benefits provided to Company staff. Costs have exceeded the original estimate by £9,063 due to the longer than anticipated trading period of the Technologies business however they have been recharged in full to other parties.
- ▶ Contractor fees: these costs relate to external contractors required to assist with tasks during the Administration. This primarily relates to the retention of two Company staff to assist with payroll duties and accounting. These costs exceeded the original estimate by £4,360 due to the longer than anticipated trading period of the Technologies business.
- ▶ Light, heat and water: costs exceeded the original estimate by £1,705 as a result of the Joint Administrators vacating the Company's office premises later than anticipated due to the ongoing trading of the Technologies business.

- ▶ Statement of Affairs costs: £2,000 of costs in relation to the preparation of the Statement of Affairs were incurred upon the request of the directors.

## **Outcome for creditors**

### **Secured creditors**

The Company has secured indebtedness of c.£48.6m at the date of appointment which related to cross guarantees provided in favour of HSBC UK Bank plc and Toscafund GP Limited (“Tosca”).

HSBC and Tosca both have fixed and floating charges over the assets of the Company. The order of priority is as follows:

- ▶ HSBC; then
- ▶ Tosca.

### **HSBC**

At the date of appointment, HSBC had an outstanding debt of c.£20.9m. Any distribution to HSBC is principally linked to floating charge realisations. The level of realisations to HSBC is expected to be significantly below its exposure.

### **Tosca**

At the date of appointment, Tosca had an outstanding debt of £27.7m which is part of the senior debt but subordinated to HSBC. There will be insufficient realisations to enable any distribution to Tosca in the Administration.

### **Preferential creditors**

Preferential claims received to date total £310,601.98. We estimate these claims will be paid in full.

### **Non-preferential creditors**

These creditor claims continue to be submitted and it is not possible to provide an accurate estimate of non-preferential creditor claims at this stage.

The timing of any distribution to non-preferential creditors will be subject to progress of the asset realisation process. At this stage it is not possible to provide a precise indication of the timing or quantum of a distribution to non-preferential creditors. Notwithstanding, the Joint Administrators are of the opinion that the Company has insufficient property to enable a distribution to be made to unsecured creditors other than by virtue of the prescribed part.

### **Prescribed Part**

Due to the anticipated shortfall to the secured creditors, the only distribution that will be available to unsecured creditors is the Prescribed Part.

The Prescribed Part is a proportion of floating charge assets set aside for unsecured creditors pursuant to section 176A of the Insolvency Act 1986. The Prescribed Part applies to floating charges created on or after 15 September 2003.

The level of forecast recoveries currently remains uncertain and will primarily depend on the success of the contract recoveries which remains ongoing.

Our latest estimates indicate that:

- ▶ The value of the Company's net property (i.e. after costs of realisation and preferential creditor distribution) will be in the region of c.£2m; and
- ▶ This is estimated to result in the value of the Prescribed Part being c.£0.4m (before the costs of dealing with the Prescribed Part).

Until contract debt positions have been finalised, the above estimates could be subject to change.

The Joint Administrators do not currently intend to make an application to the Court under section 176A(5) of the Insolvency Act 1986 for an order not to distribute the prescribed part.

### **Remaining work**

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

- ▶ Realising the assets of the Company, most notably the outstanding contract base;
- ▶ Continue to seek to realise value from the Company's JV interests in Dubai;
- ▶ Agreeing preferential creditor claims;
- ▶ Dealing with corporation tax and VAT matters which includes filing statutory returns;
- ▶ Dealing with unsecured creditor enquiries;
- ▶ Distributing realisations to the secured and preferential creditors of the Company;
- ▶ If appropriate, agreeing unsecured creditor claims and distributing the Prescribed Part;
- ▶ Ensuring all statutory reporting and compliance obligations are met; and
- ▶ Finalising the Administration, including payment of all Administration liabilities.

## 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 queries with any of the matters outlined in this report, please contact my colleague Sam Allen at the email address provided above.

Yours faithfully  
For the Company



CGJ King  
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 and S J Woodward are licensed in the United Kingdom to act as insolvency practitioners 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, 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 General Data Protection Regulation 2016/679, depending upon the specific processing activities undertaken. Ernst & Young LLP and/or the Company may act as a data processor on the instructions of the Joint Administrators. Personal data will be kept secure and processed only for matters relating to the Joint Administrators appointment. The Office Holder Data Privacy Notice can be found at [www.ey.com/uk/officeholderprivacy](http://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, The Business and Property Courts in Leeds, Insolvency and Companies List (ChD)
Court reference:	CR2020-LDS-000222
Registered name of the company:	Styles & Wood Limited
Registered office address of the company:	C/o Ernst & Young LLP, 1 Bridgewater Place, Water Lane, Leeds, LS11 5QR
Registered number:	01568060
Date of appointment of the joint administrators:	28 February 2020
Details of any changes of administrator:	None
Full names of the administrators:	Robert Hunter Kelly, Samuel James Woodward and Charles Graham John King
Office holder number(s):	8582 / 8985 / 12030
Administrators' address(es):	RH Kelly and CGJ King of Ernst & Young LLP, 1 Bridgewater Place, Water Lane, Leeds, LS11 5QR and SJ Woodward of Ernst & Young LLP, 2 St Peter's Square, Manchester, M2 3DF
Telephone number:	0113 236 4427
Name of alternative person to contact with enquiries about the case:	Sam Allen

## Appendix 2

### Styles & Wood Limited (in Administration)

#### Joint Administrators' Summary of Receipts and Payments from 28 February 2020 to 27 August 2020

Statement of Affairs Estimated to Realise Values (£)	Total (£)
<b>Receipts</b>	
3,900,000 Recoveries on contracts	1,502,417
1,131,233 Cash on Appointment	1,179,944
Technologies income	704,246
Contribution to staff costs	476,592
365,878 Overseas taxation	-
Duplicate payment recoveries	82,191
Recharges and support receipts	53,868
Other debtors	50,000
50,000 Sale of interest in joint ventures	33,000
Fixtures and Fittings	8,185
Sundry income	2,917
Bank interest	2,044
<b>5,447,111</b>	<b>4,095,406</b>
<b>Payments</b>	
Gross Wages & Salaries	722,222
Contract Debt Collection Costs	242,965
IT Costs	111,949
Legal Fees	39,338
Sundry Expenses	16,678
Professional Fees	21,972
Contractor Costs	6,010
Paid on behalf of Extentia	6,318
Other Expenses	5,505
	<b>1,172,957</b>
<b>Net realisations</b>	<b>2,922,448</b>
<i>Funds in Hand</i>	
Cash at Bank	2,882,995
Net VAT receivable/(payable)	39,453
	<b>2,922,448</b>

#### Notes

- Receipts and payments are stated net of VAT.

## Appendix 3

### Styles & Wood Limited (in Administration)

#### Summary of Joint Administrators' expenses incurred

£	Per estimate dated 23 April 2020 (£)	Paid in 28.02.20 - 27.02.20 and cumulative total (£)	Outstanding (£)	Total (£)
<b>Payments which are not disbursements</b>				
Gross wages and salaries	(579,100)	(588,575)	-	(588,575)
Employers NIC	(34,711)	(70,865)	-	(70,865)
Employers Pension	(21,136)	(39,506)	-	(39,506)
Rent, rates and service charge	(54,030)	-	(31,380)	(31,380)
Insurance	(7,204)	-	(6,385)	(6,385)
Security	(2,814)	(2,814)	-	(2,814)
Public notices	(190)	(95)	-	(95)
Public notices on behalf of Extentia	(190)	(95)	-	(95)
IT	(121,371)	(111,949)	-	(111,949)
Employee mileage	(79)	(473)	-	(473)
Sundry expenses	(2,941)	(12,004)	-	(12,004)
Contractor fees	(1,650)	(6,010)	-	(6,010)
Postage	(60)	(60)	-	(60)
Light, Heat and Water	(1,000)	(2,705)	-	(2,705)
Waste and cleaning services	(2,076)	(1,999)	-	(1,999)
Telephone, Internet and Fax	(384)	(368)	-	(368)
Storage	(1,000)	(968)	(40)	(1,008)
Bank Charges	(750)	(433)	-	(433)
Debt Collection Expenses	(500,000)	(249,723)	-	(249,723)
Legal Fees and Costs	(300,000)	(59,042)	-	(59,042)
Hilco Agent Fees	(1,000)	-	-	-
Statement of Affairs Costs	-	(2,000)	-	-
Salaries paid on behalf of Extentia Group Ltd	(19,738)	(23,275)	-	(23,275)
<b>Total</b>	<b>(1,651,423)</b>	<b>(1,172,957)</b>	<b>(37,805)</b>	<b>(1,208,762)</b>
<b>Category 1 disbursements (see note 2)</b>				
Specific Penalty Bond	(420)	(420)	-	(420)
Travel costs (excluding mileage)	(13,000)	(7,047)	-	(7,047)
	<b>(13,420)</b>	<b>(7,467)</b>	-	<b>(7,467)</b>
<b>Category 2 disbursements (see note 2)</b>				
Mileage	(1,500)	(2,368)	-	(2,368)
Internal bulk copying, printing and postage	-	-	-	-
	<b>(1,500)</b>	<b>(2,368)</b>	-	<b>(2,368)</b>
<b>Total</b>	<b>(1,666,343)</b>	<b>(1,182,792)</b>	<b>(37,805)</b>	<b>(1,218,597)</b>

#### Notes

- 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.
- 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.
- Outstanding expenses relate to expenses invoiced within the reporting period but which are yet to be settled by the Joint Administrators.

## Styles & Wood Limited (in Administration)

### Joint Administrators' time costs for the period from 28 February 2020 to 27 August 2020 and a comparison with the fee estimate dated 23 April 2020

	Per fee estimate dated 23 April 2020			Actual in this report period and total to 27 August 2020		
	Total hours	Time costs (£)	Average hourly rate (£)	Total hours	Time costs (£)	Average hourly rate (£)
Bank & Statutory Reporting	316	82,695	262	220	57,090	260
Employee Matters	524	125,828	240	844	199,093	236
Debtors	229	68,635	300	120	35,968	301
Creditors	177	43,285	245	227	53,130	235
Prescribed Part	340	92,300	271	-	-	-
iSite	341	101,447	297	435	125,585	289
Accounting & Administration	86	21,686	252	131	30,910	236
Other Assets	221	63,851	288	222	60,896	274
Property	66	16,759	253	86	20,892	243
VAT & Taxation	77	20,527	266	92	23,743	257
Statutory Duties	119	30,685	258	97	23,125	240
Investigation & CDDA	82	22,995	280	73	19,086	263
Legal Issues	39	11,800	306	14	4,565	321
Immediate Tasks	99	24,223	246	109	26,523	244
Trading	7	1,610	230	7	1,610	230
Retention of Title	9	1,955	230	13	3,183	239
Other Matters	27	6,605	245	60	15,143	254
Job Acceptance & Strategy	2	460	230	2	460	230
Out of Scope	9	2,265	266	-	-	-
<b>Total</b>	<b>2,769</b>	<b>739,611</b>	<b>267</b>	<b>2,749</b>	<b>700,998</b>	<b>255</b>

### 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, preparation for the Company entering Administration and maintaining the Joint Administrators' accounting records.
- ▶ **Bank and Statutory Reporting** – includes statutory 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.
- ▶ **Creditors** – relates to correspondence with creditors, answering specific creditor queries.
- ▶ **Debtors** – time spent in collecting the outstanding contract balances which are due to the Company including the St Ann's adjudication and enforcement.
- ▶ **Employee matters** – relates to correspondence and calls with redundant employees, answering queries, filing forms, liaising with the Redundancy Payments Service, processing claims. It also relates to dealing with retained employees and processing the monthly payroll. Time has also been spent dealing with employee matters and enquiries in respect of UK

Government measures following the COVID-19 outbreak. There were c.270 employees of the Company.

- ▶ **Immediate tasks** – relates to carrying out on appointment tasks and duties such as speaking with the Company directors, requesting key items of information and carrying out day 1 activities.
- ▶ **Investigations** – carrying out the investigations required by Statement of Insolvency Practice No. 2 and any issues which the Administrators are made aware by creditors or other parties.
- ▶ **Job Acceptance and Strategy** – time spent in complying with the firm’s internal compliance and job acceptance procedures prior to accepting an appointment.
- ▶ **Legal Issues** – relates to meetings and conversations with our solicitors, Addleshaw Goddard LLP and other legal advisers regarding legal issues arising during the Administration such as dealing with ongoing legal claims, adjudications and monies held in the pre-appointment accounts.
- ▶ **Other Assets** – principally relates to dealing with the Company’s Technologies businesses and dealing with its Joint Venture Interests.
- ▶ **Other Matters** – relates to time spent corresponding with the appointed insurance broker.
- ▶ **Prescribed Part Matters** – time spent in collecting and adjudicating unsecured creditor claims and managing the distribution of a dividend. We would highlight that the time spent on this area of the Administration will be funded directly from the Prescribed Part i.e. as a cost of dealing with the Prescribed Part.
- ▶ **Property** – time spent dealing with Landlord and other property related issues including arranging vacation of the properties.
- ▶ **Retention of Title** – relates to dealing with Retention of Title claims made against the Company.
- ▶ **iSite** – relates to negotiating and documenting a support fee arrangement with the customers, overseeing ongoing trading activities, pursuing potential sale opportunities for the Company’s Technologies business and ultimately completing a sale of its assets.
- ▶ **Statutory duties** – time spent in complying with statutory matters including filing letters and forms advising the Joint Administrators’ appointment.
- ▶ **VAT and taxation** - investigating the Company’s VAT and corporation tax position up to the date of appointment, preparation and submission of VAT and corporation tax returns for the post appointment period.

Significant time and resource have been expended in dealing with regulatory and statutory matters which the Joint Administrators are required to undertake, however they do not generate any direct financial benefit to creditors.

In particular, these areas relate to time spent on accounting and administration, bank and statutory reporting matters, employee matters, reporting, investigations, job acceptance procedures and statutory duties.

We would highlight that significant time has been spent on dealing with employee matters, including dealing with redundancy procedures, employee queries and wider employee issues. This has been further impacted by COVID-19.