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TO ALL KNOWN CREDITORS

4 September 2019

Ref: ML5W/CL/SH/PM/EH/LO5913

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Dear Sirs

## **Night Realisations plc (formerly Dreams plc) (in Administration) (“the Company”)**

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 12 July 2019 to 4 September 2019 and should be read in conjunction with my letter of 12 March 2013 (“the SIP 16 letter”), the Joint Administrators’ Proposals dated 26 April 2013 (“the Proposals”) and my previous progress reports. Copies of these documents are available at:

<http://www.nightrealisationsplcinadministration.co.uk>

Statutory information about the company, the administration and the office holders is given at Appendix 1.

### **Summary of the administrators’ proposals**

Night Realisations plc entered Administration on 5 March 2013 and AM Hudson, JM O’Connor and CA Lewis of Ernst & Young LLP, 1 More London Place, London, SE1 2AF were appointed as Joint Administrators (“the Administrators”). The appointment was made by The Royal Bank of Scotland plc as Security Trustee on behalf of the Company’s lenders under the provisions of paragraph 14(1) of Schedule B1 to the Insolvency Act 1986. Under the terms of the appointment, any act required or authorised to be done by the Administrators can be done by any of them.

The background and circumstances leading up to the appointment of the Administrators are detailed in the Proposals.

### **Extension of Administration**

In accordance with paragraph 76(2)(b) of Schedule B1 to the Insolvency Act 1986 (“the Act”), the Administrators’ term of office was initially extended for a period of six months to 4 September 2014 by consent. The Administrators made an application to court, in accordance with paragraph 76(2)(a) of Schedule B1 to the Act, for an order to extend the Administration further. An order was granted on 7 August 2014, extending the Administration for a period of 12 months to 4 September 2015. A further extension was granted by the court in accordance with paragraph 76(2)(a) of Schedule B1 to the Act, extending the Administration for a period of 18 months to 4 March 2017. An extension was granted by the court in accordance with paragraph 76(2)(a) of Schedule B1 to the Act, extending the Administration further for a period of 12 months to 4 March 2019. A final extension was granted by the court in



accordance with paragraph 76(2)(a) of Schedule B1 to the Act, extending the Administration for a period of 6 months to 4 September 2019.

### **Receipts and payments account**

I enclose a receipts and payments account for the period from 12 January 2019 to 4 September 2019.

### **Distributions to creditors**

As shown in the receipts and payments account, £30.6m has been distributed to the secured creditors. A final distribution to the secured creditors was made of £371.3k on 3 September 2019 but there will be a shortfall of £38.3m to the secured creditors based on their indebtedness of £69.3m at the date of our appointment.

As discussed in previous progress reports in relation to preferential creditors, payment of c£40,000 was made to employees in respect of arrears of wages, £149,775 was made to the RPO in settlement of its preferential claim, and a further £2,925 was paid directly to employees in settlement of any residual preferential claims. In addition, employees who did not respond were paid in full as preferential creditors, totalling £12,041.

Since the coming into effect of the Small Business, Enterprise and Employment Act 2015 on 26 May 2015, the Administrators no longer need the court's permission to distribute the prescribed part to unsecured creditors. Accordingly, a dividend to non-preferential creditors was declared in the administration of the Company on 20 June 2019. The amount paid to non-preferential creditors in the distribution was £510,000, being 1.87p in the pound. Total creditor claims totalled £27,388,741.

### **Notice of no further dividend**

In accordance with Rule 14.37(2) of the Insolvency (England and Wales) Rules 2016, I give notice that we are unable to declare any further dividend to preferential or non-preferential creditors because the funds realised have already been distributed or used or allocated for paying the expenses of the administration.

### **Investigations**

The Joint Administrators undertook statutory investigations into the conduct of the Directors of the Company. No further action has been taken in respect of such 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/en/technical/insolvency/creditors-guides> or is available in hard copy upon written request to me. Please note that the references in the Guide to fee estimates do not apply to administrations, such as this one, which started before 1 October 2015.



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 passed on 5 March 2013.

The Administrators have incurred total time costs of £4,105,644 to 4 September 2019, against which total fees of £1,323,473 have been drawn. An analysis of the time spent in the period can be found at Appendix 3. Appendix 4 provides a statement of the Administrators' policy in relation to charging time.

During the administration total time costs incurred for dealing with the distribution of the prescribed part is £202,783. During the period of this report the Administrators billed £90,000 against these time costs. No further billing will be incurred.

There is an analysis of Category 1 and 2 disbursements incurred in the period at Appendix 3 and a statement of the Administrators' policy in relation to charging disbursements at Appendix 4.

In certain circumstances, creditors are entitled to request further information regarding the Administrators' remuneration or expenses, or to apply to court on the grounds that the costs are considered to be excessive. Further information is provided in Appendix 5.

### **Joint administrators' expense**

During the period covered by this report, the Administrators have incurred expenses of £590 against which nothing has been billed. The Administrators have incurred total expenses of £27,660 to 4 September 2019, against which £26,857 has been drawn. There is a breakdown of expenses incurred in this period and to date at Appendix 3 of this report.

### **Pre-administration costs**

Under the terms of engagement agreements dated 2 November 2012 and 16 November 2012 (with an extension of scope on 18 December 2012), Ernst & Young LLP was instructed by the Board of Directors of the Company, together with the Senior Lenders, to undertake contingency planning, preparatory sales planning, marketing of the business for sale and subsequent deal execution.

The fees in relation to the above engagements were paid directly by the Senior Lenders and not as an expense of the Administration. Consequently, the Administrators are not seeking approval for the payment of unpaid pre-administration costs per Rule 2.67A.

### **The outcome of the administration**

The purpose of the administration has been sufficiently achieved.

In accordance with the terms of the proposals, as there are no further assets to be realised or distributions to be made, the company will move from administration to dissolution. The administration will come to an end on the date on which the notice is registered by Companies House and the company will be deemed to be dissolved three months later.



Should you have any remaining questions about the administration, please do not hesitate to contact Pascale Murray at this office.

Yours faithfully  
for the Company

A handwritten signature in black ink that reads 'C A Lewis'.

C A Lewis  
Joint Administrator

Enc: Copy of Form AM21

AM Hudson is licensed in the United Kingdom to act as an insolvency practitioner by The Association of Chartered Certified Accountants and CA Lewis and JM O'Connor 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, AM Hudson, CA Lewis, and J O'Connor 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 Administrator's appointment. The Office Holder Data Privacy Notice can be found at [www.ey.com/uk/officeholderprivacy](http://www.ey.com/uk/officeholderprivacy).

**Night Realisations plc**

**(in Administration)**

**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, Chancery Division
Court reference:	1638 of 2013
Registered name of the company:	Night Realisations plc
Registered office address of the company:	c/o Ernst & Young LLP, 1 More London Place, London, SE1 2AF
Registered number:	02189427
Country of incorporation (for a company incorporated outside the United Kingdom):	N/A
Date of appointment of the joint administrators:	5 March 2013
Details of any changes of administrator:	None
Full names of the administrators:	Alan Michael Hudson, Joseph Michael O'Connor and Craig Anthony Lewis
Office holder number(s):	9200, 12350 and 9356
Administrators' address(es):	Ernst & Young LLP 1 More London Place London SE1 2AF
Telephone number:	020 7806 9278
Name of alternative person to contact with enquiries about the case:	Pascale Murray

## Appendix 2

**Night Realisations plc**  
**(in Administration)**

**Joint Administrators' Abstract of Receipts and Payments from 12 January 2019 to 4 September 2019.**

Statement of Affairs Estimated to Realise Values (£)	RECEIPTS	Balance as at 11 January 2019 £	Movement from 12 January 2019 to date £	Balance as at 11 January 2019 £
174.00	Leasehold property	174.00	-	174.00
3,000,000.00	Freehold property	3,000,000.00	-	3,000,000.00
1.00	Goodwill	1.00	-	1.00
1.00	Customer list	1.00	-	1.00
1.00	Business intellectual property	1.00	-	1.00
7,900,000.00	Fixtures, fittings, equipment & vehicles	8,007,910.46	-	8,007,910.46
20,500,000.00	Stock/ WIP	20,500,000.00	-	20,500,000.00
4,525,000.00	Cash at bank in transit at completion	4,525,000.00	-	4,525,000.00
-	Sale of shares	100.00	-	100.00
-	Rates refunds	1,172,063.33	-	1,172,063.33
-	Pre appointment insurance	3,655.37	-	3,655.37
-	Utilities refund	2,478.61	-	2,478.61
-	IT hosting refund	27,677.97	-	27,677.97
-	Sundry Income	23,290.31	-	23,290.31
-	Bank Interest	38,666.64	148.16	38,814.80
-	Storage charges	634.22	-	634.22
-	Landlord control a/c	128,511.99	-	128,511.99
		<b>37,430,165.90</b>	<b>148.16</b>	<b>37,430,314.06</b>
	<b>PAYMENTS</b>			
	Distribution to secured creditors	30,600,000.00	371,272.89	30,971,272.89
	Pre-appointment fees paid to various parties by the secured creditors	3,693,874.66	-	3,693,874.66
	Rates agents' fees	120,730.17	-	120,730.17
	Other professional fees	12,463.64	-	12,463.64
	Administrators' fees	1,233,473.00	90,000.00	1,323,473.00
	Administrators' disbursements	26,856.84	-	26,856.84
	Storage Charges	28,194.10	46,010.13	74,204.23
	Legal fees and disbursements	267,170.58	6,229.81	273,400.39
	Bank charges	73.82	41.80	115.62
	Insurance	20,915.60	-	20,915.60
	Corporation Tax	7,916.20	181.75	8,097.95
	PAYE	729.20	3,106.18	3,835.38
	Holiday pay - D of E	47,575.34	-	47,575.34
	Wage arrears - D of E	102,199.83	-	102,199.83
	Employee net dividend	43,505.31	12,040.98	55,546.29
	Unsecured creditors	-	510,000.00	510,000.00
	Irrecoverable VAT	185,688.81	-	185,688.81
	VAT receivable	63.42	-	63.42
		<b>36,391,430.52</b>	<b>1,038,883.54</b>	<b>37,430,314.06</b>

## Notes

- Receipts and payments are stated net of VAT.
- Net funds held on behalf of the Purchaser to meet ongoing lease obligations. These funds will be remitted to landlords or returned to the Purchaser.
- Overpayments returned by landlords and refunds received following successful assignment of leases.
- Relates to payments made to landlords who have not provided valid VAT invoices. These payments are funded by the Purchaser.

## Appendix 3

## Night Realisations plc

(in Administration)

## Joint Administrators' Time Costs from 12 July 2019 to 4 September 2019

Classification of work function	Partner / Director	Manager	Other Senior Professionals	Assistants & Support	Total hours for the period 21/02/13 to 02/09/2019	Average Hourly Rate	Time Costs for period 21/02/2013 to 02/09/2019
Bank & Statutory Reporting	0.5	0.0	0.0	0.0	0.5	1145.00	572.50
Employees	0.0	0.0	0.2	0.0	0.2	455.00	91.00
Statutory Duties	0.0	9.5	7.2	0.0	16.7	459.39	7,671.87
VAT & Taxation	0.2	0.7	1.1	0.0	2.0	639.75	1,279.50
Accounting & Administration	0.0	4.8	20.2	19.6	44.6	377.61	16,841.27
Creditors (Mandatory)	0.0	0.0	9.1	1.5	10.6	425.99	4,515.50
Prescribed Part	0.0	0.0	0.0	4.5	4.5	250.00	1,125.00
<b>Grand Total</b>	<b>0.7</b>	<b>15.0</b>	<b>37.8</b>	<b>25.6</b>	<b>79.1</b>	<b>£ 361.63</b>	<b>£ 32,096.64</b>

N.B. The Administrators have received payment directly from the Purchaser for the short-term period of trading post appointment and for providing ongoing property support. These time costs have been excluded from the above analysis because they will not be paid out of assets of the Company and consequently will not impact the return to the creditors.

## Joint Administrators' Time Costs from 5 March 2013 to 4 September 2019

Classification of work function	Partner / Director	Manager	Other Senior Professionals	Assistants & Support	Total hours for the period 21/02/13 to 02/09/19	Average Hourly Rate	Time Costs for period 21/02/2013 to 02/09/2019
Bank & Statutory Reporting	67.2	192.8	14.8	66.1	340.9	509.60	173,721.93
Employee Matters	9.0	124.2	340.3	16.8	490.3	360.14	176,575.50
Other Matters	0.0	38.8	11.7	10.3	60.8	458.08	27,851.50
Immediate Tasks	86.8	73.0	181.4	160.8	502.0	332.14	166,735.50
Legal Issues	1.0	37.2	2.4	4.0	44.6	444.87	19,841.00
Members	3.8	6.1	57.7	95.3	162.9	211.08	34,385.61
Statutory Duties	41.5	134.2	187.9	16.1	379.7	448.36	170,241.70
VAT & Taxation	62.1	228.0	253.1	404.4	947.6	412.07	390,473.50
Accounting and Administration	43.4	376.2	516.9	1490.9	2427.4	303.84	737,531.33
Job Acceptance & Strategy (M)	36.1	3.5	3.0	0.4	43.0	797.99	34,313.50
Creditors (Mandatory)	58.8	93.9	229.9	122.6	505.2	389.27	196,661.00
Retention of Title	3.0	0.0	21.0	0.2	24.2	366.82	8,877.00
Trading (Mandatory)	12.5	0.4	24.8	13.6	51.3	371.46	19,056.00
Out of scope	39.2	25.2	10.9	40.4	115.7	513.53	59,415.50
Other Assets (Mandatory)	4.0	97.9	117.2	188.5	407.6	345.20	140,704.50
Property - New co	144.1	451.1	871.7	397.3	1864.2	355.37	662,475.00
Property-Termination & surrenders	21.7	42.2	42.5	124.0	230.4	361.91	83,383.50
Property - Assignments	48.6	131.4	166.5	153.2	499.7	414.48	207,118.00
Property - Landlord payments	21.3	132.1	211.1	803.4	1167.9	287.88	336,215.50
Prescribed Part	6.3	171.4	233.1	136.5	547.3	371.88	203,532.50
Sale of Business / SPA	53.0	69.0	0.0	0.0	122.0	581.66	70,962.50
Pre appointment work	0.0	0.0	0.5	7.5	8.0	242.13	1,937.00
GA trading issues	101.0	69.7	80.9	6.0	257.6	488.71	125,891.50
GA employee trading issues	23.3	10.0	47.4	0.0	80.7	440.36	35,537.00
Investigation/CDDA (Mandatory)	4.7	6.0	54.2	0.0	64.9	342.16	22,206.00
<b>Grand Total</b>	<b>892.4</b>	<b>2,514.3</b>	<b>3,680.9</b>	<b>4,258.3</b>	<b>11,345.9</b>	<b>£ 361.63</b>	<b>£ 4,105,643.57</b>



## Appendix 4

### Night Realisations plc

(in Administration)

#### Summary of joint administrators' expenses incurred

##### Category 1 expenses from 5 March 2013 to 4 September 2019 (£)

Description	Amount
Ground	4167.47
Lodging	526.50
Meals & Entertainment	243.77
Sundry	1.69
Taxable Meals & Travel	24.47
Beverage Service - Canteen	11.10
General Administration	794.35
Occupancy Related Services	908.94
Postage	10323.26
Print Shop	1945.18
Stationery Supplies	386.84
Storage Charges	8,326.52
<b>Total</b>	<b>27,660.09</b>

##### Category 2 expenses from 4 March 2013 to 4 September 2019 (£)

None

##### Category 1 expenses from 12 July 2019 to 4 September 2019 (£)

Description	Amount
Postage	351.52
Print Shop	238.34
<b>Total</b>	<b>589.86</b>

##### Category 2 expenses from 12 July 2019 to 4 September 2019 (£)

None





## Notes

- 1 Statement of Insolvency Practice 9 (SIP 9) defines expenses as amounts properly payable from the insolvency estate which are not otherwise categorised as office holders' remuneration or distributions to creditors.
- 2 SIP 9 defines 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.