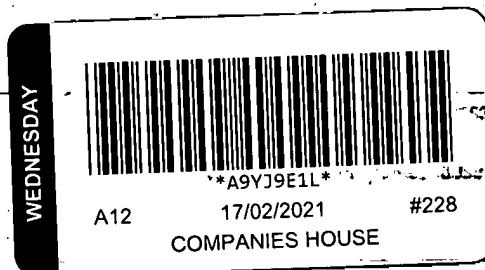


# AM07

## Notice of creditor's decision on administrator's proposals



Companies House



<b>1</b>	<b>Company details</b>		<b>→ Filling in this form</b> Please complete in typescript or in bold black capitals.
Company number	0 2 0 2 9 1 0 3		
Company name in full	Zoom.co.uk Limited		
<b>2</b>	<b>Administrator's name</b>		
Full forename(s)	Matthew David		
Surname	Smith		
<b>3</b>	<b>Administrator's address</b>		
Building name/number	1 New Street Square		
Street	London		
Post town	EC4A 3HQ		
County/Region			
Postcode			
Country			
<b>4</b>	<b>Administrator's name <sup>①</sup></b>		
Full forename(s)	Daniel Francis		<b>① Other administrator</b> Use this section to tell us about another administrator.
Surname	Butters		
<b>5</b>	<b>Administrator's address <sup>②</sup></b>		
Building name/number	1 New Street Square		<b>② Other administrator</b> Use this section to tell us about another administrator.
Street	London		
Post town	EC4A 3HQ		
County/Region			
Postcode			
Country			

Registrar of Companies  
Companies House  
Crown Way  
Maindy  
CARDIFF  
CF14 3UZ

15 February 2021

Our ref: ZOOM00L/JFB/NA/PH/ADM\_143/B  
Your Ref: Company Number 02029103

Dear Sir/Madam

**Zoom.co.uk Limited - In Administration ("the Company")**  
**Company Number: 02029103**

**Paragraph 53(2) of Schedule B1 Insolvency Act 1986 – Notice of Creditors' Decision on Proposals**

I enclose a copy of the Joint Administrators' Proposals ("the proposals") together with notice on form AM07 that the creditors approved the Joint Administrators' Proposals following the deemed consent procedure which ended on 8 February 2021.

Yours faithfully

For and on behalf of Zoom.co.uk Limited



**Matthew David Smith**  
Joint Administrator

Matthew David Smith, Daniel Francis Butters and Gavin Maher were appointed Joint Administrators of Zoom.co.uk Limited on 30 November 2020. The affairs, business and property of the Company are managed by the Joint Administrators. The Joint Administrators act as agents of the Company and contract without personal liability.

Enc: Joint Administrators' Proposal and Form AM07

Partners and Directors acting as receivers and administrators contract without personal liability. Unless otherwise shown, all appointment taking Partners and Directors are authorised by The Institute of Chartered Accountants in England and Wales. All licensed insolvency practitioners of Deloitte LLP are licensed in the UK to act as insolvency practitioners.

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AM07

## Notice of creditor's decision on administrator's proposals

6

## Purpose of procedure or meeting

That the Joint Administrators' Proposals be approved

7

Description of procedure or meeting<sup>③</sup>

Deemed Consent

③ Whether it was a virtual or physical meeting, some other decision procedure (please describe), or deemed consent.

8

## Address of meeting

If a meeting was held at a physical location, give the address below.

Building name/number

Street

Post town

County/Region

Postcode

Country

## AM07

### Notice of creditor's decision on administrator's proposals

<b>9</b>	<b>Other platform for decision procedure or meeting<sup>1</sup></b>	
		<b>1</b> If a meeting was not held at (or the decision procedure was not undertaken at) a physical location, tell us what means were used—for example email, videolink
<b>10</b>	<b>Meeting</b>	
	If a meeting was held was the required quorum met? <input type="checkbox"/> Yes <input type="checkbox"/> No	
<b>11</b>	<b>Details of creditors' decisions.</b>	
	Details of decisions including any modifications to the proposals approved by the creditors are as follows:  The Joint Administrators' Proposals were approved without modifications	
<b>12</b>	<b>Details of any resolutions passed</b>	
	Give details of any resolutions which were passed.  The Joint Administrators' Proposal were approved	

AM07

Notice of creditor's decision on administrator's proposals

13

Date and time of decision made or resolution passed

Date

<sup>d</sup>0<sup>d</sup>8<sup>m</sup>0<sup>m</sup>2<sup>y</sup>2<sup>y</sup>0<sup>y</sup>2<sup>y</sup>1

Time

<sup>h</sup>2<sup>h</sup>3 : <sup>m</sup>5<sup>m</sup>9

14

Sign and date

Administrator's  
signature

Signature

X



X

Signature date

<sup>d</sup>1<sup>d</sup>5<sup>m</sup>0<sup>m</sup>2<sup>y</sup>2<sup>y</sup>0<sup>y</sup>2<sup>y</sup>1

AM07

Notice of creditor's decision on administrator's proposals



**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	Narinder Aheer
Company name	Deloitte LLP
Address	Four Brindleyplace Birmingham
Post town	B1 2HZ
County/Region	
Postcode	
Country	
DX	
Telephone	+44 121 632 6000



**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 signed 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](http://www.gov.uk/companieshouse) or email [enquiries@companieshouse.gov.uk](mailto: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](http://www.gov.uk/companieshouse)

## Continuation page

Name and address of insolvency practitioner

✓ **What this form is for**  
Use this continuation page to tell us about another insolvency practitioner where more than 2 are already jointly appointed. Attach this to the relevant form. <sup>①</sup>  
Use extra copies to tell us of additional insolvency practitioners.

✗ **What this form is NOT for**  
You can't use this continuation page to tell us about an appointment, resignation, removal or vacation of office.

→ **Filling in this form**  
Please complete in typescript or in bold black capitals.  
  
All fields are mandatory unless specified or indicated by \*

### 1 Appointment type

Tick to show the nature of the appointment:

- ☒ Administrator
- ☐ Administrative receiver
- ☐ Receiver
- ☐ Manager
- ☐ Nominee
- ☐ Supervisor
- ☐ Liquidator
- ☐ Provisional liquidator

① You can use this continuation page with the following forms:  
- VAM1, VAM2, VAM3, VAM4, VAM6, VAM7  
- CVA1, CVA3, CVA4  
- AM02, AM03, AM04, AM05, AM06, AM07, AM08, AM09, AM10, AM12, AM13, AM14, AM19, AM20, AM21, AM22, AM23, AM24, AM25  
- REC1, REC2, REC3  
- LIQ2, LIQ3, LIQ05, LIQ13, LIQ14, WU07, WU15  
- COM1, COM2, COM3, COM4  
- NDISC

### 2 Insolvency practitioner's name

Full forename(s) Gavin

Surname Maher

### 3 Insolvency practitioner's address

Building name/number 1 New Street Square

Street London

Post town EC4A 3HQ

County/Region

Postcode

Country



**Arcadia Group Brands Limited ("AGB")  
Zoom.co.uk Limited ("Zoom")  
(both in administration) ("the Companies")**

JOINT ADMINISTRATORS' STATEMENT OF PROPOSALS PURSUANT TO  
PARAGRAPH 49 OF SCHEDULE B1 OF THE INSOLVENCY ACT 1986 (AS  
AMENDED) ("the Act").

**Matthew David Smith, Daniel Francis Butters and Gavin Maher ("the Joint Administrators") were appointed as Joint Administrators of the Companies on 30 November 2020 by the High Court of Justice.**

**The affairs, business and property of the Companies are managed by the Joint Administrators. The affairs, business and property of the Companies are managed by the Joint Administrators. The Joint Administrators act as agents of the Companies and contract without personal liability. All licensed Insolvency Practitioners of Deloitte LLP ("Deloitte") are licensed in the UK to act as Insolvency Practitioners by the Institute of Chartered Accountants in England and Wales.**

**For the purposes of paragraph 100(2) of Schedule B1 of the Act, the Joint Administrators confirm that they are authorised to carry out all functions, duties and powers by either of them jointly and severally.**

25 January 2021





**Arcadia Group Brands Limited**  
**Zoom.co.uk Limited**  
**(both in administration)**

Deloitte LLP  
Four Brindleyplace  
Birmingham  
B1 2HZ  
UK  
Tel: +44 (0) 121 632 6000  
Fax: +44 (0) 121 695 5678  
[www.deloitte.co.uk](http://www.deloitte.co.uk)

This Statement of Joint Administrators' Proposals ("the Proposals" or "our Proposals") has been prepared pursuant to paragraph 49 of Schedule B1 of the Act, which requires that we, as the Joint Administrators, provide creditors with details of our Proposals to achieve the purpose of the administrations.

It appears that the Companies may have sufficient property to enable a distribution to be made to unsecured creditors. As such we are required in accordance with paragraph 51 of Schedule B1 of the Insolvency Act 1986 to seek creditors' approval of our Proposals. In this instance, we propose to seek approval of our Proposals by deemed consent, notice of which has been posted to the websites on Form ADM\_F03. The proposed decisions to approve our Proposals will be treated as having been made by creditors unless objected to, using the appropriate procedure as set out in the notice, by 10% or more in value of creditors. Should that happen, the decision on approval will not be made and a further decision procedure will be held. Unless you object to our Proposals, no action is required from you. Please refer to the websites for further details including forms and guidance.

Please refer to the Frequently Asked Questions section on the case websites for more information about decision procedures in insolvency proceedings.

Please also note that hard copies of any of these documents will be provided free of charge on request.

We have also included the following information in this report:

- background of the Companies;
- the circumstances giving rise to the appointments of the Joint Administrators;
- the progress of the administrations to date; and
- the Joint Administrators' Proposals for achieving the objectives of the administrations (Appendix E).

Yours faithfully

For and on behalf of the Companies

**Matthew David Smith**  
Joint Administrator

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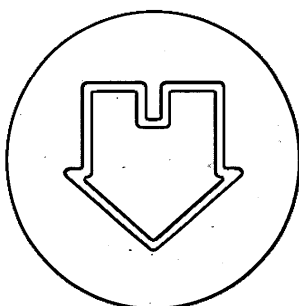
Post-appointment

Remuneration and expenses

Additional information

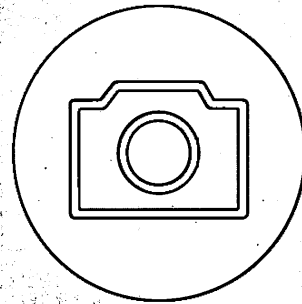
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## Key messages



## Key messages

### Joint Administrators of the Companies

**Matthew David Smith**  
**Daniel Francis Butters**  
**Gavin Maher**  
 Deloitte LLP  
 1 New Street Square  
 London  
 EC4A 3HQ

### Contact details

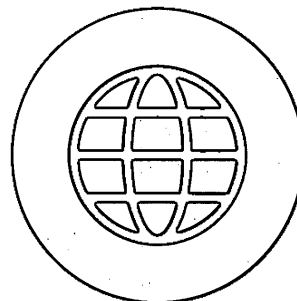
Email:  
[arcadiacreditors@deloitte.co.uk](mailto:arcadiacreditors@deloitte.co.uk)  
 Website: [www.ips-docs.com](http://www.ips-docs.com)  
 Tel: 0808 178 2848  
**Date Proposals delivered to creditors: 25 January 2021**



	Commentary
<b>Purpose of the administrations</b>	<ul style="list-style-type: none"> <li>The purpose of the administrations is to achieve a better result for the Companies' creditors as a whole than liquidations.</li> </ul>
<b>Joint Administrators' strategy</b>	<ul style="list-style-type: none"> <li>The Companies will continue to operate in their current form, to the extent possible in light of lockdown measures arising from the COVID-19 pandemic, while purchasers of the businesses are sought.</li> <li>AGB holds contractual rights which are needed to facilitate a sale or sales of Group brands.</li> <li>Zoom procures IT functions on behalf of certain other Group operating companies in administration. These services are needed to continue trading the operating companies and to facilitate a sale or sales of the brands.</li> <li>Achieving sales of the Group's brands is expected to enhance returns to the Group's creditors, including creditors of AGB and Zoom compared with immediate liquidations.</li> </ul>
<b>Approval of the Proposals</b>	<ul style="list-style-type: none"> <li>As we anticipate that sufficient funds will be available for distribution to unsecured creditors we are required to seek a decision from unsecured creditors on approval of our Proposals. We intend to take the decisions by deemed consent, notice of which has been posted to the case websites together with guidance on what action if any is required.</li> </ul>
<b>Estimated Timescale</b>	<ul style="list-style-type: none"> <li>On current information the duration of the administrations is not likely to exceed 12 months following which it is anticipated that the Companies will each move to creditors' voluntary liquidation as detailed at page 21.</li> </ul>
<b>Estimated Costs</b>	<ul style="list-style-type: none"> <li>We propose to seek approval to charge our fees by reference to our time costs in relation to both Companies.</li> <li>We have provided fee estimates for both companies showing a breakdown of our anticipated time costs and actual costs to date at Appendix C.</li> <li>We anticipate that disbursements of approximately £29,730 in AGB and £49,730 in Zoom will be incurred over the duration of the appointments as detailed on page 33.</li> <li>Details of third party costs we anticipate will be incurred in relation to legal fees and agents fees are provided at page 24. There are a number of future third party costs which we have been unable to estimate at this time owing to the uncertainty over the timing and structure of any sales.</li> </ul>
<b>Estimated Outcomes</b>	<p>On current information, we anticipate the following outcome for each category of creditor:</p> <ul style="list-style-type: none"> <li>Secured creditors – The Companies do not have secured creditors.</li> <li>Preferential creditors – As there are no employees in the Companies we do not anticipate any preferential claims.</li> <li>Unsecured creditors – It is likely that there will be a distribution for unsecured creditors in both AGB and Zoom.</li> </ul>
<b>Proposals</b>	<ul style="list-style-type: none"> <li>Our Proposals for managing the business and affairs of the Companies can be found on page 19.</li> </ul>

## **Background**

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## Background

### The Companies / Group



#### Group background

Arcadia Group Limited ("AGL") and its subsidiaries ("the Group") is a London based group operating as a 'fast fashion' retailer across eight well established brands (Topshop, Topman, Burton, Dorothy Perkins, Evans (since sold), Wallis, Miss Selfridge and Outfit).

The Group has retail operations in the UK, Ireland, the Channel Islands, Isle of Man, the Netherlands and Germany. It also operates through concessions in France.

In addition to retail sales from stores and concessions, a number of the Group's brands sell to retail customers through digital platforms and certain brands also sell to wholesale and franchise customers, both in the UK and internationally.

At the date of our appointment, the Group operated from 459 leased sites in the UK, 14 in Ireland, nine in the Channel Islands, seven in Germany and one in the Netherlands. There are approximately 463 overseas franchise outlets across 27 countries. The majority of the Group's leasehold interests are held in a number of UK property holding subsidiary companies (also subject to insolvency proceedings, see group structure on page 8).

The Group structure is complex. This is largely due to the long history of the Group, parts of which have been trading for over one hundred years, and historical acquisitions of various brands and joint ventures.

The Group has been owned by Taveta Investments Limited (ultimately owned by Lady Cristina Green) since 2002.

AGL acts primarily as the holding company for the Group, providing essential shared services for operation of the wider Group, including finance, HR, treasury, accounting, payroll, insurance, merchant services, procurement and logistics. In addition, it contracts on behalf of a number of the operating subsidiaries, employs most of the staff (other than in relation to the Topshop and Topman brands) and has provided guarantees for a number of lenders, other liabilities and services.

It also operated a treasury cash pool for the UK Group companies (excluding the Topshop and Topman entities) to allow for efficient pooling of receipts and payments to common suppliers across brands.

#### Company backgrounds

AGB was previously the principal trading company for a number of the Group's brands, but this role was transferred to the relevant Group trading entities as part of an internal restructuring between 2012 and 2014. AGB is party to a small number of legacy Group contracts which are still in place in relation to certain concession and franchise agreements. It is a wholly owned subsidiary of AGL and is reliant on AGL to satisfy its obligations under contracts on its behalf. AGB also owns certain intellectual property assets relevant to the operating company brands and should therefore benefit from improved realisations from these assets as part of a wider sale process.

Zoom provides services to AGL and other Group entities including: facilitating recharges for digital services which AGL provides to other Group entities; retaining postage and packaging costs paid by digital consumers across the Group; and paying for digital software used across the Group. It is a wholly owned subsidiary of AGL.

#### Employees

The Companies had no employees as at 30 November 2020.

## Background

### The Companies / Group

#### Summarised Group Structure Chart

On 30 November 2020, 28 Group companies were placed into administration, as detailed in the summarised Group structure chart on the following page, which reflects the position as at the date of our appointments. As noted on pages 8 and 14, partners from Deloitte were appointed over 27 of these companies and partners from KPMG LLP were appointed over one. In addition, four Irish entities entered into Irish liquidation at the same time, over which partners from Deloitte Ireland were appointed as liquidators.

As indicated, the Group structure is complex, and we have therefore not included a number of now dormant, inactive Group companies or Group companies not subject to insolvency proceedings on the Group structure chart.

AGL and Top Shop/Top Man Limited ("TSTM OpCo") are the key operating companies within the Group. As noted earlier, the Group is highly interconnected, and the majority of Group companies are dependent on AGL for shared services and head office functions.

For details of the directors and Company Secretary of the Companies please refer to page 28.



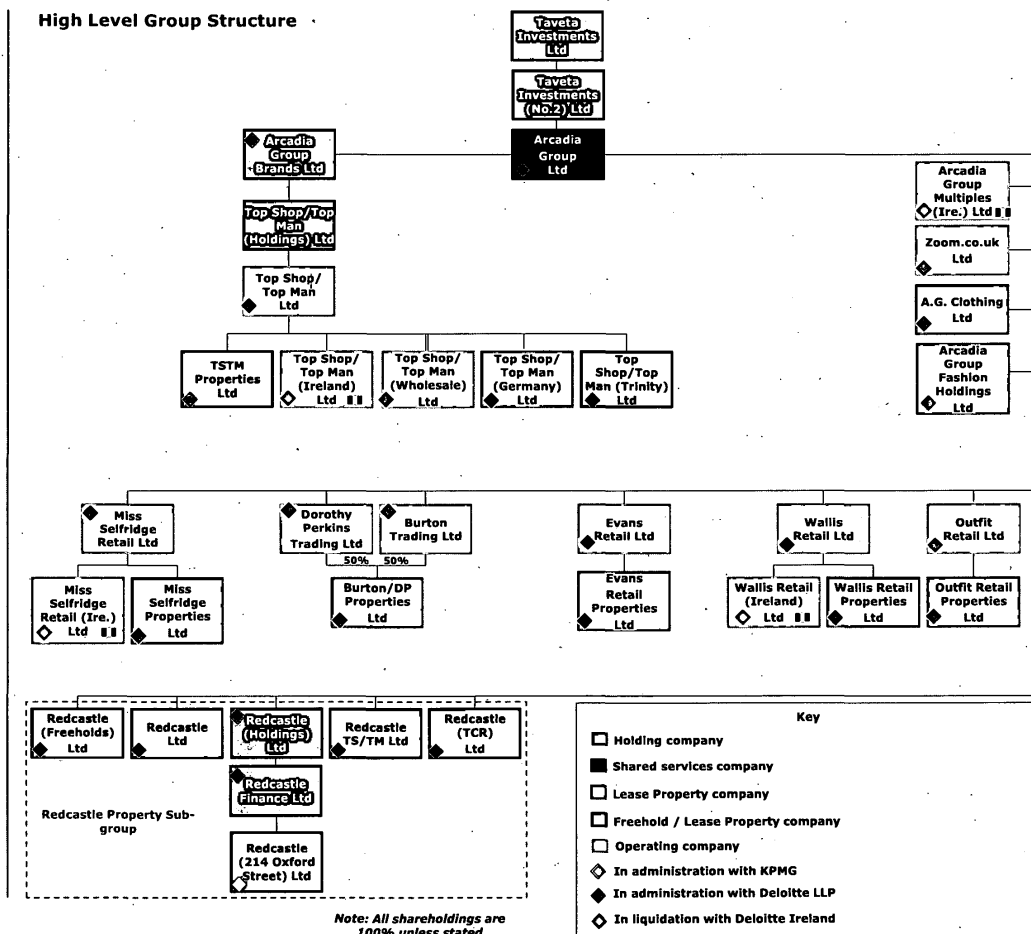
## Background

The Companies / Group

Partners from Deloitte were appointed as administrators over 27 UK companies, partners from KPMG LLP were appointed administrators over Redcastle (214 Oxford Street) Limited and four Irish entities entered Irish liquidation.



## High Level Group Structure



Note: All shareholdings are 100% unless stated



## Background

### Summary financials

AGB

#### Summary balance sheet

£'000	Draft accounts as at 31-Aug-2019	Statutory accounts as at 01-Sep-18	Statutory accounts as at 16-Aug-17
Investments	350,000	350,000	350,000
<b>Fixed assets</b>	<b>350,000</b>	<b>350,000</b>	<b>350,000</b>
<b>Current Assets</b>	-	-	-
Creditors	(350,000)	(350,000)	(350,000)
<b>Total Liabilities</b>	<b>(350,000)</b>	<b>(350,000)</b>	<b>(350,000)</b>
<b>Net Assets</b>	-	-	-

#### Overview of financial information

The trading income and expenditure from the concession and franchise agreements held by AGB is allocated through the relevant brand operating companies; therefore there is no profit and loss account for AGB.

Please note that this information has not been verified by the Joint Administrators or by Deloitte.

#### Balance sheet commentary

AGB's assets are shares in Top Shop / Top Man (Holdings) Limited, the parent company of TSTM OpCo.

It is not anticipated that any value will be realised from this shareholding given the insolvencies of TSTM OpCo and its subsidiaries.

The creditors figure of £350m relates to an intercompany loan from GE Investors Jersey (No.2) Limited, a Group holding company not shown on the high level Group structure on the previous page.



## Background

### Summary financials

#### Zoom

Summary profit and loss account			
£'000	Draft accounts for the 52 weeks ended 31-Aug-19	Statutory accounts for 53 weeks ended 01-Sep-18	Statutory accounts for 12 months ended 16-Aug-17
Turnover	75,282	74,329	63,321
Cost of sales	(27,533)	(27,340)	(24,335)
Exceptional cost of sale	(419)	-	-
<b>Gross profit/(loss)</b>	<b>47,330</b>	<b>46,989</b>	<b>38,986</b>
Gross Margin %	63%	63%	62%
Other Expenses	(47,489)	(46,992)	(38,958)
<b>(L)/EBIT</b>	<b>(159)</b>	<b>(3)</b>	<b>28</b>

Summary balance sheet			
£'000	Draft accounts as at 31-Aug-2019	Statutory accounts as at 01-Sep-18	Statutory accounts as at 16-Aug-17
Intangible assets	7,146	7,869	4,667
Tangible assets	199	705	1,351
<b>Fixed assets</b>	<b>7,345</b>	<b>8,574</b>	<b>6,018</b>
Debtors <1 year	2,012	2,077	1,815
Cash	3,173	2,869	703
<b>Current Assets</b>	<b>5,185</b>	<b>4,946</b>	<b>2,518</b>
Creditors <1 year	(16,792)	(17,646)	(12,319)
<b>Total Liabilities</b>	<b>(16,792)</b>	<b>(17,646)</b>	<b>(12,319)</b>
<b>Net Assets</b>	<b>(4,262)</b>	<b>(4,126)</b>	<b>(3,783)</b>

#### Overview of financial information

Extracts from audited accounts for the 12 months to 26 August 2017, 53 weeks to 1 September 2018 and draft accounts for the 52 weeks to 31 August 2019 are shown opposite.

Please note that this information has not been verified by the Joint Administrators or by Deloitte.

#### Profit and loss commentary

Zoom recorded a loss in the previous two years, the most recent in respect of the losses recorded on disposal of certain software and tangible assets. In each of the statutory accounting periods ended 26 August 2017 and 1 September 2018, it was reported that the going concern basis of preparation of statutory financial statements was appropriate as a result of support from Zoom's parent AGL.

#### Balance sheet commentary

Zoom was balance sheet insolvent at each of the balance sheet dates presented. Creditors due within one year include significant balances due to trade creditors, taxation and other Group companies, primarily AGL. As at 30 November 2020 Zoom owed £7.5m to AGL which was repayable on demand.



## Background Joint Administrators' appointment

### Circumstances giving rise to the appointment of the Joint Administrators

#### Reasons for failure & financial distress

Along with many other UK retailers, the Group had, even prior to the impact of the COVID-19 pandemic, been faced with highly challenging market conditions on the UK high street, which were well publicised. These included the increasing switch from in-store to online shopping and an aggressive discounting environment as retailers competed for customers.

All of these factors put significant pressure on the Group and led to successive years of like-for-like decline in retail sales, including approximately 11% in the financial year 2018/2019 (the last full financial year prior to the COVID-19 pandemic).

In light of the challenging trading environment, the Group took a number of steps to seek to restructure its financial position. The principal such step was to propose CVAs of certain Group property companies with a view to reducing the Group's overall rent bill of £145 million. The CVAs were approved on 12 June 2019 and included the following companies:

- AGL;
- Burton / Dorothy Perkins Properties Limited;
- Outfit Retail Properties Limited;
- Redcastle Limited;
- TSTM OpCo;
- Top Shop / Top Man Properties Limited; and
- Wallis Retail Properties Limited (together "the CVA Companies").

Consequently the Group was able to reduce its rental obligations by c.£35 million and to exit c40 unprofitable stores earlier than would otherwise have been possible.

The CVAs provided a stable platform from which the Group could seek to implement its business plan and improve its financial performance. This included a change in retail focus for Topshop and Topman towards stock at more competitive prices and in a wider range of sizes, as well as the development of the Group's business on third party wholesale platforms, such as ASOS and Zalando.

Another key step in the Group's attempts to restructure was reaching an agreement with the Pension Schemes, the Pensions Regulator, The Pension Protection Fund and the majority ultimate shareholder on a deal offering appropriate protections for the Pension Schemes in return for reduced deficit repair contributions.

Accordingly, in June 2019 the Group agreed the following with the Pension Schemes:

- The Pension Schemes would be granted security capped in aggregate at £210m over assets owned by certain Group companies (including AGL);
- In return for the grant of security, AGL's deficit repair contributions to the Pension Schemes were reduced from an aggregate of c.£50m a year to an aggregate of £25m per annum for three years; and
- The majority ultimate shareholder agreed with the Pensions Regulator to make cash payments totalling £100m into the Pension Schemes.

In 2020, as a result of national lockdown measures arising from the COVID-19 pandemic, the Group was required by the UK Government to close all of its retail outlets in the UK in March 2020 ("the March Lockdown"). In the period since March 2020, there have been various well publicised changes to local lockdown restrictions resulting in reduced consumer confidence, reduced demand for fast fashion, and significantly declining footfall in stores, which have further significantly impacted the financial performance of the Group.



## Background

### Joint Administrators' appointment

#### Circumstances giving rise to the appointment of the Joint Administrators (continued)

##### Steps taken to remedy / turnaround

Following the March Lockdown, the Group took a number of steps to mitigate the impact, including (but not limited to):

- Making use of the Government support available, such as the UK's job retention scheme;
- Seeking revised terms with the Group's trade suppliers;
- Seeking to cancel orders for stock where it was evident that there was no prospect of selling the stock;
- Agreeing deferral and Time to Pay arrangements with HM Revenue & Customs ("HMRC") with respect to VAT, duty, PAYE and National Insurance Contributions; and
- Agreeing a deferral of deficit repair contributions relating to the Pension Schemes for the six months from March to August 2020.

These actions assisted in mitigating the impact of lockdowns and preserving the Group's liquidity. However, the impact could not be fully mitigated and the Group's financial position had therefore materially deteriorated by the end of October 2020.

Following the Government lockdown in England announced on 5 November 2020, the Group identified a potential near-term cash requirement of c.£30m and therefore entered into extensive discussions with its largest creditor, the Pension Schemes, to request further deferral of deficit repair contributions, and support for any further funding, and also entered into negotiations with a number of possible third party finance providers to provide liquidity into the first quarter of 2021.

An agreement could not be reached with the Pension Schemes with respect to a further deferral of deficit repair contributions. Whilst the Group had progressed discussions with third party finance providers, there was material uncertainty as to whether the terms offered would be acceptable to the Group and would be consistent with the security granted to the Group's existing creditors within the required time period.

##### When decision to appoint was made

Despite these efforts, the directors concluded that the Group's continued trading in the long term was not viable, with a potential cash shortfall forecast in early 2021, and concerns around the ability to sufficiently turn around the Group's trading profitability. The key factor was around confidence in medium-term trading prospects rather than simply a funding issue.

This conclusion also took into account:

- Continuing COVID-19 related restrictions across the UK;
- Uncertainty over the timing and extent of potential further lockdown measures being necessary, and the impact on subsequent consumer spending;
- The implications of the UK Government's economic forecasts as set out in the Chancellor of the Exchequer's Spending Review on 25 November 2020; and
- Competition from better funded retailers in online sales.

Consequently, the directors held a board meeting on 27 November 2020 and concluded that the Administration Companies did not have a reasonable prospect of avoiding insolvency. They therefore resolved to place the Companies (and other entities in the Group as shown in the Group structure chart) into administration. These appointments were then effected as soon as was practicable.



## Background Joint Administrators' appointment

### Circumstances giving rise to the appointment of the Joint Administrators (continued)

#### Involvement of Deloitte pre-appointment

AGL's directors first approached Deloitte Restructuring Services in September 2018 to advise them in relation to the Group's financial position and options available to them, including the feasibility of CVAs for a number of Group entities.

Following this introduction, there have subsequently been a number of further engagements by AGL to provide, variously, implementation of the CVA, contingency planning advice, undertake options reviews and separation feasibility work as detailed below:

- 22 May 2019 - Daniel Butters and Ian Wormleighton were appointed as Joint Nominees of the CVA Companies and were subsequently appointed as Joint Supervisors on 12 June 2019;
- 22 May 2019 - Daniel Francis Butters and Ian Colin Wormleighton of Deloitte were appointed as Joint Administrators of Arcadia Group (USA) Limited;
- January 2020 - Deloitte LLP's restructuring team (led by Daniel Butters) was engaged by Taveta Investments Limited, AGL and TSTM Opco to review and identify separation issues which the Group may face due to its legal and operational structure; and
- March 2020 - Deloitte LLP's restructuring team (led by Daniel Butters, Gavin Maher and Matthew David Smith) was engaged by Taveta Investments Limited (AGL's ultimate parent company), AGL and TSTM Opco to provide financial restructuring options and contingency planning advice (including updating estimated outcome statements for insolvency scenarios) in light of the Group's liquidity position following the COVID-19 pandemic.

Matthew David Smith, Daniel Francis Butters, Robert Scott Fishman, Daniel James Mark Smith and Gavin Maher of Deloitte were asked to take the pending appointments as Joint Administrators by the directors of the respective entities, as set out on the next page (together "the Administration Companies").

AGL has also previously engaged with other parts of Deloitte to provide the services detailed below:

- August 2016 to February 2017 - Deloitte Tax provided advice on the corporation tax implications of its pension strategy and options in relation to BHS Group Ltd;
- May 2018 - Deloitte Consulting provided advice on improving the shopping experience within the Group's retail operations;
- September 2015 to May 2018 - Deloitte Tax prepared and submitted the Group's research & development tax relief claims and elections;
- June 2016 to May 2019 - Deloitte Pensions Advisory provided multiple phases of work relating to liability management exercises, feasibility, valuations advice and negotiations with the Pension Schemes, The Pensions Regulator and the Pension Protection Fund;
- November 2018 to December 2019 - Deloitte Tax prepared and submitted the Group's international tax returns to the US and Kuwait tax authorities; and
- June 2019 to February 2020 - Deloitte Pensions Advisory was engaged by AGL to provide advice on the valuations of the Pension Schemes for which AGL is the sponsoring employer.



## Background

### Joint Administrators' appointment

#### Circumstances giving rise to the appointment of the Joint Administrators (continued)

##### Involvement of Deloitte pre-appointment (continued)

The following Deloitte partners were appointed as Joint Administrators of the relevant companies as set out below on 30 November 2020.

Matthew David Smith, Daniel Francis Butters and Robert Scott Fishman as Joint Administrators of:

- AGL

Matthew David Smith, Daniel Francis Butters and Daniel James Mark Smith as Joint Administrators of:

- A.G. Clothing Limited;
- Arcadia Group Fashion Holdings Limited;
- Top Shop / Top Man Properties Limited;
- Miss Selfridge Properties Limited;
- Evans Retail Properties Limited;
- Wallis Retail Properties Limited;
- Outfit Retail Properties Limited;
- Burton / Dorothy Perkins Properties Limited;
- Redcastle (Holdings) Limited;
- Redcastle Finance Limited;
- Redcastle (TCR) Limited;
- Redcastle (TS/TM) Limited
- Redcastle (Freeholds) Limited;
- Top Shop / Top Man (Germany) Limited;
- Top Shop / Top Man (Trinity) Limited; and
- Redcastle Limited on 30 November 2020.

Matthew David Smith, Daniel Francis Butters and Gavin Maher as Joint Administrators of:

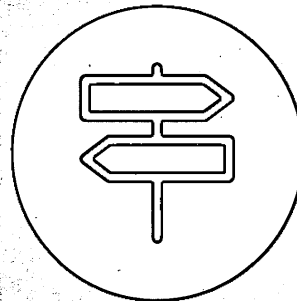
- Zoom.co.uk Limited;
- Arcadia Group Brands Limited;
- Top Shop / Top Man Limited;
- Top Shop / Top Man (Wholesale) Limited;
- Miss Selfridge Retail Limited;
- Dorothy Perkins Trading Limited;
- Burton Trading Limited;
- Evans Retail Limited;
- Wallis Retail Limited; and
- Outfit Retail Limited.





## Post-appointment

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## Post-appointment Purpose

### Appointment of the Joint Administrators

Matthew David Smith, Daniel Francis Butters and Gavin Maher of Deloitte were appointed Joint Administrators of the Companies by the High Court of Justice, Business and Property Courts of England and Wales, on 29 November 2020, following submission of a court application by the Companies' directors.

### Purpose of the administrations

The Companies have significant levels of unsecured debt and contingent liabilities which would need to be restructured in order to rescue the businesses as going concerns. However, having regard to the overall level of liabilities across the Group and the need for significant operational restructuring of the Group's businesses to reduce their retail footprint and improve their online offerings, there is unlikely to be any realistic prospect of preserving the corporate entity as a going concern.

In addition, AGB does not trade and Zoom provides services to other Group companies, therefore neither is viable as a standalone business.

Accordingly, the purpose of the administrations is to achieve a better result for creditors as a whole than would be obtained through an immediate liquidation of the Companies.

The purpose of the administrations will be achieved through the continued trading of AGB and Zoom to facilitate a sale or sales of the Group's brands to enhance the return to the Group's creditors, including the creditors of AGB and Zoom.





## Post-appointment Joint Administrators' strategy

### How the affairs and business of the Companies have been managed and financed since appointment, and the Joint Administrators' intended strategy if their Proposals are approved

#### Trading across the Administration Companies

Immediately following our appointments, we concluded it would be in the best interests of creditors to continue to trade the Group's operating businesses whilst seeking a sale (or sales) as going concerns. Full details regarding the sale of business and related continuation of trading are provided in the proposal documents of the relevant Administration entities and have not been replicated here.

All stores are now closed following announcement of a third lockdown across the UK Governments in late December 2020.

The e-commerce platforms have remained operational, fulfilling online orders for all brands through the three Distribution Centres.

In addition, the Group has continued to work with its Wholesale, Franchise, and External Business partners to continue fulfilling its order commitments to these Partners, including the sourcing of new stock, in order to preserve value in the businesses of the brands.

#### Sale of business - AGB

Following our appointment, the brands were marketed for sale (as a whole, as sub groups or as individual brands) through a wide-reaching accelerated M&A process.

We completed a sale of the digital and wholesale trading operations of the Evans business to City Chic Collective UK Limited ("City Chic") on 23 December 2020. City Chic is a subsidiary of an Australian listed multi-channel women's fashion retailer, and was in discussions with the Group about a potential acquisition of the Evans business prior to our appointments. The sale process for the other brands is ongoing, and negotiations are continuing with a small number of key interested parties following two rounds of bidding. The Joint Administrators will be seeking to conclude sales of the various brands' businesses and assets over the coming weeks.

#### Continuation of operations - Zoom

As detailed on page 6, Zoom provides services to AGL and other Group entities including: facilitating recharges for digital services which AGL provides to other Group entities; retaining postage and packaging costs paid by digital consumers across the Group; and paying for digital software used across the Group.

The sale process for the other brands is ongoing, and negotiations are continuing with a small number of key interested parties following two rounds of bidding. The Joint Administrators will be seeking to conclude sales of the various brands' businesses and assets over the coming weeks.

Zoom will continue to provide services to the Group in order allow the brands to continue trading whilst the sales process is ongoing.



## Post-appointment Joint Administrators' strategy

**How the affairs and business of the Companies have been managed and financed since appointment, and the Joint Administrators' intended strategy if their Proposals are approved (continued)**

### Receipts and Payment accounts

Receipts and payments accounts for AGB and Zoom detailing asset realisations achieved and costs paid up to 8 January 2021 for each company are provided on page 30.

As mentioned previously, AGL operates the treasury, shared services and cash pool functions across the Group (excluding cash for TSTM). These operations have continued during the administration, with the majority of trading transactions and cash flowing through AGL. A regular reconciliation exercise will be undertaken in conjunction with the Companies' staff to determine the appropriate allocation of these shared costs to each of the Administration Companies.

At the date of this report, the first post appointment reconciliation exercise remains ongoing and will be concluded in the period after this report. Consequently, our receipts and payments accounts on page 29 do not reflect the recharge of costs from AGL. Detailed trading and receipts and payments accounts, including recharges from AGL, will be provided in our first progress report.

### Asset realisations

#### Intellectual Property

We understand that certain items of IP for the Group's brands are held in AGB.

Following the sale of the Evans brand detailed on page 17, c.£200k is attributable to AGB in respect of associated intellectual property. This receipt funds will be shown in our first progress report following a reconciliation of accounts.

There are anticipated to be further realisations as part of any sales of businesses.

### Cash at bank

As at the date of our appointment, Zoom had cash at bank of c.£851k. These funds have been transferred to the administration estate as shown in the receipts and payments account on page 29.

### Intercompany receivables

There are material intercompany balances across the Group, which we are in the process of reconciling.

In Zoom, realisations are anticipated by way of distributions from certain of the Administration Companies as a result of balances owed for services provided. The timing and quantum of such distributions which will be confirmed following completion of sales of businesses and asset realisations in the wider Group.

In AGB, it is not anticipated that any value will be realised from the £350m shareholding detailed on page 9, given the insolvencies of TSTM Opco and its subsidiaries.



## Post-appointment Joint Administrators' Proposals

### The Joint Administrators' Proposals

Our Proposals for the administrations include:

- continuing to manage the affairs and any remaining assets of the Companies and the settlement of all administration expenses;
- assessing the affairs of the Companies and reviewing and reporting on the conduct of the Companies' directors and, where required, providing assistance to any regulatory authorities with any investigation into the affairs of the Companies or their management;
- agreement of the claims of any secured, preferential and unsecured creditors against the Companies unless we conclude, in our reasonable opinion, that the Companies will have no assets available for distribution;
- distributing funds to any secured and preferential creditors and, where applicable, to unsecured creditors under the Prescribed Part as and when their claims are agreed and funds permit, and to make distributions to unsecured creditors, other than out of the Prescribed Part if the Court gives permission following an appropriate application;
- that, following the realisation of assets and resolution of all matters in the administrations, and as quickly and efficiently as is reasonably practicable, we will implement the most appropriate exit routes to formally conclude the administrations; and
- that, if the Companies are to be placed into Creditors' Voluntary Liquidation ("CVL"), we (or any person appointed as a replacement office holder) propose to be appointed Joint Liquidators and for the purposes of section 231 of the Act the Joint Liquidators will each be authorised to carry out all functions, duties and powers either jointly or severally.

We will seek specific approval from the unsecured creditors or creditors committee if appointed to fix the basis of and the ability to draw our remuneration and expenses, including pre administration costs and expenses.

Please refer to Appendix E for further details.



## Post-appointment Outcome for creditors

### Estimated outcome for creditors

#### Secured creditors

At the date of our appointment the Companies had no secured creditors.

#### Preferential creditors

As the Companies had no employees, we do not anticipate any preferential creditor claims.

#### Unsecured creditors

##### Zoom

According to the Company's records, Zoom has a contingent liability to HMRC. The quantum of the HMRC claim is currently unknown.

##### AGB

According to the Company's records, AGB has a contingent liability to HMRC. As above, the quantum of the HMRC claim is currently unknown.

In AGB, the only known unsecured creditor relates to a £350m intercompany loan from GE Investors Jersey (No.2) Limited.

#### Prescribed Part

The Prescribed Part is an amount set aside for unsecured creditors from asset realisations that would otherwise be paid to secured creditors under their floating charge, (referred to as the net property), as set out under section 176A of the Act. It applies only where the charge was created on or after 15 September 2003.

The Prescribed Part is calculated as a % of the net property and is subject to a statutory maximum of £600,000 per company.

Where the value of the Prescribed Part is so small as to make the costs of distributing it disproportionate, the court may, on our application, disapply it.

As there are no secured creditors the Prescribed Part provisions will not apply to these case.

### Claims process

As stated opposite we anticipate that a dividend is likely to be made to unsecured creditors of each company, however, having regard to the size of claims against the Companies, the amount of any such dividend is likely to be very low.

We nonetheless invite creditors to claim, following the guidance in the paragraphs below.

Creditors who wish to claim in the administration of the Companies should contact us using the contact details given on page 4 as soon as possible.

#### Creditors with debts of £1,000 or less

You do not need to prove your debt for dividend purposes if the amount you are owed, according to the Companies' books and records, is £1,000 or less. Instead, we will notify you if funds become available for dividend purposes and provide you with details of the amount at which your claim has been admitted. If you disagree with that amount, you will be provided with an opportunity to notify us of the correct amount.

Please note that should you wish to vote in a decision procedure, you will then need to submit a proof of claim to us.

#### Creditors with debts of more than £1,000

Unsecured creditors with claims of more than £1,000 are invited to submit their claims to us either directly via the case websites at [www.ips-docs.com](http://www.ips-docs.com) or by downloading and completing a proof of debt form from the case websites and which should be sent to the address on page 4. Alternatively, a hard copy proof of debt form will be provided free of charge on request.



## Post-appointment Extensions & exit routes

### Exit routes

In accordance with the provisions of the Act, all administrations automatically come to an end after one year, unless an extension is granted by the Court or with consent of the creditors.

There are several possible exit routes from administration. Based on current information, we consider the following exit routes may be appropriate:

- **Dissolution** – If there is no further property which might permit a distribution to the Companies' creditors, we may file notice to that effect with the Registrar of Companies and the Companies will be dissolved three months later.
- **Compulsory Liquidation ("WUC")** – where there is a possibility, but no certainty, of recoveries being made or matters such as property to disclaim or further enquiry, it may be appropriate to ask the Court to end the administrations and to make orders to wind up the Companies.
- **Creditors' Voluntary Liquidation ("CVL")** – Where a distribution to unsecured creditors will be made, other than by virtue of the Prescribed Part, we may file notices to that effect with the Registrar of Companies. The administrations will cease on the date that the notices are registered and the Companies will be wound up.

Please note that if the Companies are placed into CVL, the Joint Administrators (or any person appointed as a replacement office holder) propose to be appointed as Joint Liquidators. The creditors may nominate a different person to be liquidator(s) provided the nomination is made before the Proposals are approved by creditors on 9 February 2021.

- Any creditors' committee appointed in the administration will become a liquidation committee.
- For the purposes of section 231 of the Act the liquidators will each be authorised to carry out all functions, duties and powers either jointly or severally.

### Discharge of Joint Administrators' liability

Pursuant to paragraph 98 of Schedule B1 of the Act, the Joint Administrators' discharge of liability in respect of their actions as administrators takes effect at the specific time appointed by either the Court, the creditors (either via the creditors' committee or by decision of the creditors) or, in specific circumstances, by the secured (and preferential) creditors.

In this case, we will request approval from the Court for us to be discharged from liability as at the date the Registrar of Companies registers the Joint Administrators' final progress report for each company.

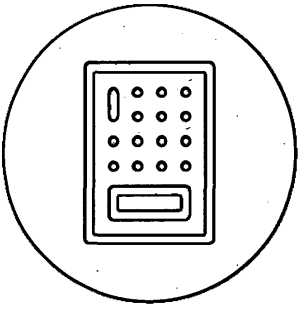




# Remuneration and expenses

## Creditors' Guide to Administrators' Remuneration

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## Remuneration and expenses

### Creditors' Guide to Administrators' Remuneration

A Creditors' Guide to Administrators' Remuneration is appended to SIP 9 and is provided on the administration website and also available for download at [www.deloitte.com/uk/sip-9-england-and-wales](http://www.deloitte.com/uk/sip-9-england-and-wales)

Should you require a paper copy, please send your request in writing to the Joint Administrators at the address on page 4 and this will be provided to you at no cost.

#### Basis of Administrators' remuneration

Pursuant to Rule 18.16 of the Insolvency Rules 2016 ("the Rules"), the basis of the Joint Administrators' remuneration may be fixed:

- as a percentage of the value of the property with which the Joint Administrators have to deal;
- by reference to time properly given by the insolvency practitioners and their staff in attending to matters arising in the administration;
- as a set amount; or
- any combination of the above.

We intend to invite the creditors, or the creditors' committee should one be formed, to formally approve that the basis of our remuneration in each of the Companies be fixed by reference to our time costs incurred in attending to matters arising in the administrations. In advance of seeking that approval we have set out in more detail what our anticipated time costs will be in our Fee Estimates on pages 31 and 33.

We will seek these approval through further decision procedures once the outcome of the decisions on approval of our proposals is known.

The further decision procedures will be held by correspondence. We will give formal Notice of these together with the resolutions being requested in respect of our remuneration and expenses, voting forms and general guidance via the websites at [www.ips-docs.com](http://www.ips-docs.com) and which we anticipate doing within four weeks of our Proposals being approved. We will also provide hard copies of any of these documents to you on request to [arcadiacreditors@deloitte.co.uk](mailto:arcadiacreditors@deloitte.co.uk).

Please note that in the event that a creditors' committee is formed, the resolutions tabled in this decision procedure will be determined by that committee.

#### Fees Estimate

Fees Estimates are provided for each of the Companies at Appendix C in which we have tried to provide you with as accurate an estimate as we can of our likely time costs for the duration of the appointment. We have based each estimate on experience in other similar matters and the cost of work done to date. We estimate that our time costs will be as follows:

Fees Estimate	£
AGB	214,985
Zoom	208,250



## Remuneration and expenses

### Creditors' Guide to Administrators' Remuneration



#### Joint Administrators' Expenses

We anticipate that we will incur the following disbursements during the appointment:

- Statutory Advertising - we are required to give notice by advert in the London Gazette of the following matters: our appointment and proposed distributions to unsecured creditors. We estimate the advertising costs in this regard will be £230 per company.

#### Expenses - Professional costs - Legal

We have instructed a number of lawyers to advise on specific matters in relation to the Companies and across the Group, based on their level of appropriate expertise and experience in dealing with these types of administrations and related matters. These instructions are summarised below:

##### Freshfields Bruckhaus Deringer LLP ("Freshfields")

Costs of application and appointment:

- Freshfields were instructed to assist in planning for the administration and to undertake formalities of the administration appointments in relation to the Company and the wider Group, including but not limited to: drafting and preparation of Court documents and notices; Court attendance; and advice on timings and procedural aspects of appointments.
- In respect of this work, Freshfields incurred £24,925 in each of the Administration Companies.
- The Court ordered that these costs be paid as an expense of the administration.
- Freshfields are the principal legal advisors for the Administration Companies and the Joint Administrators. Their workstream to date includes but is not limited to procedural appointment preparation and formalities covering general insolvency, employees, sale of business, properties, stock, contracts and litigation.

- Freshfields' discounted costs incurred for the period 1 December 2020 to 25 December 2020 total c.£16k in respect of AGB. No costs were incurred in respect of Zoom.
- Freshfields' future costs will relate to sale of business matters. However given that any sale of business timing and structure is currently unconfirmed, it is not possible to provide an estimate of further fees at this stage.

##### Brown Rudnick LLP ("Brown Rudnick")

- Brown Rudnick have been instructed to specifically provide advice to the Joint Administrators on appointment matters, director investigations and other matters where Freshfields would otherwise be conflicted.
- Brown Rudnick have not incurred any costs to date in either of the Companies.
- Brown Rudnick's future costs will largely relate to investigations, however as we are in the early stages of our investigations work it is not possible to provide an estimate of further fees at this stage.

We are regularly in correspondence with professional advisors regarding anticipated costs.

All professional costs are reviewed by us and analysed in detail before payment is approved or made.





## Additional information

Investigations

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## Additional information

Case specific matters  
and  
Investigations

### EU Regulations

As stated in the administration appointment documents, Council Regulation (EU) No 2015/848 applies and these are the main proceedings as defined in Article 3(1) of that regulation.

### Third party assets

Should you believe that you own or have a claim regarding items that may have been present at the Companies premises at the date of our appointment please contact us as soon as possible.

### Investigations

As part of our duties, we are obliged shortly after our appointment to review all of the information available to us and conduct an initial assessment of whether there are any matters that might lead to a recovery for the benefit of creditors. This initial assessment includes enquiries into any potential claims that may be brought against parties either connected to or who have had past dealings with the Companies.

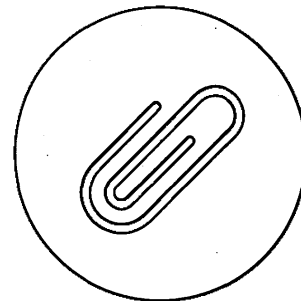
In addition, we are required to consider the conduct of the directors and any person we consider to have acted as a shadow or de facto director in relation to their management of the affairs of the Companies and the causes of failure and we will submit a confidential report to the Insolvency Service, a division of the Department for Business, Energy and Industrial Strategy. Creditors who wish to draw any matters to our attention should contact us using the contact details given on page 4 as soon as possible.





## Appendices

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## Appendices

### Appendix A

#### Statutory Information

	Arcadia Group Brands Limited	Zoom.co.uk Limited
Company number	01016191	02029103
Registered office	c/o Deloitte LLP Four Brindleyplace Birmingham B1 2HZ	c/o Deloitte LLP Four Brindleyplace Birmingham B1 2HZ
Court	High Court of Justice, the Business and Property Courts of England & Wales	High Court of Justice, the Business and Property Courts of England & Wales
Court reference	CR-2020-004384	CR-2020-004410
Company directors	Siobhan Forey Ian Michael Grabiner Sir Phillip Nigel Ross Green	Sally Marion Wightman Richard Leeroy Burchill Gillian Anne Hague
Director Shareholding	None	None
Company Secretary	Rebecca Rose Flaherty	Rebecca Rose Flaherty

#### Websites

In order to facilitate communication, all statutory reports, documents and notices will be posted on to websites set up specifically for each of the Companies. The web address is [www.ips-docs.com](http://www.ips-docs.com).

All documents will be retained on the websites which will remain live until two months after the conclusion of the proceedings. Please contact us using any of the contact details given below if you would like to be provided, free of charge, with a hard copy of documents posted, either now or in the future, to the websites:

Phone: 0808 178 2848

Email: [arcadiacreditors@deloitte.co.uk](mailto:arcadiacreditors@deloitte.co.uk)

Postal address: c/o Deloitte LLP, Four Brindleyplace, Birmingham B1 2HZ

**Please note that, other than notice of intended dividend, no further notice will be given to you when documents are uploaded to the websites. It is thus important that you review the websites regularly to check for updates, such as notices of decision procedures or our six monthly reports on progress.**



## Appendices

### Appendix B

#### Arcadia Group Brands Limited Joint Administrators' receipts and payments account 30 November 2020 to 8 January 2021

£	Book Value	To date
<b>Receipts</b>		
Investments	350,000,000	-
<b>Total receipts</b>	350,000,000	-
<b>Payments</b>		
		-
<b>Total payments</b>		-
<b>Balance</b>		-

#### Zoom.co.uk Limited Joint Administrators' receipts and payments account 30 November 2020 to 8 January 2021

£	Book Value	Noites	To date
<b>Receipts</b>			
Cash at bank			851,237
Gross sales and debtors to be allocated (incl. VAT)		A	16,311,786
Bank Interest Gross		B	28
Intangible Assets	7,146,000		-
Tangible Assets	199,000		-
<b>Total receipts</b>	<u>7,345,000</u>		<u>17,163,051</u>
<b>Payments</b>			
			-
<b>Total payments</b>			-
<b>Balance</b>			<u>17,163,051</u>
<b>Made up of:</b>			
Interest Bearing Bank Account		B	17,163,051
<b>Balance in hand</b>			<u>17,163,051</u>

#### Notes to the receipts and payments accounts

Receipts and payments accounts for the Companies are provided above, detailing the transactions for the period since our appointment on 30 November 2020 until 8 January 2021.

As referred to on page 6, AGL operates the treasury, shared services and cash pool functions across the Group (excluding TSTM). These operations have continued during the administrations, with the majority of trading transactions and cash flowing through AGL. A regular reconciliation exercise will be undertaken in conjunction with AGL staff to determine the appropriate allocation of these shared costs to each of the Administration Companies.

At the date of this report, the first post appointment reconciliation exercise remains ongoing and will be concluded in the period after this report. Consequently, our receipts and payments account does not reflect the recharge of many of the costs to the operating companies (trading company sales and debtor receipts, as well as certain payments). Detailed trading and receipts and payments accounts, including the recharge of AGL's costs, will be provided in our first progress report.

#### Notes to receipts and payments accounts

##### Statement of Affairs

We have granted an extension to the directors for provision of the statements of affairs, to 29 January 2021. Accordingly, the estimated to realise values are based on amounts stated in the Companies' last available management accounts.

##### A – Sales and debtors

As detailed on page 6, Zoom provides services to AGL and other Group entities including: facilitating recharges for digital services which AGL provides to other Group entities. Detailed trading and receipts and payments accounts, including the recharge of costs, will be provided in our first progress report.

##### B – Bank interest

All funds are held in an interest bearing account. The associated corporation tax on interest received will be accounted for to HMRC.

##### Rounding note

In preparing these reports, figures have been rounded (for presentational purposes only). There may therefore appear to be rounding errors.



## Appendices

### Appendix C

#### Fees Estimate

For purposes of the Fees Estimate, the average rate per hour shown for each work activity is based on a blended rate calculated as a factor of the estimated time that each grade of staff will spend on that activity and their specific charge - out rate.

#### Time Costs to date

These are shown as the average rate per hour for each activity based on the actual time spent by each grade of staff at their specific charge - out rate.



#### Joint Administrators' Fees Estimates

Our Fees Estimates detailing the work that we anticipate will need to be undertaken on these cases for the duration of each appointment together with estimates of the likely cost and amount of time that each part of that work will take to complete, are provided on the following pages.

The work anticipated to be undertaken has been categorised by activity which we hope is self explanatory.

We have also separately identified and grouped those work activities that are primarily administrative in nature (including tasks required for statutory, regulatory or compliance purposes) from activities which can be seen to directly add value to the case, such as asset realisation or dealing with claims.

#### Time costs incurred to date

As indicated at page 23, we intend to invite the unsecured creditors or the creditors committee should one be formed, to fix our fees in relation to work done during these administrations on a time costs basis. An analysis showing our time costs for this work to 8 January 2021 and the average hourly charge for each category of work undertaken to 8 January 2021 is also provided in the Fees Estimate for each of the Companies on the following pages.

Please note that all partners and technical staff (including cashiers) assigned to the case record their time spent working on the case on a computerised time recording system. Time spent by secretarial staff working on the assignment is not recorded or recovered. The appropriate staff will be assigned to work on each aspect of the case based upon their seniority and experience, and having regard to the complexity of the relevant work, the financial value of the assets being realised and/or claims agreed. Time is recorded in six minute units.

Hourly rates for other specialist Deloitte staff such as Deloitte Real Estate and Forensics, may be higher or lower than Restructuring Services.

## Appendices

### Appendix C

#### AGB - Fees Estimate and time costs to 8 January 2021

Activity		Anticipated Time and Costs per Fees Estimate			Actual Time and Costs for Report Period		
		Anticipated hours	Avg Rate £/h	Anticipated fees (£)	Hours incurred in period	Avg Rate £/h	Time costs incurred in period (£)
Administrative activities	Cashiering	15.6	630	9,828	0.4	495	198
	Case supervision	29.1	599	17,442	3.8	462	1,757
	Case reviews	8.4	512	4,302	-	-	-
	Case closure matters	8.5	554	4,705	-	-	-
Statutory & compliance	Compliance & IPS diary	9.6	585	5,616	0.4	400	160
	Insurance	11.5	638	7,335	0.1	800	80
	General reporting	37.3	621	23,180	1.4	800	1,120
	Regulatory & other legislation	2.4	585	1,404	-	-	-
	Court applications	10.5	788	8,278	-	-	-
Initial actions	Appointment matters	0.1	800	80	0.1	800	80
	Notifications	7.7	700	5,391	3.8	645	2,450
Investigations	CDDA reporting	18.0	548	9,860	0.1	800	80
	Investigations	8.5	601	5,105	0.1	800	80
Total of above categories		167.2	613	102,526	10.2	589	6,005
Taxation	Tax	22.7	679	15,372	-	-	-
	VAT	24.5	735	17,993	0.3	800	240
Asset realisations	Book debts	13.0	773	10,055	1.0	1,070	1,070
	Other assets	40.0	644	25,750	-	-	-
Trading	Day 1 control of trading	0.1	800	80	0.1	800	80
	Ongoing trading	27.0	674	18,200	17.1	732	12,481
	Monitoring trading	12.0	758	9,090	1.8	495	866
	Closure of trade	9.0	687	6,180	-	-	-
Correspondence	Shareholders	2.0	495	990	-	-	-
	Distributions	19.0	461	8,750	-	-	-
Total fees estimate		336.5	639	214,985	30.4	682	20,742



## Appendices

### Appendix C

#### Zoom - Fees Estimate and time costs to 8 January 2021

Activity		Anticipated Time and Costs per Fees Estimate			Actual Time and Costs for Report Period		
		Anticipated hours	Avg Rate £/h	Anticipated fees (£)	Hours incurred in period	Avg Rate £/h	Time costs incurred in period (£)
Administrative activities	Cashiering	15.6	630	9,828	1.8	568	1,023
	Case supervision	29.1	599	17,442	1.0	657	657
	Case reviews	8.4	512	4,302	-	-	-
	Case closure matters	8.5	554	4,705	-	-	-
	Compliance & IPS diary	9.6	585	5,616	0.4	400	160
Statutory & compliance	Insurance	11.5	638	7,335	0.7	800	560
	General reporting	37.3	621	23,180	1.5	800	1,200
	Regulatory & other legislation	2.4	585	1,404	-	-	-
	Court applications	5.3	788	4,139	-	-	-
	Initial actions	0.1	800	80	0.1	800	80
Investigations	Notifications	7.7	700	5,391	3.8	645	2,450
	CDDA reporting	18.0	548	9,860	0.1	800	80
Total of above categories	Investigations	8.5	601	5,105	0.1	800	80
		162.0	607	98,387	9.5	662	6,290
Taxation	Tax	22.7	679	15,372	-	-	-
	VAT	24.5	735	17,993	0.3	800	240
Asset realisations	Book debts	40.0	644	25,750	-	-	-
	Other assets	16.0	639	10,230	-	-	-
Trading	Day 1 control of trading	0.1	800	80	0.1	800	80
	Ongoing trading	27.0	674	18,200	15.3	802	12,228
	Monitoring trading	12.0	758	9,090	-	-	-
	Closure of trade	9.0	687	6,180	-	-	-
Correspondence	Shareholders	0.1	485	50	-	-	-
	Distributions	9.0	752	6,770	-	-	-
Total fees estimate		322.6	646	208,250	25.2	749	18,837





## Appendices

### Appendix D

### Disbursements

#### Disbursements

These are costs and expenses initially paid by us and for which we will seek reimbursement as and when funds permit.

We estimate that the following disbursements are likely to be incurred in relation to the administrations.

#### Category 1 disbursements

These are payments made by us direct to third parties and for which no approval is required.

Our estimate of Category 1 disbursements is given below, all figures are shown excluding VAT.

#### AGB Category 1 disbursements

£ (net)	Estimated	Incurred to date	Unpaid
Specific Penalty Bond	230	230	230
<b>Total</b>	<b>230</b>	<b>230</b>	<b>230</b>

#### Zoom Category 1 disbursements

£ (net)	Estimated	Incurred to date	Unpaid
Specific Penalty Bond	230	230	230
<b>Total</b>	<b>230</b>	<b>230</b>	<b>230</b>

#### Category 2 disbursements

These are costs and expenses which are not generally made to a third party, for example, reimbursement to staff engaged on the case for their mileage costs. These may also include shared or allocated costs. Specific approval is required before these costs and expenses can be drawn from the administration estates.

Our estimate of Category 2 disbursements is given opposite, all figures are shown exclusive of VAT.

#### AGB Category 2 disbursements

£ (net)	Estimate	Incurred to date	Unpaid
Deloitte Ireland	29,000	5,700	5,700
Mileage	500	-	-
<b>Total</b>	<b>29,500</b>	<b>5,700</b>	<b>5,700</b>

#### Zoom Category 2 disbursements

£ (net)	Estimate	Incurred to date	Unpaid
Deloitte Ireland	49,000	9,700	9,700
Mileage	500	-	-
<b>Total</b>	<b>49,500</b>	<b>9,700</b>	<b>9,700</b>

Mileage is calculated by reference to the mileage properly incurred by the Joint Administrators and their staff, at the prevailing standard mileage rate used by Deloitte at the time when the mileage is incurred (currently up to 45p per mile).

The mileage estimates above are a provision for mileage expenses which may be incurred by staff engaged on the cases. The duration and nature of lockdown measures in response to the COVID-19 pandemic will impact actual mileage expenses incurred.

Deloitte Ireland disbursements incurred relates to time costs in respect of Deloitte Ireland staff who are assisting the Joint Administrators by undertaking statutory and compliance tasks under the supervision of the Joint Administrators' staff. Their work is being charged on a time costs basis, the charge out rates for which are provided below:

#### Deloitte Ireland charge out rates

Grade	Rate (£ / hour)
Assistant Manager	340
Associate	180
Analyst	160
Admin	90

We anticipate that specialist VAT advice will be sought from Deloitte Netherlands, Germany, France and Ireland in relation to VAT matters in those territories. At this stage none of this work has been instructed therefore an estimate of costs is not available at this time.



## Appendices

### Appendix E



#### Joint Administrators' Proposals

We are required in accordance with paragraph 51 of Schedule B1 of the Insolvency Act 1986 to seek a decision from creditors on the following matters in relation to each of the Companies:

1. Approval of our Proposals;
2. Whether a creditors' committee should be established.

#### Deemed Consent – Approval of the Joint Administrators' Proposals

We intend to seek approval of our Proposals for both companies using the deemed consent procedure. This means that unless you wish to object to our Proposals you do not need to take any action. If you do wish to object, you must notify us of your objection before 23.59 hours on 8 February 2021. For further details, please refer to the Notice of Decision to be held by Deemed Consent which has been uploaded to the case websites at [www.ips-docs.com](http://www.ips-docs.com) for viewing and download.

#### Creditors' Decision Procedure – to be held by correspondence – fixing the basis of our remuneration and other matters

As indicated on page 23 we will also be inviting creditors or a creditors committee if appointed to decide on other matters, including to fix the way in which our fees will be paid, and as set out below:

1. Approval that the basis of the Joint Administrators' remuneration shall be fixed by reference to the time properly given by the Joint Administrators and their staff in attending to matters arising in the administrations, plus VAT.
2. Approval that the Joint Administrators' category 1 disbursements and expenses and category 2 disbursements in respect of mileage (as detailed on page 33 be approved and the Joint Administrators be authorised to draw both category 1 and category 2 expenses, (plus VAT where applicable) from the respective administration estates.

We are required to take these decisions using a creditors' decision procedure, that is, a procedure which enables creditors to vote for or against the matters under consideration. We propose to do this by correspondence further details of which will be uploaded to the websites.

As we will be asking creditors to fix the basis on which our fees and expenses are to be paid, Fees Estimates together with details of the expenses that have been or are likely to be incurred have been included within our Proposals for your information. A copy of "A Creditors' Guide to Administrator's Fees" has also been placed on the websites together with Frequently Asked Questions about decision procedures in insolvency proceedings.

Please note that in the event that a creditors' committee is formed, specific approval for resolutions 1 and 2 above will be requested from the creditors' committee.

## Appendices

### Appendix F

#### Statement of Affairs

The directors were notified on 7 December 2020 that they are required to make out and deliver a statements of the Companies' affairs to us by 29 December 2020 which included an initial ten days extension to the statutory 11 days deadline.

At their request, this deadline has been extended until 29 January 2021.

Pending receipt of a completed statement of affairs a schedule of the Company's creditors can be found on the websites [www.ips-docs.com](http://www.ips-docs.com). A summary of the Company's financial position based on most recent available information is given on page 10. We expect to receive a fully updated creditor schedule with the statement of affairs and this will be uploaded to the websites upon receipt.

#### Company creditors

The below creditor information does not capture a number of other unsecured creditor claims which are expected in the administration, including any unsecured element of the pension deficit, a number of intercompany creditors, amounts due under guarantees crystallised by the insolvency of other Group companies and amounts due to HMRC in respect of VAT. The total value of unsecured creditors is expected to be materially higher than the total given above once these other liabilities have been quantified and included.

#### Zoom

According to the Company's records, Zoom has a contingent liability to HMRC. The quantum of the HMRC claim is currently unknown.

#### AGB

According to the Company's records, Zoom has a contingent liability to HMRC. As above, the HMRC claim is currently unknown.

In AGB, the only known unsecured creditor relates to a £350m intercompany loan from GE Investors Jersey (No.2) Limited, registered office: 44 Esplanade St Helier, Jersey, JE4 9WG.



## Appendices

### Important notice

#### Important Notice

This document has been prepared by the Joint Administrators solely to comply with their statutory duty under paragraph 49 of Schedule B1 of the Act to lay before creditors a statement of their Proposals for achieving the purpose of the administrations, and for no other purpose. It is not suitable to be relied upon by any other person, or for any other purpose, or in any other context.

This document has not been prepared in contemplation of it being used, and is not suitable to be used, to inform any investment decision in relation to the debt of or any financial interest in the Companies.

Any estimated outcomes for creditors included in this document are illustrative only and cannot be relied upon as guidance as to the actual outcomes for creditors.

Any person that chooses to rely on this document for any purpose or in any context other than under paragraph 49 of Schedule B1 of the Act does so at their own risk. To the fullest extent permitted by law, the Joint Administrators do not assume any responsibility and will not accept any liability in respect of these Proposals.

The Joint Administrators act as agents of the Companies and contract without personal liability. The appointments of the Joint Administrators are personal to them and, to the fullest extent permitted by law, Deloitte LLP does not assume any responsibility and will not accept any liability to any person in respect of this document or the conduct of the administration.

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