

AM10

Notice of administrator's progress report



Companies House

FRIDAY



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16/04/2021

#115

COMPANIES HOUSE

1 Company details

Company number 0 2 7 5 9 4 3 7

Company name in full SUK Oldco Limited

→ Filling in this form

Please complete in typescript or in
bold black capitals.

2 Administrator's name

Full forename(s) Richard Michael

Surname Hawes

3 Administrator's address

Building name/number 5 Callaghan Square

Street Cardiff

Post town CF10 5BT

County/Region

Postcode

Country

4 Administrator's name ①

Full forename(s) Daniel Francis

Surname Butters

① Other administrator

Use this section to tell us about
another administrator.

5 Administrator's address ②

Building name/number 1 New Street Square

Street London

Post town EC4A 3HQ

County/Region

Postcode

Country

② Other administrator

Use this section to tell us about
another administrator.

AM10

Notice of administrator's progress report

Period of progress report

From date	^d 1	^d 8	^m 0	^m 9	^y 2	^y 0	^y 2	^y 0
To date	^d 1	^d 7	^m 0	^m 3	^y 2	^y 0	^y 2	^y 1

Progress report

☒ I attach a copy of the progress report

Sign and date

Administrator's
signature

Signature

X 

X

Signature date

^d 1	^d 5	^m 0	^m 4	^y 2	^y 0	^y 2	^y 1
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AM10

Notice of administrator's progress report



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 **Radha Kaur**

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 attached the required documents.
- ☐ 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 or email enquiries@companieshouse.gov.uk

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



**SUK Retail Limited t/a Office Outlet
(formerly Staples UK Retail Limited)
("SUK Retail") and SUK Oldco Limited
(formerly Staples UK Real Estate Limited)
("Oldco")(both in administration)
(together "the Companies")**

Court Case Numbers: 248 and 249 of 2019
High Court of Justice
Chancery Division
Birmingham District

Company Numbers: 02759437 and 02430955
Registered Office: c/o Deloitte LLP
Four Brindleyplace
Birmingham
B1 2HZ

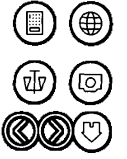
Progress report to creditors for the period 18 September 2020 to 17
March 2020 pursuant to rules 18.2 to 18.6 inclusive of the Insolvency
(England & Wales) Rules 2016 ("the Rules")

Richard Michael Hawes and Daniel Francis Butters ("the Joint Administrators") were appointed Joint Administrators of SUK Retail Limited and SUK Oldco Limited on 18 March 2019 by the directors of the Companies. 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 Insolvency Act 1986 (as amended), ("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.

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

15 April 2021



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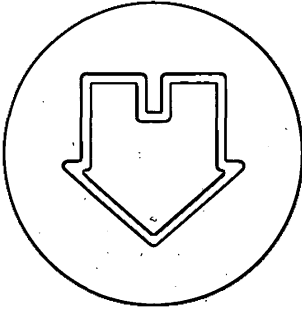
Key messages

Progress of the administrations

Information for creditors

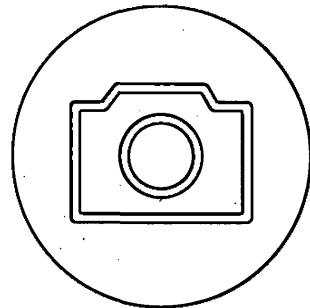
Remuneration and expenses

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Key messages



Key messages

Joint Administrators of the Companies

Richard Michael Hawes
Deloitte LLP
5 Callaghan Square
Cardiff
CF10 5BT

Daniel Francis Butters
Deloitte LLP
1 New Street Square
London
EC4A 3HQ

Contact Details

Email: radkaur@deloitte.co.uk
Website: www.deloitte.com/uk/suk
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	Commentary
Purpose of administrations	<ul style="list-style-type: none">The purpose of the administrations is to achieve a better result for the Companies creditors as a whole than liquidations.
Progress of administrations	<ul style="list-style-type: none">We have continued to liaise with the third parties who are progressing the Ongoing Litigation claim in SUK Retail.During the report period, we have liaised with the Redundancy Payments Service ("RPO") to obtain their unsecured claim and details of the employee claims they have paid in relation to SUK Retail.We have continued to liaise with all creditors of the Companies and have responded to queries raised.We have obtained approval from the Court to extend the administrations (see below).
Costs	<ul style="list-style-type: none">The basis of our remuneration for SUK Retail has been fixed as a set fee of £975,000 and 20% of any recoveries for the estate in respect of Ongoing Litigation.We have not fixed the basis of our remuneration in Oldco because, based on present information, it is unlikely that any fee will be recovered.We have incurred disbursements of £2,394 in SUK Retail. No disbursements have been incurred in Oldco. Please see page 15 for further details.Third party costs of £17,917 have been incurred during the report period. Please see page 6 for further details.
Outstanding matters	<ul style="list-style-type: none">Finalise outstanding trading payments, including rent and utilities in SUK Retail.Progress matters in relation to the Ongoing Litigation in SUK Retail.Adjudicate all unsecured claims in order to pay the Prescribed Part dividend from SUK Retail.Final distribution to Secured Creditors from SUK Retail.Statutory closing procedures for the Companies.
Dividend prospects	<p>On current information, we anticipate the following outcome for each category of creditor:</p> <ul style="list-style-type: none">Secured creditor – the Secured Creditor will not be repaid in full from either administration.Preferential creditors – A distribution of 100p in the £ was made to preferential creditors of SUK Retail on 30 April 2020. There are no preferential creditors in Oldco.Unsecured creditors – There will be insufficient funds to allow a distribution for unsecured creditors of SUK Retail, other than by virtue of the Prescribed Part. We do not anticipate a distribution to unsecured creditors in Oldco.
Extension to administration periods	<ul style="list-style-type: none">The period of the administration was extended for 12 months to 18 March 2021, by the Secured and Preferential creditor for SUK Retail and the Secured Creditor for Oldco on 17 February 2020.A further extension to the administration periods was granted by the Court in February 2021 for a further 2 years. The administrations will now end on or before 18 March 2023.

Progress of the administration

Summary	5
Receipts and payments	7



Progress of the administrations

Summary

Work done during the report period

During the period, we have continued to carry out various tasks relating to fulfilment of statutory and compliance obligations, as well as finalising trading matters.

SUK Retail

Trading

Trading ceased on 21 June 2019. We are continuing to chase for final trading invoices and will settle these costs as soon as possible. We anticipate a trading surplus of £1m.

Refunds

SUK Retail received rates refunds amounting to £47,920 during the report period.

Book Debts

We continue to liaise with debtors and are working to recover any residual book debts. There have been no further recoveries during the report period. A review of further recoveries will be carried out in due course.

Leasehold property

All the sites have now been vacated and the keys have been returned to the respective landlords.

Legal advice has been required in relation to the various properties and leases. We continue to liaise with the landlords regarding the formal surrendering of leases. To date we have formally surrendered 27 sites.

Duty Deferment funds

During the period, no funds have been received from HMRC in respect of the returns submitted. We understand that the delay in processing the payment is due to staff being reassigned as a result of the COVID-19 pandemic. The previous period's duty position had been finalised with a net receipt of £191,175 being the final balance received by SUK Retail. We continue to liaise with HMRC to recover these funds.

Ongoing Litigation

As noted previously, SUK Retail is a claimant in a class legal action commenced prior to our appointment. The matter is being progressed by third parties and our involvement as Joint Administrators in relation to the pursuance of the claim is primarily limited to assistance with matters such as document discovery/production and monitoring progress.

Investigations

We have engaged with Forensics specialists within Deloitte to assist with the following in contemplation of any requirements under the Ongoing Litigation:

- Forensic data capture exercise to obtain electronic copies of the Companies' records;
- Forensic analysis of electronic records, including various key word searches.

SUK Oldco

Leasehold property

All the sites have now been vacated and the keys have been returned to the respective landlords. We have formally surrendered 1 site to date.



Progress of the administrations

Summary

SUK Retail and Oldco

Statutory tasks

During the period, we have carried out the following tasks which primarily relate to fulfilment of statutory and compliance obligations and other tasks of an administrative nature:

- Case management actions, including updating the insolvency website for the cases, filing and regular diary reviews to ensure compliance matters are dealt with accordingly;
- Statutory reporting, including the preparation of progress reports.
- Cashiering functions, including the preparation of monthly bank account reconciliations and various payments and receipts; and
- Interaction with HM Revenue & Customs in respect of VAT and Corporation Tax matters.

These tasks are a necessary part of the engagement but do not generate any direct financial benefit for creditors.

Third party costs incurred during the report period

The following third party expenses have been incurred during the report period:

SUK Retail:

- Agent fees totalling £11,634, plus VAT, have been paid to property specialists Rating Solutions Limited in respect to the recovery of rates refunds within the period.
- Further legal fees of £1,104 plus VAT have been paid to Gateley Plc in respect of work completed on employee claims. This is in excess of our initial estimate.
- Storage costs totalling £189, plus VAT, have been paid to Iron Mountain (UK) Ltd during the period in relation to retaining the Companies' books and records

All costs have been paid, as shown in the receipts and payments account on page 7.

SUK Retail and SUK Oldco:

- Legal fees totalling £4,990 have been incurred by Harrison Clark Rickerbys Limited in relation to extension of the administrations. These fees are split equally between the Companies and have not yet been paid.

All professional costs are reviewed and analysed in detail before payment is approved.



Progress of the administration

Receipts and payments

SUK Retail



Joint Administrators' Receipts & Payments Account 18 September 2020 to 17 March 2021

£	SoA values	Notes	Period	To date
Receipts				
Trading surplus/(deficit)	-	1	-	1,455,106
Cash held in stores on appointment	208,708	-	-	200,298
Insurance claims	-	-	-	16,747
Refund	-	-	-	569
Lease premium & landlord contributions	-	-	-	20,750
Sale of IP	-	-	-	50,000
Property funds held on account	-	-	-	68,718
Realisation of Office Equipment	-	-	-	67,210
Sundry Debtor	-	-	-	89,100
Rebates	-	-	-	141,536
Rates Refund	-	-	47,920	58,708
Plant & Machinery	279,000	-	-	361,914
Book Debts	248,000	-	-	353,433
Insurance Refund	-	-	-	6,085
Cash at Bank	2,105,637	-	-	2,215,566
Bank Interest Gross	-	2	37	18,541
Suspense Account	-	3	-	20,544
Duty deferment deposit account	-	-	-	191,175
Total receipts	2,841,345		47,957	5,335,999
Payments				
Property Agents	-	-	11,634	120,794
Arrears of wages	-	-	-	1,426,114
Goods not for resale	-	-	-	2,145
Administrators' Fees	-	-	-	965,000
Administrators' Expenses	-	-	-	44,807
Agent fees	-	-	-	16,725
Legal Fees	-	-	1,104	128,644
VAT Irrecoverable	-	-	-	18
Store clearance costs	-	-	-	2,944
Storage Costs	-	-	189	23,013
Postage & Redirection	-	-	-	211
Statutory Advertising	-	-	-	87
Surrender Deed and agreement	-	-	-	9,000
Bank Charges	-	-	0.40	14
Pre- Appointment Pension Cost	-	-	-	76,439
Floating Charge Creditor ¹	-	-	-	900,000
Preferential Distribution	-	-	-	21,310
Total payments			12,928	3,737,266
Balance				1,598,733
Made up of:				
IB Current A/C	-	2	-	1,377,540
VAT Control Account	-	4	-	217,260
Balance in hand				1,598,733

A receipts and payments account is provided opposite detailing the transactions during the report period and entire period of our appointment.

Notes to receipts and payments account

1 - A trading account is provide on the following page. The final position will be confirmed once all trading costs have been settled.

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

3 - This amount relates to unidentified receipts. We have made enquiries to the bank to obtain further information in respect of these amounts and will reallocate the funds once they have been identified.

4 - All sums shown opposite are shown net of VAT, which is recoverable and has been accounted for to HMRC.

Rounding note

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

Progress of the administration

Receipts and payments

SUK Retail

Joint Administrators' trading account 18 September 2020 to 17 March 2021

£	To date
Receipts	
Sales	13,321,029
Staples Inc. Store Contribution	-
Rent Received from DHL	76,849
Total receipts	13,397,879
Payments	
Direct Labour	3,515,910
Direct Expenses	69,048
Childcare Vouchers	4,522
Indirect Labour	2,935
Rents	870,047
Rates	930,765
Costs for Collection of Cash	22,474
Telephone	22,071
Water suppliers	630
Insurance	108,046
Bank Charges	208,087
Confidential waste disposal	14,948
Lease/HP Payments	99,363
Hire of Equipment	24,482
Repairs & Maintenance	17,836
Sundry Expenses	225
Returns, chargebacks & other cash costs	72,998
Advertising	263,262
Waste disposal	55,601
IT Systems	560,869
Delivery/Courier Costs	321,988
Security costs	56,632
ROT settlements	2,458,922
Service Charge	100,394
Consultancy Costs	36,441
Utilities Deposit	6,331
Utilities	247,949
Retail agent's cost	1,400,000
Funds paid to SUK Oldco - Rent	450,000
Total payments	11,942,773
Trading surplus/(deficit)	1,455,106

Notes to trading account

The trading account shown opposite has been prepared on an accruals basis for all invoices received but not yet paid. Trading ceased on 21 June 2019 and we anticipate that, on completion of all trading costs, there will be a trading surplus.



Progress of the administration

Receipts and payments

SUK Oldco

Joint Administrators' Receipts & Payments account 18 September 2020 to 17 March 2021

£	SoA values	Notes	Period	To date
Receipts				
Funds Received from SUK Retail	-	-	-	450,000
Bank Interest Gross	-	1	2	332
Fixtures and Fittings	18,000	-	-	-
Total receipts	<u>18,000</u>	-	2	450,332
Payments				
Rents	-	-	-	254,229
Rates	-	-	-	87,163
Service Charge	-	-	-	1,064
Legal Fees (1)	-	-	-	1,049
Bank Charges	-	-	-	14
Total payments	-	-	-	<u>343,518</u>
Balance	-	-	-	<u>106,814</u>
Made up of:				
Floating Chge Deposit A/c	1	-	-	106,276
Vat Control Account	2	-	-	51,268
Trade Creditors	3	-	-	(50,730)
Balance in hand	-	-	-	<u>106,814</u>

A receipts and payments account is provided opposite detailing the transactions during the report period and entire period of our appointment.

Notes to receipts and payments account

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

2 - All sums shown opposite are shown net of VAT, which is recoverable and has been accounted for to HM Revenue & Customs in due course.

3 - Invoices received are logged, recorded and posted to the cash book on an accruals basis, the balance noted represents invoices received and posted to the cash book but not yet paid from the bank accounts.

Rounding note

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

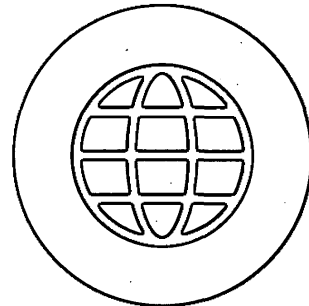




Information for creditors

Outcome

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Information for creditors

Outcome

Outcome for creditors

Secured creditors

The Companies' records show that OO Retail Limited in its capacity as Secured Creditor was owed £12,326,748 by SUK Retail as at the date of appointment and this was cross-guaranteed by Oldco.

This amount is secured by way of fixed and floating charges granted by the Companies on 24 November 2016.

Based on currently available information, we do not expect there will be sufficient asset realisations to repay the Secured Creditor in full from either of the Companies.

Preferential Creditors

Preferential claims in SUK Retail consist of amounts owed to employees for arrears of holiday pay up to the date of the Company Voluntary Arrangement on 6 September 2018. There are no other preferential claims.

There are no preferential creditors in Oldco.

Preferential creditors in SUK Retail were paid in full on 30 April 2020.

Prescribed Part

As previously noted, we anticipate that there will be a prescribed part fund available for distribution to unsecured creditors of SUK Retail, of c.£300k.

Please note that in accordance with Rule 3.50 the costs associated with the prescribed part (which would chiefly comprise our costs incurred in adjudicating and processing claims) must be paid out of the prescribed part fund.

Unsecured creditors

Based on present information, insufficient funds will be realised to enable a dividend to be paid to unsecured creditors in SUK Retail, other than the prescribed part distribution referred to opposite.

On current information, we do not anticipate that there will be sufficient realisations in Oldco to make a distribution to unsecured creditors.

Claims process

SUK Retail

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 is £1,000 or less per the Directors' Statement of Affairs.

We will notify you if funds become available for dividend purposes. Your claim will be admitted in the amount shown in the records/statement of affairs of SUK Retail. If you disagree with that amount you will be provided with an opportunity to notify us of the correct amount.

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 by downloading and completing a proof of debt form from the case website and return to the address on the cover page. Alternatively, a hard copy proof of debt form will be provided free of charge on request.

Oldco

As there is little prospect of a distribution for unsecured creditors of Oldco, we do not intend to undertake any work to agree any creditor claims received and this work will be performed only once the dividend prospects are certain.



Information for creditors

Outcome

Extensions to the administration

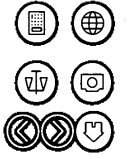
The administration period was extended for both Companies for a period of 12 months to 18 March 2021 by the Secured and Preferential creditors for SUK Retail and the Secured Creditor for Oldco on 17 February 2020. This was to allow for sufficient time to conclude trading and property matters and pay dividends to creditors.

A further extension to the administration periods was granted by the Court in February 2021 for a further 2 years. The administrations will now end on or before 18 March 2023.

Exit

As detailed in our Proposals, we consider that dissolution is the most appropriate exit route from administrations upon completion of all matters.



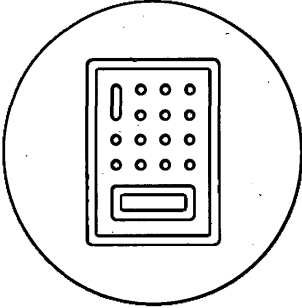


Remuneration and expenses



Joint Administrators' remuneration

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Remuneration and expenses

Joint Administrators' remuneration

Joint Administrators' remuneration

"A Creditors' Guide to Remuneration" is available for download at www.deloitte.com/uk/suk.

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

Basis of remuneration

The basis of our remuneration for SUK Retail was fixed on 8 July 2019 by the Secured and preferential creditors as a set fee of £975,000 and 20% of any recoveries from the Ongoing Litigation, plus VAT.

We have not fixed the basis of our remuneration in Oldco because, based on present information, it is unlikely that any fee will be recovered.

Fees drawn to date

SUK Retail

We have drawn fees of £965,000 as shown in the receipts and payments account on page 7.

Third Party Contribution to Costs

The former parent of the Company, Staples Inc, has made a one-off contribution of £20,000 in respect of the additional time costs incurred by us in resolution of lease and property matters. These funds do not form part of the estate and are not reflected in the R&P figures shown on page 7.

No fees have been drawn from the estate in this period.

Remuneration as a percentage

No fees have been drawn to date as the litigation matters are still ongoing.



Remuneration and expenses

Detailed information

Category 1 Disbursements

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

Category 2 Disbursements

These are costs and expenses initially paid by us and 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.

Joint Administrators' Disbursements

Details of all disbursements are given below and from which it can be seen that we have not recovered our disbursements in full.

Category 2 Disbursements

Specific approval is required before these costs and expenses can be drawn from the administration estate and was given by the Secured and Preferential creditors on 8 July 2019 for SUK Retail.

We have not yet sought approval in respect of Oldco.

Mileage is calculated at the prevailing standard mileage rate of up to 45p used by Deloitte at the time when the mileage is incurred.

Deloitte charges a fixed cost of £500 for each statutory website set up to cover the costs of setting up and maintaining the website, along with the uploading of statutory notifications, reports and other documents to the website for the duration of the appointments. There is only one charge for the entire Group and this cost has been assigned SUK Retail.

SUK Retail

Category 1 disbursements

£ (net)	Estimated per Proposals	Incurred in report period	Total	Paid	Unpaid
Travel - Train	2,017	-	2,462	2,440	22
Statutory Advertising	-	-	87	87	-
Accommodation	24,730	-	24,596	24,515	81
Telephone	162	-	2,855	2,855	-
Postage/Couriers	3,462	-	3,882	2,298	1,584
Meals	-	-	7,647	7,387	260
Subsistence	5,624	-	3,898	3,333	565
Specific Penalty Bond	230	-	230	230	-
Total disbursements	36,225	-	45,658	43,146	2,512

Category 2 disbursements

£ (net)	Estimated per Proposals	Incurred in report period	Total	Paid	Unpaid
Mileage	3,709	-	4,405	4,405	-
Website set up	500	-	500	500	-
Total disbursements	4,209	-	4,905	4,905	-

SUK Oldco

Category 1 disbursements

£ (net)	Estimated per Proposals	Incurred in report period	Total	Paid	Unpaid
Postage/Couriers	217	-	7	-	7
Specific Penalty Bond	230	-	230	-	230
Total disbursements	447	-	237	-	7

Category 2 disbursements

£ (net)	Estimated per Proposals	Incurred in report period	Total	Paid	Unpaid
Total disbursements	-	-	-	-	-

Creditors' right to request information

Any secured creditor or unsecured creditor (with the support of at least 5% in value of the unsecured creditors or with leave of the Court) may, in writing, request us to provide additional information regarding remuneration or expenses to that already supplied within this report. Such requests must be made within 21 days of receipt of this report, in accordance with Rule 18.9 of the Rules.

Creditors' right to challenge remuneration and/or expenses

Any secured creditor or unsecured creditor (with the support of at least 10% in value of the unsecured creditors or with leave of the Court) may apply to the Court for one or more orders (in accordance with Rule 18.34 of the Rules), reducing the amount or the basis of remuneration which we are entitled to charge or otherwise challenge some or all of the expenses incurred.

Such applications must be made within eight weeks of receipt by the applicant(s) of the progress report detailing the remuneration and/or expenses being complained of, in accordance with Rule 18.34(3) of the Rules.

Please note that such challenges may not disturb remuneration or expenses approved or deemed to be approved under prior progress reports.



Deloitte.

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