

AM22

Notice of move from administration to creditors' voluntary liquidation



Companies House

For further information, please
refer to our guidance at
www.gov.uk/companieshouse

1 Company details

Company number 0 5 4 8 4 3 2 7

Company name in full Brooks Brothers UK Limited

→ Filling in this form
Please complete in typescript or in
bold black capitals.

2 Court details

Court name HIGH COURT OF JUSTICE - BUSINESS AND
PROPERTY COURTS

Court case number C R - 2 0 2 1 - 0 0 0 6 2 7

3 Administrator's name

Full forename(s) Asher

Surname Miller

4 Administrator's address

Building name/number Pearl Assurance House

Street 319 Ballards Lane

Post town London

County/Region

Postcode N 1 2 8 L Y

Country

AM22

Notice of move from administration to creditors' voluntary liquidation

10 Proposed liquidator's name^①

Full forename(s)

Stephen

Surname

Katz

Insolvency practitioner
number

8 6 8 1

① Other liquidatorUse this section to tell us about
another liquidator.**11** Proposed liquidator's address^②

Building name/number

Pearl Assurance House

Street

319 Ballards Lane

Post town

London

County/Region

Postcode

N 1 2 8 L Y

Country

② Other liquidatorUse this section to tell us about
another liquidator.**12** Period of progress report

From date

d 0 1 m 1 0 y 2 0 y 2 1

To date

d 2 2 m 0 2 y 2 0 y 2 2

13 Final progress report☒ I have attached a copy of the final progress report.**14** Sign and dateAdministrator's
signature

Signature

X



X

Signature date

d 2 2 m 0 2 y 2 0 y 2 2

AM22

Notice of move from administration to creditors' voluntary liquidation

5	Administrator's name ①		① Other administrator Use this section to tell us about another administrator.
Full forename(s)	Stephen		
Surname	Katz		

6	Administrator's address ②		② Other administrator Use this section to tell us about another administrator.
Building name/number	Pearl Assurance House		
Street	319 Ballards Lane		
Post town	London		
County/Region			
Postcode	N 1 2 8 L Y		
Country			

7	Appointor/applicant's name		
	Give the name of the person who made the appointment or the administration application.		
Full forename(s)			
Surname			

8	Proposed liquidator's name		
Full forename(s)	Asher		
Surname	Miller		
Insolvency practitioner number	9 2 5 1		

9	Proposed liquidator's address		
Building name/number	Pearl Assurance House		
Street	319 Ballards Lane		
Post town	London		
County/Region			
Postcode	N 1 2 8 L Y		
Country			

Asher Miller and Stephen Katz appointed Joint Administrators on 31 March 2021

The affairs, business and property of the Company are being managed by the joint administrators, who act as the Company's agents and without personal liability.

Brooks Brothers UK Limited - In Administration

Final Progress Report of the Joint Administrators

Period: 1 October 2021 to 22 February 2022

Important Notice

This final progress report has been produced by the administrators solely to comply with their statutory duty to report to creditors on the progress of the administration. The report is private and confidential and may not be relied upon, referred to, reproduced or quoted from, in whole or in part, by creditors for any purpose other than this report to them, or by any other person for any purpose whatsoever.

Contents

- ❑ Interpretation
- ❑ Statutory information
- ❑ Details of appointment of administrators
- ❑ Progress during the period
- ❑ Outcome for creditors
- ❑ Administrators' proposals
- ❑ Summary of steps taken during the administration
- ❑ Remuneration and expenses
- ❑ Expenses
- ❑ Creditors' rights
- ❑ Assets that remain to be realised
- ❑ Other relevant information
- ❑ Conclusion
- ❑ Appendices
 - 1. Account of receipts and payments
 - 2. Summary of administrators' proposals, including major amendments to, and deviations from them
 - 3. Time costs and expenses
 - 4. Statement of expenses

1. INTERPRETATION

<u>Expression</u>	<u>Meaning</u>
"the Company"	Brooks Brothers UK Limited - In Administration
"the administration"	The appointment of administrators under Schedule B1 to the Insolvency Act 1986 on 31 March 2021
"the administrators", "we", "our", "us"	Asher Miller of Begbies Traynor (London) LLP, Pearl Assurance House, 319 Ballards Lane, Finchley, London, N12 8LY and Stephen Katz of Begbies Traynor (London) LLP, Pearl Assurance House, 319 Ballards Lane, London, N12 8LY
"the Act"	The Insolvency Act 1986 (as amended)
"the Rules"	The Insolvency (England and Wales) Rules 2016 (as amended)
"secured creditor" and "unsecured creditor"	Secured creditor, in relation to a company, means a creditor of the company who holds in respect of his debt a security over property of the company, and "unsecured creditor" is to be read accordingly (Section 248(1)(a) of the Act)
"security"	(i) In relation to England and Wales, any mortgage, charge, lien or other security (Section 248(1)(b)(i) of the Act); and (ii) In relation to Scotland, any security (whether heritable or moveable), any floating charge and any right of lien or preference and any right of retention (other than a right of compensation or set off) (Section 248(1)(b)(ii) of the Act)
"preferential creditor"	Any creditor of the Company whose claim is preferential within Sections 386, 387 and Schedule 6 to the Act.

2. STATUTORY INFORMATION

Name of Company	Brooks Brothers UK Limited
Trading name(s):	Brooks Brothers
Date of Incorporation:	17 June 2005
Company registered number:	05484327
Company registered office:	c/o Begbies Traynor (London) LLP , Pearl Assurance House, 319 Ballards Lane, London, N12 8LY

3. DETAILS OF APPOINTMENT OF ADMINISTRATORS

Names of administrators:	Asher Miller, a Licensed Insolvency Practitioner of Begbies Traynor (London) LLP, Pearl Assurance House, 319 Ballards Lane, Finchley, London, N12 8LY and Stephen Katz, a Licensed Insolvency Practitioner of Begbies Traynor (London) LLP, Pearl Assurance House, 319 Ballards Lane, London, N12 8LY
Date of appointment:	31 March 2021
Court:	HIGH COURT OF JUSTICE - BUSINESS AND PROPERTY COURTS
Court Case Number:	CR-2021-000627
Person(s) making appointment / application:	The Directors
Acts of the administrators:	The administrators act as officers of the court and as agents of the Company without personal liability. Any act required or authorised under any enactment to be done by an administrator may be done by any one or more persons holding the office of administrator from time to time.
Type of Proceedings:	The proceedings will be COMI proceedings as defined by the Insolvency (England and Wales) Rules 2016 (as amended).
Extensions of the administration period	There have been no extensions to the administration period.

4. PROGRESS DURING THE PERIOD

Receipts and Payments

Attached at Appendix 1 is our abstract of receipts and payments for the period from 1 October 2021 to 22 February 2022.

1. Receipts

1.1 Trading Surplus

The surplus from the trading represents the net trading sales revenues received in respect of the administration trading period to date, less trading expenditure paid to date. An itemised trading receipts and payments account is attached at Appendix 1A.

1.2 Bank Interest Received

Interest earned on the funds in hand amounts to £47.29 with £21.11 received during the period since my last progress report.

2 Payments

2.1 Statutory Advertising

This represents the costs for the publishing of statutory advertising in newspapers and the London Gazette in respect of the Joint Administrators' appointment.

2.2 Joint Administrators' Remuneration

During the period covered by this report the sum of £70,445 plus VAT has been paid in respect of the time costs incurred during the course of the administration, with total remuneration drawn to date totalling £190,445 plus VAT.

2.3 Bank Charges

Bank charges incurred during the period amount to £151.26, with total bank charges since appointment amounting to £1,777.91

What work has been done in the period of this report, why was that work necessary and what has been the financial benefit (if any) to creditors?

Details of the types of work that generally fall into the headings mentioned below are available on our firm's website - <http://www.begbies-traynorgroup.com/work-details> Under the following headings we have explained the specific work that has been undertaken on this case. Not every piece of work has been described, but we have sought to give a proportionate overview which provides sufficient detail to allow creditors to understand what has been done, why it was necessary and what financial benefit (if any) the work has provided to creditors.

The costs incurred in relation to each heading are set out in the Time Costs Analysis which is attached at Appendix 3. There is an analysis for the period of the report and also an analysis of time spent on the case since the date of our appointment.

The details below relate to the work undertaken in the period of the report only. Our previous reports contain details of the work undertaken since our appointment.

General case administration and planning

Periodic internal reviews have been carried out in order to ensure satisfactory progression of the case and that all statutory and regulatory obligations have been complied with.

Generally, it is necessary to maintain records to demonstrate how the case has been administered and to ensure reasons for decisions that materially affect the case are adequately documented. Meetings with the case manager and team have accordingly been held regularly to assess case status and ensure adherence to these requirements. Standard case reviews have also been conducted and documented periodically. The following work has also been undertaken during the period since my last progress report:

- Corresponding with the Company's pre-administration bankers to close all of the accounts and provide a final statement in respect of each;
- Handling the ongoing queries of the Company's directors in respect of various matters;
- Dealing with certain physical records of the Company held at a third party storage facility;
- General accounting, banking and cashiering including the processing of payments, maintenance of estate cash book postings and carrying out regular bank account reconciliations;

Whilst work undertaken in this category does not provide a direct financial benefit to creditors, it is a necessary part of the general control of all formal insolvency appointments.

Compliance with the Insolvency Act, Rules and best practice

Included in the work undertaken during the period under this heading is the following:

- Conducting periodical reviews as to the adequacy of the Joint Administrators' bond level;
- Writing to all known creditors as soon as reasonably practicable following appointment to provide notice of the appointment and initial details of the trading strategy;
- Preparation and circulation of the Joint Administrators' first six monthly progress report on the administration;
- Updating case checklists and statutory diaries where necessary;
- Ongoing consideration of ethical practice codes;

This work does not provide a direct financial benefit to creditors, however is required in accordance with relevant insolvency legislation and best practice guidelines.

Realisation of Assets and Trading Matters

Trading premises

During the period since my last progress report, work has been required in dealing with certain obligations to landlords applicable to the administration trading period payable as an expense of the administration.

Creditors will recall that the lease for the Company's Bicester Village premises was surrendered as part of an agreement with the landlord. The Company's remaining two leases for its O2 Icon and Westfield Shepherds Bush locations are also considered to be of no premium value to the estate. In this regard, in the absence of administrators holding the power of disclaimer, work has been conducted in writing to the relevant landlords to propose that the leases be surrendered. To date, neither of the landlords in question have agreed to a surrender, and consequently, following the Company's pending move from administration to CVL these leases will be disclaimed.

AMEX Funds

The Company operated a Merchant Services account with American Express ("AMEX"), via which circa 25% of its sales revenues were processed and received. Following notification of the Company's status, AMEX had initially held back funds causing delays to applicable sums being received into the designated estate account.

Following the cessation of administration trading, AMEX continued to withhold circa £35k of the Company's funds from the estate as a provision against potential chargeback claims. Consequently, during the period since my last report ongoing correspondence has been required with our firm's relationship manager at AMEX in order to provide the information on the Company's sale terms to facilitate the release of the withheld funds. In this regard, I am pleased to report that following this exercise the AMEX funds were released to the estate in December 2021 and accordingly that all administration trading sales revenues have now been received and reconciled.

Utilities

Meter readings were taken on appointment with the Company's energy suppliers notified of the requirement to continue essential services pursuant to relevant insolvency legislation during the administration trading period. Meter readings were then recorded periodically and again on the final day of occupancy at each of the sites, in order that invoices for the supplies utilised during the trading period

could be accurately raised and settled. During the period since my last report, correspondence has been required with various utility companies to assist with the raising of applicable invoices covering the administration trading period.

Trading Performance

As can be seen from the Trading account included at Appendix 1A, total net sales revenues received now amount to £793,720. Once all outstanding trading expenditure is accounted for it is envisaged that the final trading surplus will be circa £450,000. We consider this to be an extremely positive result in the circumstances, comparing very favourably indeed with initial estimated recoveries.

Dealing with all creditors' claims (including employees), correspondence and distributions

Employees

During the period since our last progress report, work has been conducted in attending to the general queries of former employees, including in order to provide formal references confirming employment details for prospective new employers.

Regular queries have also been received from those former employees retaining residual preferential and unsecured claims in the estate as to the timescale and level of potential distributions.

Intercompany Creditors

The Company's major creditor is a sister group company, BB Europe, which is in a formal insolvency process in Italy. Accordingly it has been necessary to provide updates when requested to BB Europe's key personnel and insolvency office holders as to the progress of administration trading and timeline for potential estate distributions.

Trade and Expense Creditors

The claims of the Company's trade creditors have been logged on our internal case management system when received, pending their adjudication at the relevant time. Ongoing work has been required in acknowledging claims, answering telephone and email enquiries and dealing with correspondence therewith.

Other matters which include seeking decisions of creditors via deemed consent procedure and/or decision procedures, tax, litigation, pensions and travel

VAT – Completing and submitting VAT returns periodically in order to ensure that VAT on estate transactions is administered correctly.

Pensions

- Liaising with the Company's pension fund in order to reconcile and administer the final payments due to the scheme applicable to the administration trading period.

5. OUTCOME FOR CREDITORS

Secured creditors

The Company has no secured creditors.

Preferential creditors

Potential preferential claims of employees for accrued holiday are estimated at £19,797. It is anticipated that, following payment by the Redundancy Payments Service, the majority of this claim will eventually be subrogated to the Secretary of State.

Based on current information, it is considered that there will be sufficient realisations to facilitate payment in full of primary preferential creditors. This distribution will be carried out during the pending creditors' voluntary liquidation process.

Secondary preferential creditors

Further to the changes to the Finance Act 2020, HM Revenue & Customs are now able to claim secondary preferential status for certain liabilities. Taxes owed by the business to HMRC comprising of VAT, PAYE Income Tax, Employee National Insurance Contributions, Student loan deductions and Construction Industry Scheme deductions fall under the secondary preferential status.

HM Revenue & Customs has lodged a secondary preferential claim in the estate in the sum of £117,332.89. Based on current information, it is considered that there will be sufficient realisations to facilitate payment in full of secondary preferential creditors. This distribution will be carried out during the pending creditors' voluntary liquidation process.

Unsecured creditors

Claims of unsecured creditors were estimated at circa £7 million in the directors' Statement of Affairs. To date, claims totalling £6,833,576.34 have been lodged by 15 unsecured creditors.

Based upon realisations to date and estimated future realisations there will be sufficient funds available to enable a general dividend to be paid to the unsecured creditors, which will be paid by the subsequently appointed liquidators, with the amount available for distribution uncertain at this time.

Exit from administration

Once the Notice of move from administration to creditors' voluntary liquidation (Form AM22) has been registered at Companies House (which we anticipate shortly), our appointment as administrators will cease to have effect and the Company will be deemed to be subject to creditors' voluntary liquidation ("CVL") with the former administrators acting in the capacity as joint liquidators of the Company.

6. ADMINISTRATORS' PROPOSALS

Attached at Appendix 2 is a summary of our proposals as approved by a decision of creditors via the deemed consent procedure.

7. SUMMARY OF STEPS TAKEN DURING THE ADMINISTRATION

Full details of the steps taken by the Joint Administrators throughout the period of the appointment may be found in our previous progress reports and in Section 4 above.

Creditors will recall from the Report and Statement of Proposals dated 21 May 2021 that the statutory purpose of the administration being pursued was that set out at subsection 3(1)(b) of Schedule B1 to the Act, namely achieving a better result for the company's creditors as a whole than would be likely if the company were wound up without first being in administration.

As demonstrated above, we consider that the strategy of retailing the Company's stock through its existing stores, resulting in a final administration trading profit likely to be circa £450k, has resulted in a substantially greater return to the estate from the Company's assets than would have been the case had the Company proceeded straight to liquidation. As a result of this strategy, the Company's primary and secondary preferential creditors will be paid in full, and funds will also be available for a general distribution to unsecured creditors. Consequently, we consider that the statutory purpose of the administration has been fully achieved.

The Statement of Proposals provides that, once the purpose of the administration has been achieved, the Joint Administrators may exit the administration by delivering a notice of moving from administration to CVL to the Registrar of Companies and that the Joint Administrators, Stephen Katz and I, would be appointed as Joint Liquidators of the Company. Exiting the administration via a move to CVL is appropriate as this is required for a general distribution to the Company's unsecured non-preferential creditors to take place.

8. REMUNERATION & EXPENSES

Our remuneration for the administration and subsequent CVL has been fixed by reference to the time properly given by us and the various grades of our staff calculated at the prevailing hourly charge out rates of Begbies Traynor (London) LLP in attending to matters as set out in the fees estimate. The initial fees estimate provided to creditors at the time of approval of our remuneration was £145,445.

Our originally approved fees estimate was increased by £230,197 via the approval of creditors which obtained via a decision by correspondence. This makes the total amount of our approved fees estimate £375,642, to include the work to be carried out in collating, agreeing and making distributions against creditors' claims in the liquidation.

We are also authorised to draw expenses for services provided by our firm and/or entities within the Begbies Traynor group, including expenses for services provided by our firm (defined as category 2 expenses in Statement of Insolvency Practice 9), in accordance with our firm's policy, details of which accompanied the Statement of Proposals for achieving the purpose of administration and which are attached at Appendix 2 of this report.

Our time costs for the period from 1 October 2021 to 22 February 2022 amount to £36,031.50 which represents 92 hours at an average rate of £391.65 per hour. Our cumulative time costs for the period from 31 March 2021 to 22 February 2022 amount to £282,667.50 which represents 747 hours and 30 minutes at an average rate of £378.15 per hour.

The following further information in relation to our time costs and expenses is set out at Appendix 3:

- ☐ Time Costs Analysis for the period 1 October 2021 to 22 February 2022
- ☐ Cumulative Time Costs Analysis for the period from 31 March 2021 to 22 February 2022
- ☐ Begbies Traynor (London) LLP's charging policy

Time Costs Analysis

The Time Costs Analysis for the period of this report attached at Appendix 2 shows the time spent by each grade of staff on the different types of work involved in the case, and gives the total costs and average hourly rate charged for each work type. An additional analysis is also attached which details the time costs for the entire period of the administration.

Please note that each analysis provides details of the work undertaken by us and our staff following our appointment only.

To 22 February 2022, we have drawn the total sum of £190,445 on account of our remuneration, against total time costs of £282,667.50 incurred since the date of our appointment. In addition to the time costs information disclosed at Appendix 2 for the period since our last progress report, our previous progress report contained details of the time costs we had incurred as at the date of that report.

What was the anticipated payment for administering the case in full and did the joint administrators receive that payment?

We most recently estimated that the cost of administering the case in full until the closure of the CVL would be in the region of £375,000, and subsequently you provided approval for us to draw our remuneration up to that level. We anticipate that the remuneration actually drawn during the course of the administration and subsequent CVL will be in the region of £375,000 based on the value of assets realised, and the estimated costs to be discharged to the conclusion of the CVL.

As can be seen from the information above, our increased remuneration basis has not been exceeded and therefore we are satisfied that our remuneration proposal did provide a fair and reasonable reflection of the work that has been and will be carried out.

Category 1 Expenses

Details of all category 1 expenses paid to date are included at Appendix 4 of this report.

Category 2 Expenses

To date, no category 2 expenses have been drawn. Mileage charges of £75 have been incurred in visits to the stores by our staff during the administration trading period and are yet to be recharged.

A copy of 'A Creditors Guide to Administrators' Fees (E&W) 2021' which provides guidance on creditors' rights on how to approve and monitor an Administrator's remuneration and on how the remuneration is set can be obtained online at www.begbies-traynor.com/creditorsguides. Alternatively, if you require a hard copy of the Guide, please contact our office and we will arrange to send you a copy.

9. EXPENSES

A statement of the expenses incurred and discharged by us during the period of this progress report is attached at Appendix 4. A cumulative statement of expenses also appears at Appendix 4 which details the expenses incurred since the date of our appointment.

10. CREDITORS' RIGHTS

Right to request further information

Pursuant to Rule 18.9 of the Rules, within 21 days of the receipt of this report a secured creditor, or an unsecured creditor with the concurrence of at least 5% in value of the unsecured creditors including that creditor (or an unsecured creditor with less than 5% in value of the unsecured creditors, but with the permission of the court) may request in writing that we provide further information about our remuneration or expenses (other than pre-administration costs) which have been incurred during the period of this progress report.

Right to make an application to court

Pursuant to Rule 18.34 of the Rules, any secured creditor or an unsecured creditor with the concurrence of at least 10% in value of the unsecured creditors including that creditor, (or any unsecured creditors with less than 10% in value of the unsecured creditors, but with the permission of the court) may within 8 weeks of receipt of this progress report make an application to court on the grounds that the remuneration charged or the expenses incurred by us during the period of this progress report are excessive or, in relation to the basis fixed for our remuneration, inappropriate.

11. ASSETS THAT REMAIN TO BE REALISED AND WORK THAT REMAINS TO BE DONE

There are no known assets of the Company that remain to be realised.

During the pending CVL process it is anticipated that the following work will be required in order to bring all matters to a conclusion:

General case administration and planning

Periodic internal reviews in order to ensure satisfactory progression of the case and that all statutory and regulatory obligations have been complied with.

Continuing to maintain records to demonstrate how the insolvent estate has been administered and to ensure reasons for decisions that materially affect the case are adequately documented. Meetings with the case manager and team to assess case status and ensure adherence to these requirements. Standard case reviews will continue to be conducted and documented periodically.

Whilst work undertaken in this category does not provide a direct financial benefit to creditors, it is a necessary part of the general control of all formal insolvency appointments.

Compliance with the Insolvency Act, Rules and best practice

Included in the work undertaken during the period under this heading is the following:

- Preparation and circulation of annual progress reports;
- Periodic reviews of the Liquidators' bond, as required by the Insolvency Practitioners Regulations 2005;
- General accounting, banking and cashiering including the processing of payments, maintenance of estate cash book postings and carrying out regular bank account reconciliations;
- Preparation of the liquidators' final account and relevant forms in order to close the liquidation and move the Company to dissolution.

This work does not provide a direct financial benefit to creditors, however is required in accordance with relevant insolvency legislation and best practice guidelines.

Realisation of assets

Leasehold disclaimers

Following the cessation of trading at all sites, the Company continues to hold leases for the Westfield and Icon stores, and, despite approaches, the landlords of the respective premises have not indicated a willingness to agree a surrender of the leases to date.

Accordingly, following the Company's pending move from administration to creditors' voluntary liquidation, the liquidators will prepare relevant documentation in order that the leases be disclaimed pursuant to Section 178 of the Act.

This work is required in order to bring the leases, in respect of which obligations continue to accrue, to an end, and accordingly has a direct impact on the potential level of claims to be lodged in the Company's estate, and therefore the eventual rate of return to unsecured creditors.

Trading

Trading Expenses

Certain accrued costs of the trading period are yet to be finally established and settled. These include obligations in respect of certain utility supplies, and other leasehold obligations and service charges at the O2 Icon site. Accordingly, further work during the liquidation will be required in establishing and confirming the applicable liabilities, and arranging for settlement of relevant invoices.

Dealing with all creditors' claims (including employees), correspondence and distributions

Primary Preferential Creditors

At the time of entering administration the Company had 36 employees, all of whom were made redundant at various points between April 2021 and August 2021. The majority of staff were owed accrued holiday pay at the point of redundancy, which ranks as a primary preferential claim in the estate.

As realisations are of a level sufficient to make payment in full of the employees' preferential claims, the following future work will be required during the liquidation:

- Liaising with the Redundancy Payments Service ("RPS") in order to receive final details of its preferential claim in the estate;
- Adjudicating and agreeing the final preferential claim lodged in the estate by the RPS;
- Establishing which of the Company's former employees retain residual preferential claims directly in the Company's estate and assisting with the calculation of these claims;
- Writing to applicable employees to seek confirmation of final residual preferential claims and adjudicating and agreeing each claim;
- Formal declaration of the dividend and processing relevant payments via Bacs or cheque;
- Dealing with all enquiries from former employees in respect of the dividend.

Secondary Preferential Creditors

As realisations in the estate are of a sufficient level to facilitate a distribution to HM Revenue & Customs in respect of its secondary preferential claim the following work will be required during the liquidation:

- Adjudication and agreement of HMRC's final secondary preferential claim;
- Formal declaration of the dividend and processing of relevant payment;
- Liaising with HMRC in respect of any additional information required or discrepancies with the Company's records.

Unsecured Creditors

Due to the success of the asset realisation strategy, recoveries achieved in the administration have substantially outweighed initial expectations, and funds will be available for distribution to the Company's unsecured non-preferential creditors during the pending CVL process.

Consequently, in addition to generally required work in acknowledging and lodging claims and dealing with miscellaneous queries of creditors, the following work will also be undertaken in order to facilitate a distribution of the available funds during the liquidation:

- Circular letters to those creditors yet to lodge formal claims in order to request prompt submission in preparation for the dividend;
- Preparation, circulation and advertisement in the London Gazette of a formal Notice of Intended Dividend;
- Review, adjudication and formal agreement of unsecured non-preferential claims received as required by the Insolvency Rules, including dealing with any claims subject to dispute over validity or quantum;
- Assisting the Company's former employees with calculation of residual unsecured claims over and above sums received from the RPS, as well as residual claims for any enhanced contractual redundancy and notice pay entitlements;
- Establishment of final sum for distribution and calculation of individual dividend payments to each proving creditor in this regard;
- Formal declaration of the dividend and processing of relevant payments via BACS or cheque;
- Dealing with all enquiries from creditors in respect of the dividend.

This work is necessary in order to distribute funds in the estate, and therefore has a direct financial benefit to creditors.

Other matters which includes seeking decisions of creditors via the deemed consent procedure and/or decision procedures, tax, litigation, pensions and travel

VAT – Completing and submitting VAT returns periodically in order to ensure that VAT on estate outputs and inputs is accounted for in a timely fashion.

Corporation Tax – Completion and submission of relevant Corporation Tax returns for the administration and CVL, and obtaining requisite tax clearance to close the case from HM Revenue & Customs at the relevant time.

12. OTHER RELEVANT INFORMATION

Use of personal information

Please note that although the administration is being concluded, in discharging our remaining duties as Administrators, we may need to access and use personal data, being information from which a living person can be identified. Where this is necessary, we are required to comply with data protection legislation. If you are an individual and you would like further information about your rights in relation to our use of your personal data, you can access the same at <https://www.begbies-traynorgroup.com/privacy-notice>. If you require a hard copy of the information, please do not hesitate to contact us.

13. CONCLUSION

As the purpose of the administration has been achieved, in accordance with Paragraph 83 of Schedule B1 to the Act, we are moving from administration to CVL by filing the Notice of move from Administration to Creditors' Voluntary Liquidation (Form AM22) at Companies House. Once this form is filed by Companies House, the CVL will take effect.

A handwritten signature in black ink, appearing to read 'Asher D Miller', with a long horizontal stroke extending to the right.

ASHER D MILLER FCA – JOINT ADMINISTRATOR

Date: 22 February 2022

CUMMULATIVE ACCOUNT OF RECEIPTS AND PAYMENTS

Period: 31 MARCH 2021 to 22 FEBRUARY 2022

BROOKS BROTHERS UK LIMITED - IN ADMINISTRATION
JOINT ADMINISTRATORS' RECEIPTS AND PAYMENTS ACCOUNT
FOR THE PERIOD FROM 31 MARCH 2021 TO 22 FEBRUARY 2022

	<u>Realised</u> <u>to-date</u> £	<u>P/E</u> <u>22-Feb-22</u> £
<u>Balance brought forward</u>		765,559.05
<u>Receipts</u>		
Cash at Bank	502,572.49	
Credit Balance	5,570.06	
Trading Surplus	479,441.86	27,081.44
Furlough Recovery	54,879.11	
Insurance Refund	24,666.84	
Bank Interest Received	47.29	21.11
	<u>1,067,177.65</u>	<u>792,661.60</u>
<u>Payments</u>		
Specific bond	930.00	
Statutory advertising	99.45	99.45
Legal Fees	58,268.00	
Agents' Fees and Disbursements	85,934.40	
Joint Administrators' Pre-Appointment Fees	7,757.00	
Joint Administrators' Fees	190,445.00	70,445.00
Bank Charges	1,777.91	151.26
	<u>345,211.76</u>	<u>70,695.71</u>
<u>Receipts less Payments</u>	<u>721,965.89</u>	<u>721,965.89</u>
<u>Represented by:-</u>		
Balance at Bank	<u>721,965.89</u>	
	<u>721,965.89</u>	

BROOKS BROTHERS UK LIMITED - IN ADMINISTRATION

Trading Account from 31 March 2021 to 22 February 2022

	£	£
Receipts		
Net Sales		793,720.36
Rent Deposit Credit		30,020.53
Furlough Claims		<u>30,404.13</u>
		854,145.02
Less: Trading Expenses Paid		
Communications and IT Support	2,964.08	
Rents & Service Charges	136,629.82	
Storage Warehouse	4,810.00	
Utilities	2,249.80	
Insurance	9,147.03	
Telephone Services	1,273.17	
General Trading Expenditure	1,816.20	
Tailoring	3,034.00	
Repairs and Maintenance	522.40	
Software & Systems	7,868.82	
Security	735.80	
Courier	4,263.03	
Professional Fees	13,294.75	
Cleaning	5,161.12	
Temporary Staff	6,875.10	
Employee Expenses	2,513.11	
Customer Reimbursement	520.00	
PAYE/NI	38,348.94	
Pension Contributions	9,441.40	
Net Payroll	<u>123,234.59</u>	
		<u>374,703.16</u>
Trading Surplus		<u><u>479,441.86</u></u>

SUMMARY OF ADMINISTRATORS' PROPOSALS, INCLUDING MAJOR AMENDMENTS TO AND DEVIATIONS FROM THEM

The following extract is taken from the Joint Administrators Report and Statement of Proposals dated 21 May 2021, which were approved by decision of creditors via the deemed consent procedure. There have been no major amendments or deviations from the approved proposals:

Purpose of the Administration

We are required to set out our proposals for achieving the purpose of the administration which in this context means one of the objectives specified in paragraph 3 of Schedule B1 to the Act as set out at section 3 of this report above.

For the reasons set out in this report, we presently consider that, due to the extent of the Company's liabilities, it is not reasonably practicable to achieve the objective specified in sub-paragraph 3(1)(a), and consequently the most appropriate objective to pursue in this case is that specified in sub-paragraph 3(1)(b), namely achieving a better result for the Company's creditors as a whole than would be likely if the Company were wound up (without first being in administration).

We consider that this objective will be achieved via implementation of the stock trade-down strategy detailed at Section 6 above, which will secure net recoveries from the assets of a greater level than would be the case in an immediate shut-down break up liquidation scenario.

In order that the purpose of the administration may be fully achieved, we propose to remain in office as administrators in order to conclude the realisation of the Company's assets. The principal matters to deal with in this respect are:

- To continue to trade the business in administration in order to realise the stock and maximise realisations in the interests of the general body of creditors;*
- To conduct a sale of the remaining inventory and any other assets of value at the appropriate time, and to ensure that any deferred element of the sale consideration is received in full and on time from the eventual purchaser.*
- To deal with the legal formalities and execution of any agreed lease assignments or surrenders;*

Following these events, and assuming sufficient funds are realised as is envisaged, we will take steps to verify creditor claims and distribute funds accordingly.

It is also proposed that:

- The Joint Administrators will continue to manage the Company's affairs in accordance with the statutory purpose until such time as the administration ceases to have effect;*
- As funds will become available for unsecured creditors, the Joint Administrators may at their discretion establish in principle the claims of unsecured creditors for adjudication by a subsequent liquidator and that the costs of so doing be met as a cost of the administration as part of the Joint Administrators' remuneration;*
- Without prejudice to the provisions of Paragraphs 59 to 72 of Schedule B1 of the Act, the Joint Administrators may carry out all other acts that they consider to be incidental to the*

proposals above to assist in their achievement of the overriding purpose of the administration;

- The Joint Administrators' liability, in respect of any action of theirs as Joint Administrators, shall be discharged in accordance with Paragraph 98 of Schedule B1, immediately upon the appointment ceasing to have effect.

Exit from Administration

We confirm that there are no secured creditors in this matter and that a distribution will be made to the unsecured non-preferential creditors of the Company which is not a distribution of the prescribed part¹.

We have the power to make a distribution of the prescribed part, if applicable, to unsecured creditors in the administration but any other distribution to them requires the permission of court. It is considered that the court will only grant such permission in exceptional circumstances where the normal course for making distributions to unsecured creditors in a voluntary liquidation is inappropriate. Additionally, there may be matters for enquiry concerning a company's affairs which are not within the scope of an administrator's powers and which can only be properly dealt with by a liquidator.

Consequently, as soon as we are satisfied that we have fully discharged our duties as administrators and that the purpose of the administration has been fully achieved, we propose to deliver a notice of moving from administration to creditors' voluntary liquidation to the Registrar of Companies. Upon the registration of such notice our appointment as administrators shall cease to have effect and the Company will automatically be placed into liquidation. Paragraph 83(7) provides:

The liquidators for the purpose of the winding up shall be-

- (a) a person nominated by the creditors of the company in the prescribed manner and within the prescribed period, or
- (b) if no person is nominated under paragraph (a), the administrator.

We confirm that as part of our proposals we propose that we, or in the event of there being a subsequent change of persons appointed as administrator, the individuals in office as such immediately prior to the Company being placed into liquidation, do act as joint liquidators in the subsequent winding up of the Company. Creditors may nominate a different person as the proposed liquidator provided that the nomination is made after the receipt of the proposals and before the proposals are approved. The appointment of a person nominated as liquidator takes effect by the creditors' approval, with or without modification, of our proposals.

It is proposed that for the purpose of the winding up, any act required or authorised under any enactment to be done by the joint liquidators is to be done by all or any one or more of the persons for the time being holding office.

It may transpire that it is not possible to finalise the administration as envisaged within one year of the date of our appointment. The appointment of an administrator shall cease to have effect at the end of the period of one year beginning with the date on which it takes effect, however, our term of office may be extended either by court order for a specified period or by consent of the creditors for a specified period not exceeding twelve months. It may therefore become necessary at some future time for us to seek creditor consent to extending the period of the administration for up to a further twelve months following the anniversary of our appointment in order to ensure that the objective of the administration can be fully achieved.

¹ Insolvency Act 1986, Sch B1, para 83(1)

COSTS AND EXPENSES

- a. Begbies Traynor (London) LLP's charging policy;
- b. Time Costs Analysis for the period from 1 October 2021 to 22 February 2022
- c. Cumulative Time Costs Analysis for the period from 31 March 2021 to 22 February 2022

* Statement of Insolvency Practice 9, (SIP9) – Payments to Insolvency office holders and their associates from an estate

BEGBIES TRAYNOR CHARGING POLICY

INTRODUCTION

This note applies where a licensed insolvency practitioner in the firm is acting as an office holder of an insolvent estate and seeks creditor approval to draw remuneration on the basis of the time properly spent in dealing with the case. It also applies where further information is to be provided to creditors regarding the office holder's fees following the passing of a resolution for the office holder to be remunerated on a time cost basis. Best practice guidance² requires that such information should be disclosed to those who are responsible for approving remuneration. Within our fee estimate creditors can see how we propose to be remunerated.

In addition, this note applies where creditor approval is sought to make a separate charge by way of expenses or disbursements to recover the cost of facilities provided by the firm.

Best practice guidance* indicates that such charges should be disclosed to those who are responsible for approving the basis of the office holder's remuneration, together with an explanation of how those charges are calculated.

OFFICE HOLDER'S FEES IN RESPECT OF THE ADMINISTRATION OF INSOLVENT ESTATES

The office holder has overall responsibility for the administration of the estate. He/she will delegate tasks to members of staff. Such delegation assists the office holder as it allows him/her to deal with the more complex aspects of the case and ensures that work is being carried out at the appropriate level. There are various levels of staff that are employed by the office holder and these appear below.

The firm operates a time recording system which allows staff working on the case along with the office holder to allocate their time to the case. The time is recorded in 6 minute units at the individual's hourly rate in force at that time which is detailed below.

EXPENSES INCURRED BY OFFICE HOLDERS IN RESPECT OF THE ADMINISTRATION OF INSOLVENT ESTATES

Expenses are payments from the estate which are neither an office holder's remuneration nor a distribution to a creditor or a member. Expenses also include disbursements, which are expenses that are initially paid by the office holder's own firm, but which are subsequently reimbursed from the estate when funds are available.

Best practice guidance classifies expenses into two broad categories:

- ❑ *Category 1 expenses (approval not required)* - Specific expenditure that is directly related to the case and referable to an independent external supplier's invoice. All such items are charged to the case as they are incurred.
- ❑ *Category 2 expenses (approval required)* - Items of expenditure that are directly related to the case and either:
 - (i) include an element of shared or allocated cost and are based on a reasonable method of calculation, but which are not payable to an independent third party; or
 - (ii) are items of expenditure which are payable to an associate of the office holder and/or their firm.

² Statement of Insolvency Practice 9 (SIP 9) – Remuneration of insolvency office holders in England & Wales

* Statement of Insolvency Practice 9, (SIP9) – Payments to Insolvency office holders and their associates from an estate

General Office Overheads

The following items of expenditure will normally be treated as general office overheads and will not be charged to the case although a charge may be made where the precise cost to the case can be determined because the item satisfies the test of a *Category 1 expense*:

- ☐ Telephone and facsimile
- ☐ Printing and photocopying
- ☐ Stationery

BEGBIES TRAYNOR CHARGE-OUT RATES

Begbies Traynor is a national firm. The rates charged by the various grades of staff that may work on a case are set nationally but vary to suit local market conditions. The rates applying to the office as at the date of this report are as follows:

Grade of staff	Charge-out rate (£ per hour) 1 January 2022 – until further notice
Consultant/Partner	690
Director	580
Senior Manager	500
Manager	475
Assistant Manager	385
Senior Administrator	340
Administrator	260
Trainee Administrator	190
Support	175

Prior to 31 December 2021, the following rates applied:

Grade of staff	Charge-out rate (£ per hour) 1 March 2019 – Until 31 December 2021
Consultant/Partner	645
Director	515
Senior Manager	440
Manager	410
Assistant Manager	315
Senior Administrator	290
Administrator	220
Trainee Administrator	160
Support	160

Time spent by support staff such as secretarial, administrative and cashiering staff is charged directly to cases. It is not carried as an overhead.

As detailed above, time is recorded in 6 minute units.

* Statement of Insolvency Practice 9, (SIP9) – Payments to Insolvency office holders and their associates from an estate

JOINT ADMINISTRATORS' TIME COSTS ANALYSIS FOR THE PERIOD 01 OCTOBER 2021 To 22 FEBRUARY 2022

Staff Grade	Consultant/Partner	Snr Mgr	Snr Admin	Admin	Support	Total Hours	Time Cost £	Average hourly rate £
General Case Administration and Planning	Case planning	5.1				5.1	3,289.50	645.00
	Administration	0.3	11.3	2.2		15.4	4,858.50	302.50
	Total for General Case Administration and Planning:	5.4	11.3	2.2		20.5	7,948.00	387.71
	Banking and Bonding				3.2	3.2	512.00	160.00
Compliance with the Insolvency Act, Rules and best practice	Case Closure	6.7		0.3		7.0	3,014.00	430.57
	Statutory reporting and statement of affairs	7.0	7.1			29.3	13,262.00	452.63
	Total for Compliance with the Insolvency Act, Rules and best practice:	7.0	7.1	0.3	3.2	39.5	16,788.00	425.01
	Property, business and asset sales	1.0				1.0	440.00	440.00
Realisation of assets	Total for Realisation of assets:	1.0				1.0	440.00	440.00
	Trading	5.2	2.2			7.5	4,036.00	538.13
	Total for Trading:	5.2	2.2			7.5	4,036.00	538.13
	Others	0.7	2.2	5.6		11.0	3,421.50	311.05
Dealing with all creditors claims (including employees), correspondence and distributions	Total for Dealing with all creditors claims (including employees), correspondence and distributions:	0.7	2.2	5.6		11.0	3,421.50	311.05
	Seeking decisions of creditors	2.5				2.5	1,100.00	440.00
	Other			8.6		8.6	1,892.00	220.00
	Tax		1.4			1.4	406.00	290.00
Other matters which includes meetings, tax, litigation, pensions and travel	Total for Other matters:	18.3	1.4	8.6		12.5	3,398.00	271.84
	Total hours by staff grade:	29.8	24.2	16.7	3.2	92.0		
	Total time cost by staff grade £:	11,803.50	7,018.00	3,674.00	512.00		36,031.50	
	Average hourly rate £:	645.00	290.00	220.00	160.00			391.65

JOINT ADMINISTRATORS' TIME COSTS ANALYSIS FOR THE PERIOD 31 MARCH 2021 TO 22 FEBRUARY 2022

APPENDIX 3A

Staff Grade	Staff	Partner	Sr. Mngr	Mngr	Sr. Admin	Admin	Jnr Admin	Support	Total Hours	Time Cost £	Average hourly rate £
General Case Administration and Planning	Case planning	12.6	15.6	0.4	1.0				29.6	15,444.00	521.76
	Administration	0.3	12.0	2.9	43.8	3.5	0.3		62.8	20,102.50	321.38
	Total for General Case Administration and Planning:	12.9	27.6	3.3	44.8	3.5	0.3		92.4	35,628.50	385.57
Compliance with the Insolvency Act, Rules and best practice	Appointment		3.9	1.4	26.6	1.6			33.5	10,388.50	309.51
	Banking and Bonding		0.3					32.0	32.3	5,251.00	162.57
	Case Closure		6.7			0.3			7.0	3,014.00	430.57
Investigations	Statutory reporting and statement of affairs	8.2	36.5		16.9				61.6	26,250.00	426.14
	Total for Compliance with the Insolvency Act, Rules and best practice:	8.2	47.4	1.4	43.5	1.9		32.0	134.4	44,883.50	333.55
	CDDA and investigations		6.8		9.3				16.1	5,689.00	353.35
Realisation of assets	Total for Investigations:		6.8		9.3				16.1	5,689.00	353.35
	Property, business and asset sales	4.0	17.7						21.7	10,368.00	477.79
	Total for Realisation of assets:	4.0	17.7						21.7	10,368.00	477.79
Trading	Trading	74.6	85.7		94.4				254.7	113,201.00	444.45
	Total for Trading:	74.6	85.7		94.4				254.7	113,201.00	444.45
	Others	2.5	46.6	34.0	20.6	86.2	4.8		194.7	61,762.50	317.22
Dealing with all creditors claims (including employees), correspondence and distributions	Total for Dealing with all creditors claims (including employees), correspondence and distributions:	2.5	46.6	34.0	20.6	86.2	4.8		194.7	61,762.50	317.22
	Seeking decisions of creditors		3.4								
	Meetings			8.6		3.3			3.4	1,456.00	440.00
Other matters which includes meetings, tax, litigation, pensions and travel	Other			2.4	9.6				11.9	4,252.00	357.31
	Tax		0.1	4.0	2.1				12.0	3,056.00	258.00
	Total for Other matters:		3.5	15.0	2.1	12.9			6.2	2,293.00	369.84
	Total hours by staff grade:	102.2	235.3	53.7	214.7	104.5	5.1	32.0	33.5	11,137.00	332.45
	Total time cost by staff grade £:	65,919.00	103,532.00	22,000.60	62,291.00	22,980.00	816.00	5,119.00		282,667.50	
	Average hourly rate £:	645.00	440.00	403.69	290.13	220.00	160.00	159.97			376.15

STATEMENT OF EXPENSES FOR THE PERIOD

Type of expense	Name of party with whom expense incurred	Amount incurred £	Amount discharged £	Balance (to be discharged) £
Expenses incurred with entities not within the Begbies Traynor Group				
Professional Fees	SRLV Accountants	1,170.50	1,170.50	Nil
Trading Expenses	Various Parties	1,011.51	1,011.51	Nil
Pension	Legal & General	245.13	245.13	Nil
Statutory Advertising	Courts Advertising	99.45	99.45	Nil

CUMULATIVE STATEMENT OF EXPENSES

Type of expense	Name of party with whom expense incurred	Amount incurred £	Amount discharged £	Balance (to be discharged) £
Expenses incurred with entities not within the Begbies Traynor Group				
Rent and Services Charges	Premises landlords	136,629.82	136,629.82	Uncertain
Utilities	Retail Utility Solutions	2,249.80	2,249.80	Uncertain
Insurance	Aon	9,147.03	9,147.03	Uncertain
Employee expenses	Various employees	2,513.11	2,513.11	Nil
Communications & IT Support	Kew Solutions IT Ltd	2,964.08	2,964.08	Nil
Temporary Staff	K2 Recruitment Ltd	6,875.10	6,875.10	Nil

Telephone Services	Southern Communications	1,273.17	1,273.17	Nil
Repairs & maintenance	0 Two Maintenance	522.40	522.40	Nil
Tailoring Services	Capital Bespoke Tailoring	3,034	3,034	Nil
Courier Services	Equator Global Delivery	4,263.03	4,263.03	Nil
Trading expenses	Various parties	1,816.20	804.69	1,011.51
Storage Warehouse	H2H Retail Storage	4,810	4,810	Nil
Net Payroll	Retained Employees	123,234.59	123,234.59	Nil
PAYE/NI	HM Revenue & Customs	38,348.94	38,348.94	Nil
Pension Contributions	Legal & General	9,160.27	9,160.27	Nil
Cleaning Services	Chesterton Cleaning Services & Calabash Group	5,161.12	5,161.12	Nil
Security Services	APT Security Limited	735.80	735.80	Nil
Software & Systems	Brooks Brothers Europe srl	7,868.82	7,868.82	Nil
Statutory Advertising	Courts Advertising	99.45	0.00	99.45
Specific Bond	AXA Insurance UK Plc	930	930	Nil
Professional Fees	SRLV Accountants	12,124.25	12,124.25	Uncertain
Agents Fees and Disbursements	Hilco Valuation Services	85,934.40	85,934.40	Nil
Legal Fees and Disbursements	Weil, Gotshal & Manges (London) LLP	58,268	58,268	Uncertain

* Statement of Insolvency Practice 9, (SIP9) – Payments to Insolvency office holders and their associates from an estate

ADDITIONAL EXPENSES ANTICIPATED FOR FUTURE WORK

Expenses anticipated to be incurred prior to closure of the case	Name of party with whom expense anticipated to be incurred	Amount estimated to cost £
Statutory advertising	Courts Advertising	94.50
Storage	Restore	Uncertain

* Statement of Insolvency Practice 9, (SIP9) – Payments to Insolvency office holders and their associates from an estate