

# AM10

## Notice of administrator's progress report



Companies House

For further information, please  
refer to our guidance at  
[www.gov.uk/companieshouse](http://www.gov.uk/companieshouse)

### 1 Company details

Company number	0	9	2	7	8	1	0	4
Company name in full	PRZ REALISATIONS (2) LIMITED							

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

### 2 Administrator's name

Full forename(s)	MATTHEW BOYD
Surname	CALLAGHAN

### 3 Administrator's address

Building name/number	200 ALDERSGATE
Street	ALDERSGATE STREET
Post town	LONDON
County/Region	GREATER LONDON
Postcode	E C 1 A 4 H D
Country	UNITED KINGDOM

### 4 Administrator's name ①

Full forename(s)	ANDREW JAMES
Surname	JOHNSON

① **Other administrator**  
Use this section to tell us about  
another administrator.

### 5 Administrator's address ②

Building name/number	200 ALDERSGATE
Street	ALDERSGATE STREET
Post town	LONDON
County/Region	GREATER LONDON
Postcode	E C 1 A 4 H D
Country	UNITED KINGDOM

② **Other administrator**  
Use this section to tell us about  
another administrator.

# AM10

## Notice of administrator's progress report

### 6 Period of progress report

From date	d	1	d	0	m	0	m	2	y	2	y	0	y	2	y	2
To date	d	0	d	9	m	0	m	8	y	2	y	0	y	2	y	2

### 7 Progress report

☐ I attach a copy of the progress report

### 8 Sign and date

Administrator's  
signature

Signature

X



X

Signature date	d	0	d	8	m	0	m	9	y	2	y	0	y	2	y	2
----------------	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---

# 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 **PATRICK TOGNETTI**

Company name **FTI CONSULTING LLP**

Address **200 ALDERSGATE**

**ALDERSGATE STREET**

Post town **LONDON**

County/Region **GREATER LONDON**

Postcode 

E	C	1	A		4	H	D
---	---	---	---	--	---	---	---

Country **UNITED KINGDOM**

DX

Telephone



### 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](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. ❶  
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

❶ 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
- LIQ02, LIQ03, LIQ05, LIQ13, LIQ14,
- WU07, WU15
- COM1, COM2, COM3, COM4
- NDISC

### 2 Insolvency practitioner's name

Full forename(s) ALI ABBAS

Surname KHAKI

### 3 Insolvency practitioner's address

Building name/number 200 ALDERSGATE

Street ALDERSGATE STREET

Post town LONDON

County/Region

Postcode E C 1 A 4 H D

Country UNITED KINGDOM



PRZ Realisations Limited  
PRZ Realisations (2) Limited

# Joint Administrators' Progress Report

For the period from 10 February 2022  
to 9 August 2022



8 September 2022



## Contents

Glossary	3
Introduction	5
Progress of the Administration	7
Estimated Outcomes for Creditors	16
Key Matters Remaining	19
Appendices	22

# Glossary



## GLOSSARY



## Glossary

Abbreviation	Definition	Term	Meaning
Act / IA86	Insolvency Act 1986 (as amended)	Administration	The Administration of PHL and PL (collectively referred to as "the Group" or "the Companies")
ASA	Asset Sale Agreement	Appointment date	10 February 2021
BEIS	Department for Business, Energy and Industrial Strategy	Administrators / Joint Administrators / we / our / us /	Matthew Boyd Callaghan, Andrew Johnson and Ali Khaki
c.	Approximately	Period	The period covered by this progress report, being 10 February 2022 to 9 August 2022
CDDA	Company Directors Disqualification Act 1986	Preferential creditors	First ranking: Principally employee claims for unpaid wages (maximum £800 per employee), holiday pay and certain unpaid pension contributions. Second ranking: HMRC in respect of certain specified debts
CI	Cain International LP	Prescribed Part	Amount set aside for unsecured creditors from floating charge net realisations in accordance with Section 176A of the Act
CT	Corporation Tax	Proposals	The Joint Administrators' proposals, dated 25 February 2021
EBITDA	Earnings Before Interest, Taxes, Depreciation, Amortization	Purchaser / NewCo	Prezzo Trading Limited
FTI / FTI UK	FTI Consulting LLP	Secured Creditors	A creditor with security in respect of its debt in accordance with Section 248 of the Act. The secured creditors of the Companies are CI and Warwick
HMRC	HM Revenue & Customs	Secured Debt	Three facilities totalling c£57m with the majority of the debt provided by CI and c£1.0m provided by Warwick
LTO	Licence to occupy leasehold premises, granted to the Purchaser for initial periods of between one and six months whilst new leases or lease assignments were negotiated	Transaction	Pre-packaged sale of the Group's assets to the Purchaser, which is ultimately owned by CI, on 10 February 2021
Lucid	Lucid Agency and Trustee Services Limited, the security agent for the Secured Creditors	Unsecured creditors	All creditors without security or preferential status. Typically, this includes trade creditors, suppliers, customers, contractors and some employee claims.
PAYE	Pay-as-you-earn tax	Warwick	Warwick Capital Partners LLP in its capacity as a minority holder of Group secured debt totalling c£1.0m.
PHL	PRZ Realisations (2) Limited – formerly Prezzo Holdings Limited		
PL	PRZ Realisations Limited – formerly Prezzo Limited		
RPS	Redundancy Payments Service		
Rules / IR16	Insolvency (England and Wales) Rules 2016 (as amended)		
Sch B1	Schedule B1 to the Act		
SIP	Statement of Insolvency Practice		
SIP 2	Investigations by office holders in administration and insolvent liquidations		
SIP 7	Presentation of financial information in insolvency proceedings		
SIP 9	Payments to insolvency office holders and their associates from an estate		
SIP 16	Pre-packaged sales in administrations		
TUPE	Transfer of Undertakings (Protection of Employment) Regulations 2006		

# Introduction



## INTRODUCTION



## Introduction

- Matthew Callaghan, Andrew Johnson and Ali Khaki were appointed as joint administrators of Prezzo Limited and Prezzo Holdings Limited on 10 February 2021 by their directors.
- Shortly following the appointment, Prezzo Limited and Prezzo Holdings Limited changed their names to PRZ Realisations Limited and PRZ Realisations (2) Limited respectively.
- This report is prepared pursuant to Rule 18.6 IR16, to provide details on the progress of the Administrations during the six-months since 10 February 2022. It covers the period to 9 August 2022 and contains:
  - An explanation of the work we have done in the Period and how the Administrations have progressed;
  - An update on the estimated outcome for each class of creditor;
  - Details of the work we still need to undertake before the Administrations can be concluded;
  - An update on how and when we expect the Administrations will end;
  - A statement of our receipts and payments and details of the expenses we have incurred;
  - An update on our remuneration for acting as joint administrators; and
  - Further information required by statute regarding our appointment as joint administrators.
- Progress in the preceding periods can be found in our previous progress reports dated 9 March 2022 and 9 September 2021. Further details surrounding the Administrations of the Companies can be found in our Proposals dated 25 February 2021. All of these documents continue to be available online at: <https://www.fticonsulting-emea.com/cip/prezzo-restaurants>.
- As part of this report and in respect of PL only, we are asking the preferential creditors and secured creditors to agree that we may draw remuneration in excess of the total amount set out in the fees estimate previously approved by them. Further details of the creditors' decision procedure, the amount we are seeking to draw and the reasons for the proposed increase, are set out in this report.
- If you are unfamiliar with insolvency, we have included as an appendix a brief overview that you may wish to read before continuing to read this report.
- Certain legal notices regarding this report, our appointment and creditors' rights are also included as an appendix.

### How to Contact Us

- Creditors can contact us using the preferred methods below:

Email: [prezzo@fticonsulting.com](mailto:prezzo@fticonsulting.com)

Post: PRZ Realisations Limited  
c/o FTI Consulting LLP,  
200 Aldersgate,  
Aldersgate Street,  
London EC1A 4HD

Tel: 020 3727 1079

- Further information can be found online at:  
<https://www.fticonsulting.com/emea/cip/prezzo-restaurants>

### Actions Required by Creditors

- Preferential creditors are invited to participate in the decision procedure regarding the Joint Administrators seeking further approval in respect of their remuneration.
- Secured creditors will be contacted separately to seek their consent on the same matter.
- All other (non-preferential unsecured) creditors are not required to take any action in respect of this report or the decision procedure.

# Progress of the Administration



## PROGRESS OF THE ADMINISTRATION

### Realising the Assets

In our Proposals and SIP16 statement to creditors, we reported that the business and assets of the Companies were sold immediately following our appointment. Below is a reminder of that transaction.

#### Background to the Companies and the Administrations

- A background on the Companies and the events leading up to the appointment of administrators were included in our Proposals and SIP16 Statement and are not repeated here for the purposes of this report unless considered necessary or beneficial to do so. Therefore, creditors may wish to review this report in conjunction with our Proposals and SIP16 statement.
- In summary, the Group operated 178 restaurants across the UK, employing 2,716 people across the UK. Like many other UK casual diners, the Group was heavily impacted by Covid-19. The nationwide lockdowns through 2020 and in early 2021 resulted in significant declines to Group revenue and despite achieving a solvent sale in December 2020, the subsequent January 2021 lockdown and the uncertainty around its extent and duration ultimately resulted in the Companies' directors coming to the view that the Group was insolvent.

#### Sale of the Business and Assets

- For reasons disclosed in the Proposals, the Companies were unable to avoid entering an insolvency process. However, we reported that the majority of the Group's business and assets was sold via a pre-pack administration to NewCo, a wholly owned subsidiary of Cain International LP, immediately following our appointment as joint administrators. Consideration for the sale totalled £5.04m (cash of £2.64m and a secured debt reduction of £2.40m).
- The Transaction minimised business disruption, ensured continuity for the business and its suppliers and protected the Group's employees, thereby preserving over 2,550 jobs.
- Despite the sale of the business, there remained a significant amount of work to do in the Administration of PL (the main trading entity), in particular the management and transfer (or vacation) of a large portfolio of leasehold properties.

#### Pre-pack administration

- The term 'pre-pack administration' refers to an insolvency process, in which the sale of all or part of a company's business or assets is negotiated with a purchaser prior to the appointment of an administrator and the administrator effects the transaction or transactions immediately on or shortly after appointment.
- The administrator must provide creditors with sufficient information such that a reasonable and informed third party would conclude that the pre-pack sale was appropriate, and that the administrator has acted with due regard for the creditors' interests.

**150**

Completed property assignments

All property assignments from PRZ Realisations Limited (formerly Prezzo Limited) to Prezzo Trading Limited have now completed, with the remainder of sites having been vacated.

**2,550 jobs**

Number of jobs saved

The sale of the business included the transfer of over 2,550 jobs to NewCo, significantly reducing the level of claims against the Company.

**100%**

Dividend to first ranking preferential creditors

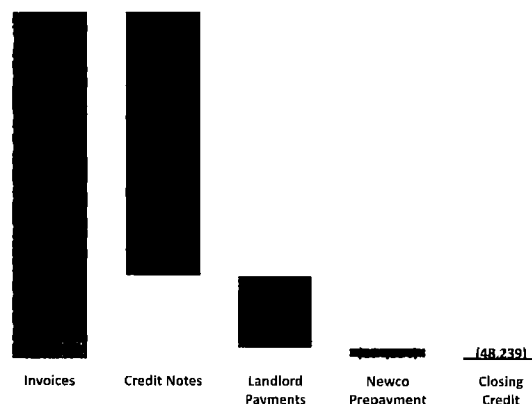
The reduced level of employee-related preferential claims have been paid in full from surplus floating charge realisations



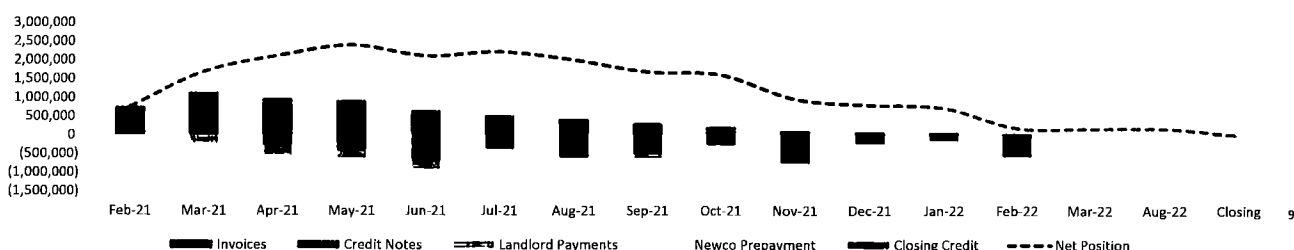
## Management of Leasehold Properties

The Company no longer has an interest in any leasehold properties. There is a small credit balance to refund to NewCo prior to closure of the Administration.

- All of the sites had been assigned or exited at the time of our previous progress report. Please refer to that report for further details. In this latest Period, we have agreed formal lease surrenders with landlords in relation to two sites which had been vacated.
- Prior to closing the PL Administration, we will formalise surrenders with any landlords wishing to do so (where sites have been vacated) since after the Administration ends, the Company will be dissolved, will have no authority to formalise surrenders and its interest in the leases will pass to the Crown as *bona vacantia* property.
- Under the LTO, the Purchaser (occupier) was invoiced for property-related costs up until the date when the relevant property was either transferred to (or exited by) the Purchaser. Further information on the LTO can be found in previous progress reports.
- In respect of a number of properties, rent for certain periods after our appointment had been prepaid by PL. As the Purchaser was invoiced for the benefit of these periods of occupation and no payments were required by landlords (as they were prepaid), the amounts received from the Purchaser were an asset of the Administration. The total amount invoiced and received was £164,854.
- At the end of the Period, we held funds totalling £48,239 (net of VAT) mainly in relation to rents due on properties that have been exited but where a surrender has not been agreed. The amounts are due to the Purchaser and will be transferred prior to closing the Administration.



### Funding Held for Post-Appointment Lease Obligations



## Realising the Assets

We continue to recover business rates in relation to various sites, however we understand that most accounts have now been finalised and minimal future realisations are anticipated. We have also undertaken a final sweep of PL's Pre-Administration Bank accounts.



- Various asset recoveries have been achieved in prior periods and have been summarised in our previous correspondence received. Please refer to our Proposals and previous six monthly progress reports for details on additional asset recoveries, which included:

- British Gas Deposit (£125k);
- Car lease repayment (£4k);
- Rental Prepayment (£165k); and
- Business interruption claim (£156k).



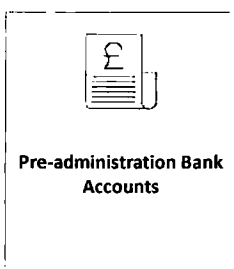
- DWD LLP was instructed to recover historic business rates overpayments. All leases were held by PL, so all business rates recoveries have been received by this entity. No business rate recoveries are anticipated for PHL.
- Rates savings were expected to be available for the period 1 April 2017 to 27 September 2020. However, DWD LLP indicated that the majority of potential savings would be for the period prior to 31 March 2020, as a result of the Expanded Retail Relief from business rates granted by the Government as a response to Covid-19.

- To date, recoveries totalling c.£166,689 have been received of which £140,976 was received during the Period. The likelihood of significant further business rates recoveries has now reduced significantly. As such, we will soon be requesting that DWD LLP cease their work in relation to rates recoveries to enable the Administrations to conclude ahead of their anniversary.

- Since appointment, we have recovered £1.044m from regular sweeps of PL's pre-Administration bank accounts, a significant proportion of which was due to the Purchaser. A summary of these recoveries is given below:

- £159k - balance of PL's pre-Administration bank accounts as at 10 February 2021.
- £390k - cash received into pre-Administration accounts after 10 February 2021 due (and subsequently transferred) to the Purchaser in respect of grant income from local authorities for the period during which the Purchaser has occupied the properties. It also includes receipts from Amex and Just Eat that were incorrectly paid to historic bank accounts but relate to the Purchaser's post-acquisition trading period.
- £580k - cash received into pre-Administration accounts after 10 February 2021 due to PL, of which £84.4k was received during the Period. The majority of this consists of grant income received in respect of the period prior to the Administration. The remainder relates to sales made in the period immediately preceding the Administration.

- We understand that all funds flowing through PL's pre-Administration bank accounts have now completed and as a consequence the accounts have been closed.



# Dealing with Stakeholders and Creditors

**Our work includes adjudicating on claims and amounts owed to creditors where a dividend may be available for them. We also respond to queries that we receive from creditors and other stakeholders to the extent possible.**

## Preferential Creditors - Employees

- When PL entered Administration, 213 of its employees were made redundant, being those located at sites which the Purchaser did not wish to continue.
- ERA Solutions, who specialise in employee matters for insolvent companies, were instructed by us to manage matters in relation to the redundancy of these employees, and have specifically assisted with the following:
  - Aiding employees with the submission of their relevant claims;
  - Corresponding and submitting claims to the Redundancy Payments Service; and
  - Dealing with queries in relation to the anticipated timing of payments.
- Throughout both this Period and prior periods, we have maintained a regular dialogue with ERA Solutions and have supported the resolution of employee queries as and when required. Queries raised with ERA in this Period have principally related to the first ranking preferential dividend paid.
- Following redundancy, employees submitted a claim to the RPS. Where employees did not subsequently receive their full preferential entitlement through the RPS, they had the ability to participate in the first ranking preferential dividend.
- The final claim from the RPS amounted to £204,946.70. Receipt of the claim allowed us to issue a notice to PL's first-ranking preferential creditors of our intention to distribute a first and final dividend. The notice was sent on 9 February 2022 with the dividend declared and paid prior to the end of April 2022.
- Other than the 213 employee redundancies, all other employee contracts were novated to the Purchaser on 10 February 2021, as part of the Transaction and under TUPE.

## Preferential Creditors - HMRC

- We liaised with HMRC in relation to queries raised in relation to the December 2020 transaction. This involved the provision of a small amount of information, following which no further queries have been raised.
- We will shortly be liaising with HMRC in relation to their claim, in anticipation of paying a preferential dividend to PL's second ranking preferential creditors.
- A Notice of Intended Dividend will be issued following receipt of two outstanding amounts of VAT receivable from HMRC for the quarters ending 30 March 2022 and 30 June 2022 respectively.

## Secured Creditors

- A regular dialogue has been held with the Companies secured creditors and they have been frequently updated on matters that they have confirmed are of interest to them.
- Specifically, this includes significant dialogue in relation to the LTO, fixed charge VAT recoveries, extensions to both the PL and PHL Administrations and discussions on an increase to our (fixed charge) remuneration as a consequence of extending both the Administrations and the LTO.

## Unsecured Creditors

- We have continued to deal with queries received from unsecured creditors.

**A dividend will be made to PL's second ranking preferential creditor shortly**

11

# Managing the Companies' Affairs

**Until such time as the Companies are dissolved, they must continue to fulfil many of their usual obligations. Whilst appointed to manage the affairs of the Companies, we are responsible for ensuring these obligations are met.**

## Taxation

- Following our appointment, corporation tax (CT), PAYE and VAT notifications were issued to HMRC.
- VAT returns have been submitted to HMRC for all relevant periods up to 30 June 2022. The majority of VAT receivable and payable has in previous periods been in respect of LTO amounts invoiced and credited to/from NewCo and payments that were made to landlords during the relevant period.
- As LTOs were granted for leases that could not transfer prior to receiving landlord consent, VAT options-to-tax were made on all leasehold property interests to minimise costs to PL in relation to VAT on rental charges from landlords. In addition, this mitigated any requirement to make VAT adjustments under the Capital Goods Scheme for historic capex or fit out works to properties.
- Pre-appointment CT returns for the periods ended 31 December 2019, 31 December 2020 and 9 February 2021 were required. We previously reported that these had been submitted.
- A c£2.5m tax liability was due for the period ending 31 December 2019, however given this relates to a pre-Administration period, this is an unsecured claim in the Administration. No amounts were due in respect of the other periods.
- Further CT returns are required for the period ending 9 February 2022 and for the period from 10 February 2022 to close. We have provided our tax team with the relevant information to submit these returns and they are in the process of being compiled.
- Given the TUPE transfer or redundancy of all employees immediately on appointment, no PAYE filings are required for the post-Administration period.

## Treasury and accounting

- An account of our receipts and payments for the period covered by this report is provided at Appendix B.
- There were no transactions in PHL as envisaged by the Directors' Statement of Affairs.
- Receipts in the period consist largely of business rates refunds paid by various local authorities as well as VAT receivable due from HM Revenue & Customs for the period ending 31 December 2021.
- Payments made from the proceeds of realising the fixed charge assets (including the LTO fees) include payments to landlords for outstanding property costs (e.g., rental income, service charge and utilities) and the payment of both legal and office holder fees and expenses which are specific to fixed charge asset realisations.
- Significant payments made from the proceeds of realising the floating charge assets include the payment of both legal and office holder fees and expenses which are specific to floating charge assets and the payment of the dividend to PL's first ranking preferential creditors.

12

## Fulfilling our Statutory Duties

**As a consequence of the Companies' insolvency, we have a number of responsibilities that include giving notices and updates to stakeholders and investigating the affairs of the Companies.**

### Statutory Investigations

- In our previous reports, we confirmed that we had submitted information in regard to the conduct of the Companies' directors to the Department for Business, Energy and Industrial Strategy. The content of our investigatory findings is confidential; however, it was concluded that there were no recovery actions relating to the directors conduct that could or should be pursued.
- Our investigation work was performed in accordance with SIP 2 and included a review of:
  - Questionnaires submitted by the directors of the Group who held office in the three-year period prior to the Administrations;
  - The statements of affairs prepared by the directors of the Companies;
  - The Group's Board Minutes in the 12 months leading up to appointment;
  - Correspondence received from creditors (who had been invited to bring any matters to our attention); and
  - Certain of the Group's financial information.

#### Investigations and submission of conduct reports

- An administrator has a duty to investigate what assets there are (including potential claims against third parties including the directors) and what recoveries can be made. This gives rise to the need for administrators to carry out appropriate investigations, in order to satisfy their specific duties and to allay, if possible, the legitimate concerns of creditors and other interested parties.
- Administrators also have a duty to report to the Department for Business, Energy and Industrial Strategy on the conduct of those that formerly controlled the company.



### Objective of the Administrations

- As set out in our proposals, we are pursuing statutory 'Objective (c)', which is to realise property in order to make a distribution to one or more secured and preferential creditors.
- This was considered appropriate on the basis that the Transaction enabled a distribution to both the first ranking (employees) and second ranking (HMRC) preferential creditors in PL.
- We believe the Transaction provided the best outcome for creditors of the Group in the circumstances.

### Extensions to the Period of the Administrations

- We considered that it was necessary to extend the period of the Administrations for both entities to allow all outstanding matters to be resolved in an orderly manner; including the payment of distributions to both the first ranking and second ranking preferential creditors.
- A request to extend the Administrations of PL and PHL was approved by the Secured Creditors on 25 January 2022 and 4 February 2022 respectively.
- For PL, the preferential creditors also approved the extension of the Administration by way of a decision by deemed consent (with a decision date of 2 February 2022).
- As this was the first extension of the Administrations, only the consent of the relevant classes of creditors was required, with the Administration of PL and PHL being extended for a period of 12 months to 9 February 2023. In the highly unlikely event that a further extension is required, an application to court will be required closer to the time.
- Having sought and obtained relevant approvals, notices of the extensions have been delivered to creditors via our website and filed with Companies House.

13

## Fulfilling our Statutory Duties

**Certain matters in the Administration require the approval of the relevant class(es) of creditors.**

### Joint Administrators' Remuneration

- Relevant approvals to draw our remuneration have been received from the secured and preferential creditors. These approvals were as follows:
  - A set amount of £900k plus VAT to be paid only from fixed charge realisations;
  - Time costs (up to a fees estimate of £415k) to be paid from floating charge asset realisations; and
  - A percentage of realisations, being 100% of the VAT exclusive amount invoiced by PL to the Purchaser in relation to work done only for the benefit of the Purchaser and only in relation to work undertaken as a consequence of an extension of the license to occupy period beyond the initial six months granted.
- The required approvals were received from the preferential creditors on 15 July 2021 whilst Secured Creditor approval was received on 17 July 2021.
- In addition, and as a consequence of the Administrations continuing beyond their anniversaries, the Secured Creditor agreed (on 24 January 2022) that an additional £30k (a set amount) could be drawn as well as a £5k monthly charge where properties remained under the LTO. The final LTO property was assigned in April 2022 resulting in an additional £20k amount being due. In total, the additional remuneration of £50k plus VAT was settled directly by the Secured Creditor and was not taken from estate funds.
- During the period we have raised invoices for the set amount of £900k plus VAT, £415k plus VAT of floating charge time costs (with our time costs having exceeded our initial fees estimate) and the additional £50k plus VAT set out above. Although these invoices have been raised, to date these fees have not been drawn.
- There have not been (and will not be) any asset recoveries in PHL and therefore we are unable to draw a fee for acting as joint administrators of PHL.
- As a consequence of having exceeded our fees estimate, we have (alongside this report) sought an increase to this estimate to c.£591k plus VAT and disbursements.
- Additional information in respect of our increased fees estimate and our remuneration generally is set out overleaf and in the Appendices.

### Discharge from liability

- In accordance with the Insolvency Act 1986, approval for the timing of our discharge from liability was sought from the relevant classes of creditors for each of PL and PHL.
- For the avoidance of doubt we have received the following approvals in relation to discharge, all these approvals were received in prior periods:
  - Secured creditor approval for PL was received on 17 July 2021;
  - Preferential creditor approval for PL was received on 16 July 2021 (following a decision by correspondence); and
  - Secured creditor approval from PHL was received on 3 February 2022.
- No further approvals are required in relation to our discharge from liability.

### Exit route from Administration

- The Administrations of PL and PHL may end at different times and in different ways, however at the present time, we expect each of PL and PHL to move to dissolution once its Administration is concluded.
- On current information, we expect to conclude both of the Administrations within the next six months and no further extensions to the period of the Administrations are expected to be necessary.

#### Discharge from liability

- Pursuant to Paragraph 98 of Schedule B1 to the Act, our discharge from liability in respect of our actions as joint administrators of each of the Companies 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 (if appropriate) preferential creditors.



14

## Joint Administrators' Revised Fees Estimate

Our revised fees estimate is c.£591k based on costs to date of c.£561k and our assessment of future work required in the Administration. This is an increase of c.£183k from our initial fees estimate of c.£415k.

PAZ Realisations Limited Fee Estimate												
	Initial Estimate			Incurred to date			To be incurred			Revised Estimate		
	GBP/Hr	Hr	GBP	GBP/Hr	Hr	GBP	GBP/Hr	Hr	GBP	GBP/Hr	Hr	GBP
Administration and Planning	281	409	114,975	354	459	162,763	250	10	2,500	352	469	165,263
Investigations	485	27	13,090	485	27	13,090	-	-	-	485	27	13,090
Realisation of assets	831	47	39,061	763	72	55,077	333	30	10,000	637	102	65,077
Creditors	248	541	134,277	298	536	159,934	313	8	2,500	299	544	162,434
Tax	289	77	22,263	418	114	47,774	333	15	5,000	408	129	52,774
Reporting	513	178	91,334	484	245	119,073	286	35	10,000	460	281	129,073
Other	-	-	-	483	7	3,480	-	-	-	483	7	3,480
Total	441	1,279	415,000	470	1,462	561,189	-	-	30,000	379	1,560	591,189

### Fees Estimate (PL only)

- The table above shows the time expected to be required in each area of the Administration and the estimated cost based on the charge-out rates given in Appendix C. Our total revised fees estimate is c£591k, representing 1,560 hours at an average rate of £379 per hour. As set out in the table, this is an increase of £176k compared to our initial fees estimate of £415k.
- The reasons for exceeding our initial fees estimate are set out below:
  - The Administration has gone beyond its first-year anniversary, which will require us to undertake additional statutory and regulatory work. The revised estimate is based on the Administration completing before its second anniversary. This includes the additional statutory requirements associated with reporting to creditors.
  - Additional time was spent realising specific floating charge assets, including keeping the Company's pre-administration bank accounts open for a longer than expected due to continued recoveries into those accounts as a consequence of pre-Administration grant income; as well as continued work with our business rates advisors to recover relevant refunds.
  - Work to complete the additional corporation tax returns and quarterly VAT returns required, as a consequence of the extension of the Administrations. Additionally, time has been spent pursuing the VAT refunds from HMRC to avoid further delays in the payment of distributions to the second ranking preferential creditor.
- Should no additional work be necessary beyond that which is now included in the revised fees estimate and detailed above (and should the Administrations complete before their second anniversary), we do not expect our costs to exceed the revised fees estimate; and no further approval should be required. As set out in the above table, the majority of the revised estimate consists of additional time costs that have already been incurred.

### Creditors' Decision:

On the enclosed voting form in Appendix [H], we are seeking approval to the following resolution with respect to our fees:

*That the Joint Liquidators' fees estimate be increased to £597,778.*

The decision date (deadline for votes) is 23:59 hours on 10 October 2022.

## Estimated Outcomes for Creditors

## Secured and Preferential Creditors

### Secured Creditors

- As set out in our Proposals and previous progress reports, as at 10 February 2021 (the date of our appointment), the Companies were indebted to the Secured Lenders in the amount of £59.4m, plus interests and costs.
- Immediately following the Transaction, a distribution of £2.4m was made reducing the corresponding indebtedness to an amount of £57m plus interest and costs.
- Addleshaw Goddard LLP, an independent law firm, were engaged to undertake a review of all security and comment on its validity. They confirmed the validity of the security.
- Aside from the £2.4m detailed above, we do not expect a further return to the Companies' Secured Creditor.
- For the avoidance of doubt, all funds distributed to the Secured Creditor have been distributed via PL; no distribution has been or is expected to be made by PHL.

### Preferential Creditors

- The Preferential Creditors are split into two categories:
  - **First ranking preferential creditors** - mainly consisting of amounts due in relation to employee debts, including holiday pay and arrears of wages; and
  - **Second ranking preferential creditors** - consisting of specified amounts owed to HMRC. In the case of PL this includes VAT, PAYE, NICs and student loan repayments.
- Dividends to preferential creditors are paid from floating charge realisations, after the floating charge costs of the Administration.
- There are not expected to be any first-ranking preferential creditors in PHL, as this entity did not have employees. We do not expect PHL to make any asset recoveries to enable a distribution to HMRC (as second-ranking preferential creditor) in respect of the Group VAT liability.

### Preferential Creditors (continued)

#### First ranking preferential creditors - Employees

- PL's first ranking preferential creditors have been paid in full, with claims totalling £215k.
- On 9 February 2022, a 'Notice of Intended Dividend' was issued by post to all known first-ranking preferential creditors with a deadline to submit claims of 6 March 2022.
- Following the passing of the 6 March 2022 deadline, we declared and paid the first ranking preferential distribution on 30 April 2022 and within two months of the deadline to submit claims.

#### Second ranking preferential creditors - HMRC

- We estimate a dividend of c£1.5m is likely to be paid to HMRC by PL. As set out earlier in this report, we will issue a Notice of Intended Dividend to second ranking preferential creditors once we have received VAT due from HMRC for the quarters ending 30 March 2022 and 30 June 2022.
- The above estimate is based on certain cost assumptions that may alter depending on issues arising during the Administration. Should this be the case, the quantum of the second-ranking preferential dividend may change.

#### Preferential Creditors

- Preferential creditors are certain categories of unsecured creditors that have preferential status under insolvency legislation.
- They are typically employee-related debts in relation to arrears of wages and unpaid holiday pay, subject to statutory limits. The RPS becomes a preferential creditor in place of the employees once it has paid their statutory entitlements.
- Since December 2020, HMRC is also a preferential creditor for certain specified debts but ranks behind the preferential debts described above.

**First ranking preferential debts have been repaid at 100p/£. HMRC may also receive c.£1.5m.**

17

## Unsecured Creditors and Prescribed Part

### Unsecured Creditors

- In an administration, dividends may become available for unsecured creditors from two sources:
  1. The statutory (ring-fenced) Prescribed Part fund; and/or
  2. The surplus remaining after any secured and preferential creditors have been repaid in full.
- In this case, there will be insufficient funds to repay the preferential creditors in full and as such, a distribution to the unsecured creditors either by way of the Prescribed Part, or from surplus funds, will not be possible.
- For the avoidance of doubt no Prescribed Part will be payable in either PL or PHL.

#### The Prescribed Part

- Under Section 176A of the Act, where after 15 September 2003 a company has granted floating charge security, a proportion of the net property of the Company (achieved from floating charge asset realisations) must be made available for the benefit of the Company's unsecured creditors.
- The Prescribed Part applies where there are net floating charge realisations (i.e. after costs of realisation) and is calculated as follows:
  - 50% of net property up to £10k;
  - Plus 20% of the net property in excess of £10k; and
  - Subject to a maximum of £600k (prior to the deduction of the costs of distributing). The £600k maximum prescribed part increased to £800k effective 6 April 2020 for floating charge security registered after that date.

### Shareholders

- There will be no return to the Group's shareholders as there will be a material shortfall to the Group's creditors.

18

# Key Matters Remaining



## KEY MATTERS REMAINING

### Work We Still Need To Do

The key remaining steps that need to be taken ahead of concluding the Administrations are shown below, in addition to certain periodic statutory duties we must fulfil whilst we remain appointed.

Area	Property	Other assets	Tax / VAT	Distributions	Winding-down
Work Required	<ul style="list-style-type: none"> <li>Formalise the surrender of properties where PL has vacated. A letter will be issued to all landlords setting out that any surrender would need to be concluded ahead of the Administration closing.</li> <li>Ensure the net position of LTO funds received is zero</li> <li>Liaise with our insurance brokers regarding ongoing requirements for properties where a formal surrender has not yet been agreed.</li> </ul>	<ul style="list-style-type: none"> <li>Where beneficial to do so, continue to pursue recoveries in relation to business rates with our collection agents.</li> <li>However, we understand that the majority of available business rates have now been collected.</li> </ul>	<ul style="list-style-type: none"> <li>Resolve and finalise any taxation issues, including submission of appropriate post-appointment CT returns</li> <li>Recover/pay any amounts due to/from HMRC.</li> <li>De-register for VAT purposes once in a position to conclude the Administrations (this has been done for PHL).</li> <li>Seek HMRC tax clearance to conclude the Administrations.</li> </ul>	<ul style="list-style-type: none"> <li>Distribute realisations to creditors in accordance with any relevant statutory provisions</li> <li>A notice of intended dividend will be issued shortly to the second-ranking preferential creditor</li> <li>The adjudication and declaration process will be completed shortly following the deadline to submit claims.</li> </ul>	<ul style="list-style-type: none"> <li>Progress any other matters required to wind-down the Companies' affairs generally prior to the Administrations concluding and the Companies being dissolved.</li> </ul>
Timing	<ul style="list-style-type: none"> <li>Landlord consent is required to formalise a surrender. The Company's interest in any leases not surrendered by the time all other work is complete (and the Administration ends), will pass to the Crown as <i>bona vacantia</i> property</li> </ul>	<ul style="list-style-type: none"> <li>We expect work in relation to business rates to have concluded within two months to enable payment of the second ranking preferential dividend.</li> </ul>	<ul style="list-style-type: none"> <li>The previous VAT return was submitted for quarter-ended 30 June 2022. We expect to be in a position to deregister shortly</li> <li>Final CT returns are due for the period ending 9 February 2022 and to date. These will be completed in the next six weeks.</li> </ul>	<ul style="list-style-type: none"> <li>We expect payment of the second ranking distribution to be completed within the next four month period.</li> </ul>	<ul style="list-style-type: none"> <li>We are looking to conclude the Administrations well ahead of the second anniversary of our appointment and likely before 31 December 2022.</li> </ul>

## Future Correspondence and How to Contact Us

### Our next report to creditors

- We are required to provide a further progress report to all creditors within one month of the end of the period ending 9 February 2023, or when the Administrations come to an end, whichever is sooner. As detailed earlier in the report, we expect the Administrations to conclude ahead of the anniversary, therefore we expect the next progress report to be a final report.
- All documents will be retained on our website and will remain available until two months after the conclusion of the proceedings. If you require hard copy documents, please contact the Prezzo Administrators at FTI Consulting LLP, 200 Aldersgate, Aldersgate Street, London EC1A 4HD and you will be provided, free of charge, a hard copy of documents posted to the website, either now or in the future.
- If you have any specific queries in relation to this report or the Administrations in general, please contact us using the details given above.

For and on behalf of the Companies



**Matthew Boyd Callaghan**  
Joint Administrator

### How to Contact Us

- Creditors can contact us using the preferred methods below:

Email: [prezzo@fticonsulting.com](mailto:prezzo@fticonsulting.com)  
Post: Prezzo Administrators  
c/o FTI Consulting LLP,  
200 Aldersgate,  
Aldersgate Street,  
London EC1A 4HD

Tel: 020 3727 1079

- Further information can be found online at:  
<https://www.fticonsulting.com/emea/cip/prezzo-restaurants>

*The affairs, business and property of the Companies are being managed by the Joint Administrators, who act as agents of the Companies and without personal liability. The Joint Administrators are licensed in the United Kingdom to act as insolvency practitioners by the Institute of Chartered Accountants in England and Wales, under Section 390A(2)(a) of the Insolvency Act 1986.*

*The Joint Administrators are bound by the Insolvency Code of Ethics which can be found at: <https://www.gov.uk/government/publications/insolvency-practitioner-code-of-ethics>*



## Appendices

## Appendix A: Statutory Information

### Information relating to both Administrations.

Registered Office	C/O FTI Consulting LLP, 200 Aldersgate, Aldersgate Street, London EC1A 4HD												
Former Registered Office	Johnson House, 8 Johnston Road, Woodford Green, Essex IGX 0XA												
Administrators' Names	Matthew Boyd Callaghan, Andrew James Johnson and Ali Abbas Khaki												
Administrators' Address	FTI Consulting LLP, 200 Aldersgate, Aldersgate Street, London EC1A 4HD												
Administrators' Regulator	ICAEW												
Court Name / Address	High Court of Justice, Business and Property Courts of England and Wales, Insolvency and Companies List (ChD)												
Functions of Administrators	Pursuant to Paragraph 100 of Sch B1 to the Act, the Administrators may exercise any of the powers conferred on them by the Act jointly or individually												
Appointment Date	10 February 2021												
Appointer / Applicant	The Directors of the Companies pursuant to Paragraph 22 of Schedule B1 of the Act. Pursuant to Paragraph 26(1) of Sch B1, the appointer had given written notice of their intention to appoint.												
Objective being pursued	Purpose C: Realising property in order to make a distribution to one or more secured and preferential creditors.												
EC Regulation	The EC Regulation on Insolvency Proceedings applies. The proceedings are main proceedings since the centre of main interest is in the United Kingdom.												
Security	Fixed and floating charges over all of its assets in favour of Lucid, the security agent for the Secured Creditors												
Current Administration End Date	9 February 2023												
Directors, Officers and their Shareholdings	<table><tr><th>Director Name</th><th>Status</th><th>Shareholding</th></tr><tr><td>Dean Challenger</td><td>Current director</td><td>Nil</td></tr><tr><td>Karen Elisabeth Dind Jones</td><td>Current director</td><td>Nil</td></tr><tr><td>CI MILAN LIMITED</td><td>Current director</td><td>100% of PHL. PL is a wholly owned subsidiary of PH</td></tr></table>	Director Name	Status	Shareholding	Dean Challenger	Current director	Nil	Karen Elisabeth Dind Jones	Current director	Nil	CI MILAN LIMITED	Current director	100% of PHL. PL is a wholly owned subsidiary of PH
Director Name	Status	Shareholding											
Dean Challenger	Current director	Nil											
Karen Elisabeth Dind Jones	Current director	Nil											
CI MILAN LIMITED	Current director	100% of PHL. PL is a wholly owned subsidiary of PH											

23

## Appendix A: Statutory Information

### Information specific to each Administration.

Company Name	Previous Name(s)	Court Reference	Registered Number	Date of Incorporation	Trading Names
PRZ Realisations Limited	Prezzo Limited, Prezzo PLC	CR-2021-000236	03919682	4 February 2020	N/A
PRZ Realisations (2) Limited	Prezzo Holdings Limited	CR-2021-000237	09278104	23 October 2014	N/A

24



## APPENDICES

### Appendix B: Fixed Charge Receipts & Payments Accounts

Joint Administrators' Account of Receipts and Payments for the period 10 February 2021 to 9 August 2022 (PRZ Realisations Limited)					
GBP		Statement of Affairs (PRZ Note Realisations Limited)	10th February to 22nd February 2022 (PRZ Realisations Limited)	22nd of February 2022 to 9th August 2022 (PRZ Realisations Limited)	PRZ Realisations Limited (Full Period)
<b>Fixed Charge Receipts</b>					
Business Name		290,000.00	290,000.00	-	290,000.00
Domain Names		50,000.00	50,000.00	-	50,000.00
Goodwill		3,200,000.00	3,200,000.00	-	3,200,000.00
Transferred Intellectual Property		100,000.00	100,000.00	-	100,000.00
Properties		1.00	1.00	-	1.00
Bank Interest			433.80	-	433.80
Tax Refunds			119.17	-	119.17
Secured Creditor Funding (Administrator Fees)			-	50,000.00	50,000.00
License to Occupy ("LTO")			1,358,536.97	-	1,358,536.97
<b>Subtotal</b>		<b>3,640,001.00</b>	<b>4,999,090.94</b>	<b>50,000.00</b>	<b>5,049,090.94</b>
<b>Fixed Charge Payments</b>					
Distribution to security agent			2,440,001.00	-	2,440,001.00
Payments under the LTO			1,298,897.28	12,648.24	1,311,545.52
Bank Charges			225.00	-	225.00
Advertising			184.00	-	184.00
Legal Fees			102,234.73	88,214.48	190,449.21
<b>Subtotal</b>			<b>3,841,542.01</b>	<b>100,862.72</b>	<b>3,942,404.73</b>
<b>Fixed Charge Balance</b>			<b>1,157,548.93</b>	<b>(50,862.72)</b>	<b>1,106,686.21</b>

25

## APPENDICES

### Appendix B: Floating Charge Receipts & Payments Accounts

Joint Administrators' Account of Receipts and Payments for the period 10 February 2021 to 9 August 2022 (PRZ Realisations Limited)					
GBP	Note	Statement of Affairs (PRZ Realisations Limited)	10th February to 22nd February 2022 (PRZ Realisations Limited)	22nd of February 2022 to 9th August 2022 (PRZ Realisations Limited)	PRZ Realisations Limited (Full Period)
<b>Floating Charge Receipts</b>					
Customer Contracts			1.00	-	1.00
Supply Contracts			1.00	-	1.00
Plant and Machinery and Chattels		1,200,001.00	1,200,000.00	-	1,200,000.00
Stock		200,000.00	200,000.00	-	200,000.00
Systems		1.00	1.00	-	1.00
Transferred Records			1.00	-	1.00
British Gas deposit		125,000.00	125,000.00	-	125,000.00
Insurance prepayment			156,411.00	-	156,411.00
Newco repayment for car lease			3,750.09	-	3,750.09
Business Rates Refund			25,713.75	140,975.60	166,689.35
Bank Interest			-	682.60	682.60
Cash and cash equivalents		159,169.00	653,854.71	84,440.75	738,295.46
Book Debts		343,519.00	-	-	-
Leasehold Rental Prepayment			164,854.28	-	164,854.28
<b>Subtotal</b>		<b>2,027,690.00</b>	<b>2,529,587.83</b>	<b>226,098.95</b>	<b>2,755,686.78</b>
<b>Floating Charge Payments</b>					
Employment Specialist Fees			12,070.00	-	12,070.00
Insurance - Public Liability			19,818.40	-	19,818.40
Rates - Agent Fees			4,714.00	8,456.36	13,170.36
Information Commissioner Fees			40.00	-	40.00
Bank Charges			-	45.00	45.00
Preferential Creditor Distribution			-	215,519.35	215,519.35
Legal Fees			1,910.25	-	1,910.25
Pre-Administration Legal Fees			141,417.50	-	141,417.50
<b>Subtotal</b>			<b>179,970.15</b>	<b>224,020.71</b>	<b>403,990.86</b>
<b>Floating Charge Balance</b>			<b>2,349,617.68</b>	<b>2,078.24</b>	<b>2,351,695.92</b>
<b>Balance</b>	6		<b>3,507,166.61</b>	<b>(98,784.48)</b>	<b>3,408,382.13</b>

26

## Appendix B: Summary of Funds Held

Joint Administrators' Account of Receipts and Payments for the period  
10 February 2021 to 9 August 2022 (PRZ Realisations Limited)

GBP	Note	Statement of Affairs (PRZ Realisations Limited)	10th February to 22nd February 2022 (PRZ Realisations Limited)	22nd of February 2022 to 9th August 2022 (PRZ Realisations Limited)	PRZ Realisations Limited (Full Period)
Current Cash at Bank					
Fixed Charge Bank Account			1,116,639.58	(50,862.72)	1,065,776.86
Floating Charge Bank Account			2,319,918.08	2,078.24	2,321,996.32
Unbanked Cheques			-	(2,007.51)	(2,007.51)
Total in Bank Accounts			3,436,557.66	(50,791.99)	3,385,765.67
Future VAT Position					
Fixed Charge VAT Position			40,909.35	(21,975.17)	18,934.18
Floating Charge VAT Position			29,699.60	(12,072.84)	17,626.76
Total VAT Position			70,608.95		36,560.94
Total Assets Available			-		-
Fixed Charge			1,157,548.93	(50,862.72)	1,106,686.21
Floating Charge			2,349,617.68	2,078.24	2,351,695.92
Total Assets Available	7		3,507,166.61	(48,784.48)	3,458,382.13

27

## Appendix B: Notes to the Receipts and Payments Accounts

### Notes

1. The LTO is a license requiring the Purchaser (PTL) to meet any properly incurred property expenses during the Administration. The LTO was entered into alongside the pre-packaged transaction on 10 February 2021. The outstanding net position of 1) LTO receipts and 2) payments to landlords, is the amount creditable to the Purchaser (£40,243 net of VAT).
2. In the Period, around £88k of legal fees were paid in relation to advice on fixed charge assets such as the LTO.
3. The majority of business rates refunds from councils were received in this latest six-month period. Some £141k was recovered in the Period and further amounts may be received before the closure of the Administration, but are not expected to be material.
4. In the Period, c.£84k of additional cash was received and swept from the PL's pre-administration bank accounts, further detail in respect of these amounts is set out on pg 10.
5. Following claim adjudication, on 30 April 2022 a dividend to first-ranking preferential creditors was paid in the total sum of £216k.
6. Total funds currently held (3.4m) plus the current VAT receivable will be used to settle all outstanding Administration expenses (including the Joint Administrators fees). Following payment of outstanding Administration expenses any remaining cash will be paid as distributions to the Company's second ranking preferential creditor.

28

## Appendix C: Joint Administrators' Remuneration and Expenses

It has been approved that our remuneration be determined as a set amount payable from fixed charge assets, a time cost basis payable from floating charge assets and a percentage of realisations for certain property-related work performed for (and funded by) the Purchaser.

### Basis of Remuneration

- In our Proposals, we explained that given a large amount of value was to be recovered from assets subject to fixed charge security, we would adopt a methodology to appropriately allocate our remuneration between the fixed and floating charge assets, to reflect both the value obtained for creditors and the amount of work required.
- Given the above, it was agreed with the Secured Creditor that a majority of the remuneration would be paid from assets subject to its fixed charge security and a set fee of £900k was agreed to do this work. As explained earlier, the Secured Creditors subsequently agreed to directly pay a further £50k for additional work in relation to the extension of the Administrations and prolonged period for dealing with property matters.
- We believed that this amount was a reasonable and fair reflection of the work expected to be required in relation to workstreams specific to the fixed charge assets as well as a proportion of the statutory duties and compliance tasks. Such tasks are required as a consequence of our appointment over the Companies, and are not always directly attributable to any particular type of security.
- It was also set out in our Proposals that our remuneration for all other work (payable from assets subject to floating charge security) would be determined by reference to time properly spent by us and members of our staff at our standard charge-out rates for work of this nature (see overleaf).
- When administrators seek approval for fees to be charged on a time cost basis, a fees estimate must be provided to creditors. That estimate acts as a cap, whereby fees cannot be drawn over that amount without further approval from those who approved the fees. A breakdown of our fees estimate is provided opposite as set out earlier in the report and detailed opposite we are seeking an increase to our initial fees estimate in conjunction with issuing this report.

### Fees Estimate

- In addition to the above, we previously explained that where it was necessary to extend the LTO in order to complete the assignment of various leasehold properties, we would seek to charge the Purchaser for the direct costs and indirect costs falling on the Companies as a result, which would include time spent in continuing to administer the property portfolio, as well as additional statutory work arising from a prolonged period of the Administrations. The amount received from the Purchaser would be drawn in full as remuneration for that work (i.e., 100% of realisations).

PRZ Realisations Limited - Fee Estimate												
	Initial Estimate			Incurred to date			To be incurred			Revised Estimate		
	GBP/Hr	Hr	GBP	GBP/Hr	Hr	GBP	GBP/Hr	Hr	GBP	GBP/Hr	Hr	GBP
Administration and Planning	281	409	114,975	367	482	176,816	250	10	2,500	364	492	179,316
Investigations	485	27	13,090	485	27	13,090	.	.	.	485	27	13,090
Realisation of assets	831	47	39,061	743	81	60,174	333	30	10,000	632	111	70,174
Creditors	248	541	134,777	289	538	155,421	313	8	2,500	289	546	157,921
Tax	289	77	22,263	401	99	39,724	333	15	5,000	392	114	44,724
Reporting	513	178	91,334	484	246	119,073	286	35	10,000	459	281	129,073
Other	.	.	.	497	7	3,480	.	.	.	497	7	3,480
Total	441	1,279	415,000	467	1,480	567,778	.	.	30,000	446	1,578	597,778

29

## APPENDICES

## Appendix C: Joint Administrators' Remuneration and Expenses

The Company's creditors have determined that the basis of our fees is on a time cost basis in respect of floating charge assets. As a result, the manner in which we allocate staff, charge our time and the hourly rates we use, are all important factors.

### Staff Allocation and Time Charging Policy

- Our general approach to resourcing our assignments is to allocate staff with the skills and experience to meet the specific requirements of the case. The constitution of the case team at any point in time will usually consist of one or more of the grades shown in the table opposite, depending on the anticipated size and complexity of the assignment.
- Work is delegated to suitable grades of staff, taking into account their experience and any specialist knowledge that is needed and they are supervised accordingly to maximise the cost effectiveness of the work done. Complex issues or important matters of exceptional responsibility are handled by more experienced senior staff or the office-holders themselves.
- All of our staff who work on the case charge time directly to it and are included in any analysis of time charged. Only if there is a large block of time incurred by a member of the secretarial team, e.g. report compilation and distribution, do we seek to charge and recover our time in this regard. Time is charged in six minute units. We don't charge general overhead costs.
- The Administrations also utilise the services of specialist teams within FTI Consulting LLP, principally in relation to VAT and tax matters and the costs of which are included within our fees estimates and all analyses of our time.
- We consider that the rates chargeable for these services are in line with general market practice and that the service is at least comparable to similar firms of professional advisors. In addition, by working closely with our internal teams, we believe a more coordinated and efficient approach to the Administration workstreams is possible.

### Hourly Charge-Out Rates

- In the table below, we set out the hourly charge-out rates for 2021 and 2022, for the various grades of staff who have worked (or who may work) on the Administrations. In common with many professional firms, these rates may be subject to change periodically, for example to cover annual inflationary cost increases.

Grade of Staff	2021 Rate (£/hour)	2022 Rate (£/hour)
Senior Managing Director	925	960
Managing Director	795	825
Senior Director	740	770
Director	660	685
Senior Consultant	585	610
Consultant	500	520
Associate (Experienced)	335	350
Associate (New)	235	245
Administrative Staff	180	185

30

## Appendix C: Joint Administrators' Remuneration and Expenses

**Administrators' remuneration and the payment of pre-Administration costs (as an expense of the Administration) have been approved by the relevant classes of creditors.**

### Fee Approval

- Approval was required from the relevant classes of creditors to each basis and the quantum of our remuneration. In the circumstances of this case (and in relation to PL only), approval was required from each secured creditor and (a voting majority of) the preferential creditors.
- There are no realisable assets in PHL and therefore we are unable to draw any remuneration for acting as joint administrators of PHL. All references in this report to remuneration, fees estimates, expenses and creditor approval, relate to PL only.
- On 16 June 2021, a notice was issued to (1) known preferential creditors, enabling them to participate in a decision by correspondence (with a decision date of 15 July 2021) pursuant to Rule 15.8 IR16, and (2) to PL's secured creditors, for the approval or otherwise of our remuneration.
- As set out previously, the resolutions in respect our remuneration approved by the preferential creditors on 15 July 2021 and by the secured creditors on 17 July 2021.
- On 24 January 2022, the Secured Creditor agreed to directly pay certain additional costs totalling £50k, arising as a result of the extended Administration period and further work in relation to LTO matters.
- As set out earlier, we are currently seeking further approval from the same classes of creditors, for the fees estimate to be increased to £591k

### Pre-Administration Costs

- Details of pre-Administration costs were set out in our Proposals, including the scope of work undertaken prior to the appointment and how the work was intended to further the objective of the Administrations. A brief summary is set out below:
  - Under engagement letters dated 22 December 2020 and 6 January 2021, FTI incurred total time costs of £464,351 (plus VAT) for work undertaken in the period prior to the Administrations for which FTI was paid in full ahead of our appointment over the Companies.
  - The work carried out with a view to the Companies entering Administration principally related to the pre-pack transaction and other preparatory work required for the Companies to enter Administration in an orderly manner and for the purpose of maximising the outcome for creditors.
  - Addleshaw Goddard LLP ("AG") were instructed to undertake the necessary legal work to place the Companies into Administration. AG's total pre-appointment time costs were £199,417.50 of which £58,000 plus VAT was paid by PL in advance of the Administration. This left an unpaid balance in relation to AG's pre-appointment time costs of £141,417.50.
- At the same time as approving the basis of our remuneration, the secured and preferential creditors of PL also approved the following resolution:
  - That the unpaid pre-Administration costs be paid as an expense of the Administration. As explained in Appendix C of our Proposals, these are legal expenses totalling £141,417.50 incurred in relation to the drafting of the ASA and the preparation of documents specific to the appointment of the Joint Administrators'.
- The above amount has been paid to AG as an expense of the Administration. All payments made prior to our appointment were paid by PL.

31

## Appendix C: Joint Administrators' Remuneration and Expenses

**Further details of our work in the Administration and any financial benefit for creditors.**

Category	Description	Rationale/ Benefit to Creditors
Administration & Planning	<ul style="list-style-type: none"> <li>■ Case planning - devising appropriate strategies for all entities and dealing with the cases and giving instructions to relevant staff members to undertake specific workstreams as and when required (O)</li> <li>■ Issuing the statutory notifications to creditors and others required on appointment as office holder, including gazetting the office holders' appointments (C)</li> <li>■ Routine administrative tasks, such as setting up case files, dealing with routine correspondence (O)</li> <li>■ Obtaining specific penalty bonds (this is insurance required by statute that every insolvency office holder has to obtain for the protection of each estate) (C). Review of this bond on a quarterly basis (O)</li> <li>■ Reporting on the outcome of the approval of the Proposals to the creditors, Companies House and the Court (C)</li> <li>■ Cashiering – including opening, maintaining and managing the office holders' estate bank accounts, processing of receipts and payments and bank reconciliations (O).</li> <li>■ Undertaking periodic reviews of the progress of the cases, including six- month progress reports to creditors (O)</li> <li>■ Seeking consent for extensions to the period of the Administrations and filing the relevant notices with the Registrar of Companies for the Administrations to continue beyond a year (C). Future applications to Court for further extensions of the Administrations (O).</li> </ul>	<ul style="list-style-type: none"> <li>■ Statutory / compliance requirements, and to ensure efficient project management</li> </ul>
Investigations	<ul style="list-style-type: none"> <li>■ Where required: recovering, listing and reviewing the books and records for the cases (C).</li> <li>■ Submitting online returns on the conduct of the directors for each company as required by the Company Directors Disqualification Act (C).</li> <li>■ Conducting initial investigations with a view to identifying potential asset recoveries by seeking and obtaining information from relevant third parties, such as the bank, accountants, solicitors, etc. (C).</li> <li>■ Liaising with the Companies' directors in relation to the completion of the Statement of Affairs (C)</li> <li>■ Reviewing books and records to identify any transactions or actions the office holder may take against a third party in order to recover funds for the benefit of creditors (C).</li> </ul>	<ul style="list-style-type: none"> <li>■ Statutory requirement and to assess whether potential claims against third parties for the benefit of creditors</li> </ul>
Realisation of Assets	<ul style="list-style-type: none"> <li>■ Completing a sales process of substantially all the assets in the Group (C).</li> <li>■ Monitoring of quantum and timing of Business Rates refunds (O)</li> <li>■ Liaising with the Companies' bankers regarding pre-appointment accounts and arranging for periodic transfers of funds, including pre-appointment debtors, and closure of the accounts and arranging the subsequent closure of these accounts (C).</li> <li>■ Liaising with insurers and providing supporting data in relation to a potential Business Interruption claim (C)</li> </ul>	<ul style="list-style-type: none"> <li>■ Identify, assess and seek to realise value for creditors</li> </ul>

#### Key

(O) – Ongoing

(C) – Complete

(F) – Future

32

## Appendix C: Joint Administrators' Remuneration and Expenses

### Further details of our work in the Administration and any financial benefit for creditors.

Category	Description	Rationale/ Benefit to Creditors
<b>Landlords &amp; Property</b>	<ul style="list-style-type: none"> <li>■ Arranging suitable insurance over assets including the leasehold properties where LTOs have been granted (C).</li> <li>■ Regularly monitoring the suitability and appropriateness of the insurance cover in place (O).</li> <li>■ Administration of lease surrenders and correspondence with non-retained landlords (O).</li> <li>■ Administration of LTO's for retained sites, including invoicing and payment of rent during the LTO period (C).</li> <li>■ Handling the surrender of non-retained leases and dealing with the claims these landlords have in the relevant Administrations (O).</li> <li>■ Accounting for receipts and payments from both the Purchaser and landlords in relation to the license to occupy (C).</li> <li>■ Reviewing and completing on assignments agreed between the landlords, Purchaser and the Companies (C).</li> <li>■ Continued correspondence with the Purchaser in relation to the assignments and issues faced at various of the leasehold properties (C).</li> </ul>	<ul style="list-style-type: none"> <li>■ Required under the terms of the ASA, and LTO which provided significant benefit to the Companies' creditors.</li> </ul>
<b>Creditors</b>	<ul style="list-style-type: none"> <li>■ Obtaining information from the case records about employee claims (C).</li> <li>■ Completing documentation for submission to the Redundancy Payments Service (C)</li> <li>■ Corresponding with employees regarding their claims (C).</li> <li>■ Liaising with third party providers instructed on the case to assist in dealing with employee claims; obtaining reports and updates from them on the work done (C).</li> <li>■ Dealing with creditor correspondence, emails and telephone conversations regarding their claims (O).</li> <li>■ Maintaining up to date creditor information on the case management system (O).</li> <li>■ Reviewing proofs of debt received from both first ranking and second ranking preferential creditors, adjudicating on them and formally admitting them for the payment of a dividend: 1<sup>st</sup> ranking preferential creditors (C), 2<sup>nd</sup> ranking preferential creditors (O)</li> <li>■ Calculating and paying dividends to both first and second ranking preferential creditors (payment of the first ranking preferential creditors (C), payment of the second ranking preferential creditors (F))</li> <li>■ Issuing the notice of declaration of dividend to first ranking preferential creditors (C).</li> <li>■ Issuing the notice of declaration of dividend to second ranking preferential creditors (F).</li> <li>■ Paying tax deducted from the dividends paid to employees (F).</li> </ul>	<ul style="list-style-type: none"> <li>■ Statutory requirements and required for orderly case management. Dividends represent the distribution of available assets to creditors in respect of their claims.</li> </ul>

33

## Appendix C: Joint Administrators' Remuneration and Expenses

### Further details of our work in the Administration and any financial benefit for creditors.

Category	Description	Rationale/ Benefit to Creditors
<b>Tax</b>	<ul style="list-style-type: none"> <li>■ Preparing and filing VAT returns (O).</li> <li>■ Deregistering the Companies for VAT purposes when all income and expenditure has been incurred/realised (F)</li> <li>■ Preparing and filing both pre and post appointment Corporation Tax returns (O).</li> <li>■ Seeking closure clearance from HMRC and other relevant parties (F).</li> </ul>	<ul style="list-style-type: none"> <li>■ Statutory requirements, but necessary to ensure tax is accounted for accurately and on time to ensure no financial detriment to creditors.</li> </ul>
<b>Reporting</b>	<ul style="list-style-type: none"> <li>■ Preparing, reviewing and issuing Proposals to the creditors and members (C).</li> <li>■ Filing the Proposals at Companies House (C)</li> <li>■ Reporting to the Lenders on the progress of the Administration (O)</li> <li>■ Preparing, reviewing and issuing six-monthly progress reports to creditors (O).</li> <li>■ Filing progress reports at Companies House (O)</li> <li>■ Preparing, reviewing and issuing final reports to creditors (F).</li> <li>■ Filing final reports at Companies House (F).</li> </ul>	<ul style="list-style-type: none"> <li>■ Required by statute and to inform creditors on the progress of the Administrations</li> </ul>
<b>Technology</b>	<ul style="list-style-type: none"> <li>■ Where required, registering with the Information Commissioners Office to ensure GDPR compliance (C).</li> </ul>	<ul style="list-style-type: none"> <li>■ Compliance/legal requirement</li> </ul>

34

## Appendix C: Joint Administrators' Remuneration and Expenses

We have engaged several third parties to undertake work which (in some cases) we could have done ourselves, further details in relation to these is set out below.

### Expenses

- The table below provides an analysis of expenses incurred by our Firm. Category 1 expenses are payments to independent third parties where there is specific expenditure directly referable to the case. The type of disbursements that may be charged as Category 1 expenses to a case generally comprise of external supplies of incidental services specifically identifiable to the case such as postage, statutory case advertising, invoiced travel, external printing, room hire, and document storage.
- Also chargeable will be any properly reimbursed expenses incurred by personnel in connection with the case. Approval from creditors is not required for these (Category 1) expenses to be drawn.
- Category 2 expenses are costs that may include shared or allocated costs. We do require approval before drawing Category 2 expenses. The body of creditors who approve our fees also have responsibility for the approval of Category 2 expenses.
- An estimate of our anticipated Category 1 expenses are set out in the table below. There have been no Category 2 expenses incurred to date, nor are any expected to be incurred.

#### Estimated Expenses by Category

Type of Cost	Category	Incurred to date (£000)	Estimated to be incurred (£000)	Estimated Total Incurred (£000)
Postage	Category 1	170	4,830	5,000
Stationary	Category 1	70	4,930	5,000
Statutory Bond	Category 1	530	530	1,060
<b>Total</b>		<b>770</b>	<b>10,290</b>	<b>11,060</b>

- No Category 1 expenses have been incurred in the period 10 August 2022 to 9 February 2022. The amount incurred to date relates to the period 10 February 2021 to 9 August 2021.

### Professional Advisory and Subcontracted Work

- The table below provides details of professional advisors and subcontractors that we have engaged on this project. The use of subcontractors is in relation to work that we could have done, but that we have outsourced.

#### Professional Advisors and Subcontracted Work

Advisor/ Subcontractor	Service Provided	Basis of fee arrangement
ERA Solutions	Employee Claims	Fixed fee based on number of employees
Addleshaw Goddard/ Walker Morris	Legal Advice	Time costs and fixed fee of £1,500 per property in relation to assignments.
DWD LLP	Business Rates Recovery	15% of cash realisations
AON UK Limited	Insurance services	Insurance premiums, plus IPT

- Our choice of ERA Solutions to assist with employee claims, Addleshaw Goddard (Walker Morris have been instructed on lease assignments where AG are conflicted) to provide legal support and DWD LLP to assist with historic business rates recoveries, was based on our perception of their experience and ability to perform this type of work and the complexity and nature of the assignment.
- We also considered that the basis on which they will charge their fees represented value for money for creditors. Other than the legal advice and insurance services, the work could have been undertaken by our teams, but we have outsourced this work as we consider it to be more cost effective and the providers have relevant specialist experience.
- We have also utilised the services of other teams within FTI Consulting LLP to assist with the Administration process. The fees of our tax and strategic communications teams have been included within the approved fees. By working closely with our internal teams, we believe a more coordinated and cost-effective approach to the Administration workstreams has been possible.

35

## Appendix C: Joint Administrators' Remuneration and Expenses

The main expense paid in the period was in relation to business rate recoveries.

- Throughout the period, DWD LLP have been paid for its business rates recovery services. They are paid on a commission basis at 15% of recovered amounts. Certain amounts due to them for recoveries made remain outstanding and have not yet been invoiced.
- Realisations now exceed previous forecasts leading to a projected increase in total expenses payable for business rates recoveries.

#### Estimate of Costs (Excluding VAT)

Payee	Type of Cost	10 February 2021 to 9 February 2022	10 February 2022 to 9 August 2022	Estimate as at 9 February 2022	Revised Fee Estimate 9 August 2022	Total Estimated Costs as at 9 August 2022
Aon UK Limited	Bonding	510	-	510	N/A	510
EPE Reynell	Gazetting	184	-	184	N/A	184
ERA Solutions	Employee Claims	12,070	-	8,810	N/A	8,810
Addleshaw Goddard LLP	Legal Support	245,562	-	291,000	N/A	291,000
Aon UK Ltd	Insurance	19,818	-	15,221	N/A	15,221
Walker Morris	Legal Support (Where AG have conflict)	-	-	9,000	N/A	9,000
DWD LLP	Business Rates Recovery	-	8,456	15,000	30,000	30,000
<b>Total</b>		<b>278,144</b>	<b>8,456</b>	<b>339,725</b>		<b>354,725</b>

36

## Appendix C: Joint Administrators' Remuneration and Expenses

Analysis of Floating Charge Time Costs in Accordance with MPS for Period 10 February 2022 - 29 August 2022

Category	Task Code	Managing Dir	Managing Dir	Senior Director	Director	Sr Consultant	Consultant	Associate	Total WPP	Total Time	Average Cost
<b>Administration and Planning</b>											
Strategy and planning	A1				18,783			15,862	34,145	75	453
Appointment and related formalities	A3	5,376						5,376	5,376	6	960
Receipts and payments accounts	A4		660					660	660	1	825
Checklist / Reviews / Filing	A5							1,680	1,680	5	350
Cashiering and reconciliations	A6	307	858					8,319	9,484	30	316
Bonding and IPS maintenance	A7										
Case Admin	A8		330	6,160				4,844	11,334	23	499
<b>Subtotal</b>		5,683	1,648	6,160	18,783			30,705	62,679	139	450
<b>Realisation of assets</b>											
Cash and investments	C1							2,275	2,275	7	350
Post completion obligations	C3				822				822	1	685
Property, plant and vehicles	C6		660						660	1	825
Other assets	C7	9,408			685			1,120	12,193	17	726
Health & Safety/Insurance/Regulatory	C8		66						66	0	825
<b>Subtotal</b>		9,408	726		1,507			4,375	16,016	25	3,411
<b>Creditors (correspondence and claims)</b>											
Unsecured creditors	E1				343			3,899	4,242	16	262
Employees	E4		908		15,755			27,145	38,807	96	404
<b>Subtotal</b>			908		16,098			28,044	43,049	112	383
<b>Tax</b>											
Post appointment CT	F4				230	1,264			1,494	4	-
Post appointment VAT	F5		66	4,256	8,768			3,684	16,774	30	558
Other post appointment tax	F7				7,124			3,002	10,126	20	504
<b>Subtotal</b>			66	4,256	16,122	1,264		6,686	28,394	54	529
<b>Reporting</b>											
Other statutory reports/meetings	G3		3,696		26,578			16,050	46,324	106	437
<b>Subtotal</b>			3,696		26,578			16,050	46,324	106	437
<b>Other</b>											
	H1	2,304						1,174	3,480	7	483
<b>Total by Grade</b>		17,395	7,344	10,416	78,587	1,264		85,035	199,941	444	450
<b>Total Time by Grade</b>		18	9	14	115	1		285			
<b>Average hourly cost by Grade</b>		960	825	740	685			298			

### Summary:

- The table provides details of our time incurred in the Period that will be drawn on a time cost basis from floating charge realisations.
- Total cost: £199,941
- Total time: 444 hours
- Average cost: £450 per hour

37

## Appendix C: Joint Administrators' Remuneration and Expenses

Analysis of Floating Charge Time Costs in Accordance with MPS for Period 10 February 2021 - 29 August 2022

Category	Task Code	Managing Dir	Managing Dir	Senior Director	Director	Sr Consultant	Consultant	Associate	Total WPP	Total Time	Average Cost
<b>Administration and Planning</b>											
Strategy and planning	A1	10,638	2,067	5,420	27,382			18,721	64,228	125	513
Initial actions	A2							376	376	2	-
Appointment and related formalities	A3	6,024	1,193		3,836	7,459		5,722	24,233	54	452
Receipts and payments accounts	A4		3,315	2,590				3,553	9,457	42	228
Checklist / Reviews / Filing	A5		58		660			3,417	4,135	14	295
Cashiering and reconciliations	A6	307	4,034					35,168	39,509	168	235
Bonding and IPS maintenance	A7							940	940	6	-
Case Admin	A8		330	9,120				10,431	19,884	50	401
<b>Subtotal</b>		16,969	10,996	17,130	31,878	7,459		78,331	182,783	459	354
<b>Investigations</b>											
Directors questionnaire/checklists	B2				5,610			2,146	7,756	17	-
Statement of affairs	B3					3,305		494	3,799	8	-
Reports of Directors' conduct	B4		875		660				1,535	2	-
<b>Subtotal</b>			875		6,270	3,305		2,640	13,090	27	-
<b>Realisation of assets</b>											
Cash and investments	C1					1,170		2,275	3,445	9	405
Post completion obligations	C3				822				822	1	685
Property, plant and vehicles	C6		660						660	1	825
Other assets	C7	18,180		4,440	2,005	3,218		2,241	50,084	62	815
Health & Safety/Insurance/Regulatory	C8		66						66	0	825
<b>Subtotal</b>		18,180	726	4,440	2,827	4,388		4,316	58,077	72	1,553
<b>Creditors (correspondence and claims)</b>											
Unsecured creditors	E1		180		143	4,973		90,995	96,640	306	250
Employees	E4		1,805		26,315			29,636	57,256	135	425
Lease creditors	E7		2,067	1,480				7,491	8,038	15	-
<b>Subtotal</b>			3,702	1,480	26,838	4,973		122,122	158,934	536	298
<b>Tax</b>											
Pre appointment CT	F2	2,041	146						2,187	4	-
Post appointment CT	F4	1,512	183		230	1,264		174	3,342	7	-
Post appointment VAT	F5		1,009	4,254	12,267			1,051	22,583	43	481
Tax advice on transactions	F6				1,485				1,485	2	-
Other post appointment tax	F7		1,460		7,124			9,593	18,177	54	536
<b>Subtotal</b>		3,553	2,797	4,254	21,106	1,264		14,798	47,774	114	618
<b>Reporting</b>											
SIP16	G1	2,775	2,768		4,422				9,965	13	-
Proposals	G2		4,650		5,280	10,325		1,774	22,030	39	-
Other statutory reports/meetings	G3	21,691	8,040		35,465			21,883	87,079	194	449
<b>Subtotal</b>		24,466	15,457		45,167	10,325		23,657	119,073	246	484
<b>Other</b>											
	H1	2,304						1,176	3,480	7	483
<b>Total by Grade</b>		81,477	34,553	27,306	133,906	31,713		248,240	581,199	1,482	384
<b>Total Time by Grade</b>		81	43	19	191	41		586			
<b>Average hourly cost by Grade</b>		1,062	811	1,431	701			424			

### Summary:

- The table provides details of our time incurred from the date of our appointment that will be drawn on a time cost basis from floating charge realisations.
- Total cost: £561,189
- Total time: 1,462 hours
- Average cost: £384 per hour

38

## Appendix D: An Introduction to Insolvency

If you are unfamiliar with an insolvency process, please read this page which describes the typical work and role of an insolvency practitioner. This is only a general overview and does not necessarily reflect our work in this case.

### What is an insolvency process?

There are several types of insolvency process, but all are intended to achieve the same basic objective: to realise assets that the company owns and repay (to the extent possible) what it owes to creditors.

The type of process depends on the circumstances and the amount distributable to creditors (in accordance with statutory priorities) depends on the value of assets, the costs of the process and level of claims received.

### What is an insolvency practitioner?

Commonly referred to as an 'IP', an insolvency practitioner is an experienced and qualified individual who is licensed and authorised to act in relation to an insolvent company, partnership or person.

IPs typically use the staff and resources of their own firm to complete the work, supported by third party professionals and other specialists as required.

IPs are routinely monitored by their professional body to ensure continued adherence to standards.

### Realising the Assets

The IP evaluates possible options and pursues the best route for maximising value for creditors. Options could include an immediate sale of the business, a period of ongoing trading (prior to a sale) or a closure/wind-down of operations.

The costs of realising the assets can vary significantly, so an IP is looking to maximise the net value (after costs). Securing the ongoing employment of the workforce can materially reduce claims against the company.

Work done on realising the assets has a direct financial benefit for creditors.

### Managing the Company's Affairs

Until such time as the company is dissolved, it must continue to fulfil many of its usual obligations, such as submitting VAT/tax returns and keeping adequate accounting records.

Whilst appointed to manage the affairs of the company, the IP is responsible for ensuring these obligations are met. Support from VAT/tax specialists in insolvency situations helps to ensure accuracy and minimise liabilities.

Other work might include complying with any licensing or regulatory requirements.

### Dealing With Creditors

It can take several months, often longer, but if and when funds become available, the IP will distribute these to creditors once their claims have been received and agreed.

As secured creditors usually have priority rights over the assets, the amount left over for other non-preferential unsecured creditors can often be very small.

IPs keep creditors updated on their work, either through periodic reports or responding to their queries and correspondence.

### Fulfilling our Statutory Duties

The impact of an insolvency can be wide ranging, so IPs are required to issue notices and periodic reports to notify those affected parties and keep them updated.

The company's affairs and the conduct of its directors must also be investigated to see whether any asset recovery (or other actions) need to be taken.

Whilst this work does not have any direct financial benefit for creditors, the purpose of insolvency law is to protect the interests of creditors.

Regular internal case reviews ensure the process progresses cost effectively and on a timely basis.

39

## Appendix E: Legal Notices

We have set out below some important notices regarding this report and the appointment of administrators.

### Opting Out of Correspondence

Creditors have the right to elect to opt out of receiving further communication about the insolvency procedure.

Any creditor may elect to become an opted-out creditor at any time, by delivering a dated notice of the request, in writing to me. An opted-out creditor remains as such for the duration of the proceedings unless the opt out is revoked by a further notice in writing, dated and delivered to us.

A creditor becomes (or ceases to be) an opted-out creditor when the notice is delivered to us.

The opt out will not apply to the following:

- a notice which the Insolvency Act 1986 requires to be delivered to all creditors without expressly excluding opted-out creditors;
- a notice of a change in the officeholder or a notice of a change in our contact details, or
- a notice of a dividend or proposed dividend or a notice which the court orders to be sent to all creditors or all creditors of a particular category to which the creditor belongs.

Opting-out will not affect a creditor's entitlement to receive dividends should any be paid to creditors or a creditors' rights to vote in a decision procedure or to participate in a deemed consent procedure, although any creditor who opts-out will not receive notice of it.

Any creditor who opts out will be treated as having opted out in respect of consecutive insolvency proceedings of a different kind in respect of the same company.

### 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 the leave of the Court, may, in writing, request the Joint Administrators of the Company to provide additional information regarding remuneration or expenses to that already supplied within this document. Such requests must be made within 21 days of receipt of this report, in accordance with Rule 18.9 IR16.

#### About this report

This report has been prepared by the Joint Administrators solely to comply with their statutory duty to report to creditors under the Insolvency (England and Wales) Rules 2016 on the progress of the administration.

It is not suitable to be relied upon by any other person, or for any other purpose, or in any other context.

This report 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 Company [or any other company in the Group].

Any person that chooses to rely on this report for any purpose or in any context other than under the Insolvency (England and Wales) Rules 2016 does so at its 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 this report to any such person.

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

### 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 the leave of the Court, may apply to the Court for one or more orders (in accordance with Rule 18.36 or 18.37 IR16), challenging the amount or the basis of the remuneration which the Joint Administrators are entitled to charge or otherwise challenging some or all of the expenses incurred.

Such application must be made within eight weeks of receipt by the applicant(s) of the report detailing the remuneration and/or expenses in question, in accordance with Rule 18.34 IR16.

### Data Protection

FTI Consulting LLP ("FTI") uses personal information in order to fulfil the legal obligations of its insolvency practitioners under the Insolvency Act and other relevant legislation, and also to fulfil the legitimate interests of keeping creditors and others informed about the insolvency proceedings. You can find more information on how FTI uses your personal information on our website at <https://www.fticonsulting-emea.com/-/media/Files/emea-files/creditors-portal/cip-emea-forms-info/cip-data-privacy.pdf>

40





**Experts with Impact™**

