



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

1 Company details

Company number 0 9 9 5 8 9 6 6

Company name in full R Realisations 1 Limited (formerly Redeem UK Limited)

→ Filling in this form

Please complete in typescript or in
bold black capitals.

2 Administrator's name

Full forename(s) Christopher Robert

Surname Pole

3 Administrator's address

Building name/number One Snowhill

Street Snow Hill Queensway

Post town Birmingham

County/Region

Postcode B 4 6 G H

Country

4 Administrator's name ①

Full forename(s) Richard

Surname Harrison

① Other administrator

Use this section to tell us about
another administrator.

5 Administrator's address ②

Building name/number 1 St Peter's Square

Street Manchester

Post town

County/Region

Postcode M 2 3 A E

Country

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 0	^d 7	^m 0	^m 7	^y 2	^y 0	^y 2	^y 0
To date	^d 0	^d 3	^m 0	^m 1	^y 2	^y 0	^y 2	^y 1

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 4	^m 0	^m 1	^y 2	^y 0	^y 2	^y 1
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**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 **Jeevy Gakhal**

Company name **KPMG LLP**

Address
**One Snowhill
Snow Hill Queensway**

Post town **Birmingham**

County/Region

Postcode **B 4 6 G H**

Country

DX

Telephone **Tel +44 (0) 121 232 3000**

**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.

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The Registrar of Companies, Companies House,
Crown Way, Cardiff, Wales, CF14 3UZ.
DX 33050 Cardiff.

**Further information**

For further information please see the guidance notes on the website at www.gov.uk/companieshouse or email enquiries@companieshouse.gov.uk

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



Joint Administrators' final progress report for the period 7 July 2020 to 3 January 2021

R Realisations 1 Limited
(formerly Redeem UK
Limited) - in Administration

4 January 2021

Deemed delivered: 6 January
2021

Notice to creditors

This progress report provides a final update on the administration of the Company.

We have included (Appendix 2) an account of all amounts received and payments made since our previous progress report.

We have also explained the exit route from the administration and the outcome for each class of creditors.

You will find other important information in the document such as the costs we have incurred.

A glossary of the abbreviations used throughout this document is attached (Appendix 6).

Finally, we have provided answers to frequently asked questions and a glossary of insolvency terms on the following website, <http://www.insolvency-kpmg.co.uk/case+KPMG+RK70755311.html>. We hope this is helpful to you.

Please also note that an important legal notice about this report is attached (Appendix 7).

Contents

1	Executive summary	1
2	Progress to date	3
3	Outcome for creditors	9
4	Joint Administrators' remuneration, disbursements and pre-administration costs	10
5	Conclusion of the administration	12
Appendix 1	Statutory information	13
Appendix 2	Joint Administrators' receipts and payments account	14
Appendix 3	Schedule of expenses	16
Appendix 4	Joint Administrators' charging and disbursements policy	18
Appendix 5	Summary of Joint Administrators' proposals	25
Appendix 6	Glossary	27
Appendix 7	Notice: About this report	29

1 Executive summary

This first and final progress report covers the period from 7 July 2020 to 3 January 2021.

Chris Pole and Rick Harrison of KPMG LLP were appointed as Joint Administrators of R Realisations 1 Limited (formerly Redeem UK Limited) on 7 July 2020.

The Company was incorporated in 2016 into the wider Redeem Group and specialised in the provision of re-commerce and recycling of mobile electronic devices, operating one of the UK's largest and most-established online retailers for used devices, Envirofone.

The immediate parent of the Company, R Realisations 2 Limited, entered administration on 7 July 2020 with Chris Pole and Rick Harrison also being appointed as administrators.

We sent our Statement of Proposals ('Proposals') to all known creditors on 26 August 2020. The proposals were approved on 15 September 2020 by creditors without modification.

Following our appointment, we undertook a sale of business process and achieved a sale of the majority of the business and assets of the Company for consideration totalling £558,000, along with a small contribution from the purchaser towards the costs of operating the business whilst the sale was finalised under a transitional service agreement.

Cash at bank on our appointment totalling £316,184 was also secured in the period.

The two key assets which remain yet to be realised are an unsecured claim in the administration of R Realisations 2 which is expected to result in realisations totalling £1.0 – 1.2 million, whilst the recoverability of a possible pre-appointment VAT debtor balance totalling up to £0.25 million continues to be explored.

Deasil Limited was the only secured creditor of the Company on appointment, the liability of £0.14 million owing as a result of a cross guarantee being provided with R Realisations 2.

R Realisations 2 recently made a distribution of £0.14 million to Deasil repaying its indebtedness in full and therefore no further secured amounts are owing or outstanding.

The preferential creditors will receive a dividend of 100p in the £. The claims will be agreed and paid during the liquidation.

There will be sufficient funds to make a distribution to the unsecured creditors in the liquidation and, based on current estimates, this will be between 8-10 pence in the pound.

During the period, we have taken steps to place the Company into Creditors' Voluntary Liquidation ('CVL') in order to allow us to commence the claims agreement process and pay a dividend to the unsecured creditors.

We have filed a copy of this final progress report with the Registrar of Companies, together with the requisite notices to place the Company into Creditors' Voluntary Liquidation. We will cease to act as Joint Administrators on the date these documents are registered by the Registrar of Companies.

Please note: you should read this progress report in conjunction with our previous progress report(s) and proposals issued to the Company's creditors. <http://www.insolvency-kpmg.co.uk/case+KPMG+RK70755311.html>. Unless stated otherwise, all amounts in this progress report and appendices are stated net of VAT.



Chris Pole
Joint Administrator

2 Progress to date

This section provides a final update on the strategy for the administration and on the progress made. It follows the information provided in the Joint Administrators proposals.

2.1 Strategy and progress to date

Background

Chris Pole and Rick Harrison were appointed as Joint Administrators of R Realisations 1 Limited (formerly Redeem UK Limited) on 7 July 2020. This progress report covers the period from 7 July 2020 to 3 January 2021.

As previously reported in our proposals, the Company was incorporated in 2016 into the wider Redeem Group (whose operations date back to 2011) and specialised in the provision of re-commerce, recycling of mobile electronic devices. The Company operated one of the UK's largest and most-established online retailer for used devices, Envirofone.

The Company's immediate parent, R Realisations 2 Limited (formerly Redeem Holdings Limited) also entered administration on 7 July 2020 with Chris Pole and Rick Harrison being appointed as administrators.

Strategy

As the time of our appointment, the business was in hibernation as a result of the Covid-19 pandemic. Given the social distancing restrictions which were in existence, recommencing trading was not considered viable. In addition, the majority of the key customers contracts were terminable on R Realisations 1 entering administration.

Based on the above and in the absence of being able to recommence trading, the Joint Administrators made the decision to implement a wind down of the business and realise the Company assets.

Our efforts in the administration therefore focussed on undertaking a sales process for the Company's assets. A sale of the majority of the business and assets of the Company was completed in September 2020.

In addition, we have secured the cash held in the pre-appointment bank account and investigated a potential significant refund due from HMRC as a result of an overpayment made prior to our appointment, however the recoverability of this asset currently remains unknown and in any instance would be subject to Crown set-off.

Creditors should note that 118 redundancies, the majority of whom were on furlough, were made immediately on appointment and a small skeleton team of twelve employees were retained to assist the Joint Administrators in relation to the realisation of assets and completion of their statutory duties. Eleven of the retained employees have now been made redundant, with one employee transferring over on completion of the transaction to the purchaser under TUPE regulations.

For more details surrounding the actions to be taking during the Liquidation, please see Section 5.

Sale of business

An accelerated marketing process was undertaken prior to our appointment as administrators, however this process did not result in any offers being received which were deliverable on a going concern basis.

Accordingly, following our appointment, we re-approached the majority of these parties, along with a number of new parties who had not been contacted as part of the pre-administration process.

The initial offer deadline was 9 July 2020. We received 22 offers, structured either as an offer for all the remaining business and assets or a selection of the business and assets.

After reviewing all bids, we agreed to progress the offer with Tes-amm Europe, an unconnected party which specialises in IT lifecycle services and international data security and compliance.

The offer received was for the Company's stock, database and systems, domain and trading names, intellectual property rights, internet accounts, physical assets, subsidiary shares and goodwill.

Given the nature of the assets being sold and the delay in being able to complete the sale of the Envirofone business (which contained third party data) whilst we ensured that the transaction was fully compliant with GDPR legislation, the transaction with Tes-amm Europe was structured and completed in two stages, as set out below:

In August 2020, a sale of the stock was completed for consideration totalling £285,000 (Stage 1 Completion)

In September 2020, a sale of the Envirofone business and all other Company assets was completed for consideration totalling £273,000.

The consideration from the transaction totalled £558,000, all of which has been received.

A necessary condition of the transaction with Tes-amm Europe was that two supplementary agreements were entered into as set out below:

a transitional service agreement which enabled us to provide services to Tes-amm Europe between the period from 11 August 2020 (Stage 1 completion) and 8 September 2020 (Stage 2 completion) which enabled the recommencement of trading of the Envirofone business and helped maintain value in the business; and

an excluded lease which enabled Tes-amm Europe to occupy the premises at Macclesfield for a short period of time from 8 September 2020 to 8 October 2020.

In addition to the above and at the request of Tes-amm Europe, shareholder approval was obtained following the transaction to transfer the name of Redeem UK to R Realisations 1.

As detailed previously, one employee was transferred to Tes-amm Europe under TUPE regulations.

2.2 Asset realisations

Realisations during the period are set out in the attached receipts and payments account (Appendix 2).

Summaries of the most significant realisations during the period are provided below.

Stock

At the date of appointment, the Company held stock with a book value of approximately £380,000 consisting of refurbished mobile phones, WIP and scrap.

The stock was included in the sale of the majority of business and assets to Tes-amm Europe, with £285,000 of the sale proceeds being allocated to this category of asset.

This significantly exceed our instructed agent's, John Pye & Sons, valuation for these assets.

P&M, Office Equipment and Computer Hardware

These assets consisted of plant and machinery for wiping phones, office equipment and computer hardware that was based at both the Macclesfield and Bathgate properties.

These assets were included in the sale of the majority of business and assets to Tes-amm Europe, with £151,000 of the sale proceeds being allocated to this category of asset.

This significantly exceed our instructed agent's, John Pye & Sons, valuation for these assets.

Computer Software and Customer Database

The Computer Software and the Environfone Customer Database were included in the sale of the majority of the business and asset to Tes-amm Europe, with £61,512 of the sale proceeds being allocated to this category of asset.

Intellectual property and goodwill

Other intellectual property includes IT systems, domain names, goodwill, trading names, intellectual property rights and trading names.

The stock was included in the sale of the majority of business and assets to Tes-amm Europe, with 60,086 of the sale proceeds being allocated to this category of asset.

Transitional service agreement

As detailed previously, the Company provided services to Tes-amm Europe under a transitional services agreement for the short period from 11 August 2020 (Stage 1 completion) to 8 September 2020 (Stage 2 completion) to allow for the recommencement of trading of the Environfone business to help maintain value in the business and secure the transaction.

The charges under the transitional service agreement totalled £19,242 which has been received in full from Tes-amm Europe.

Contribution to costs

Following completion of the transaction with Tes-amm Europe, they were granted a short excluded lease in relation to the Macclesfield property.

The Purchaser occupied this premise from 8 September to 8 October 2020.

Under the terms of the excluded lease, the Purchaser covered all costs associated with the property during this period which in aggregate totalled £23,520.

Cash at bank

At the date of appointment, cash at bank held in the Company's bank account was £316,184.

Shortly following our appointment these funds were transferred into the Joint Administrators' bank account.

Performance Bonds

We identified that were USD 50,000 of performance bonds outstanding with two creditors based in the UAE.

We have been informed that one of the bonds has been called upon and funds have been returned by the Bank to the creditor.

The recoverability of the other performance bond continues to be investigated and we will provide an update on this during the liquidation.

Intercompany debtor

The Company has a significant intercompany debtor balance of £13 million owed by its immediate parent R Realisations 2.

This amount now ranks as an unsecured claim in the administration of R Realisations 2.

Based on current estimates, it is estimated that the Company will receive a distribution of approximately £1 million from the insolvent estate of R Realisations 2. The timing of this dividend however currently remains uncertain.

Pre-appointment VAT

The Company is a member of a VAT Group with R Realisations 2.

During the course of our work, we have identified that there was a potential overpayment of VAT prior to our appointment totalling up to £0.25 million.

Creditors should however note that the recoverability of this amount currently remains uncertain and Crown set-off would apply in the first instance.

Furthermore, any repayment is likely to be made from HMRC to R Realisations 2 in its capacity as representative member of the VAT Group.

We continue to investigate the recoverability of this asset and will provide an update during the liquidation.

Investigations

We reviewed the affairs of the Company to find out if there were any actions which could be taken against third parties to increase recoveries for creditors. No such actions have been identified and therefore no realisations are expected in respect of this.

We have complied with the relevant statutory requirements by submitting the online director conduct assessment to the Department for Business, Energy and Industrial Strategy. The contents of our submission are confidential.

2.3 Costs and schedule of expenses

Payments made in this period are set out in the attached receipts and payments account (Appendix 2). We have detailed the costs incurred during the period, whether paid or unpaid, in the schedule of expenses attached (Appendix 3). Any costs which incurred but which remain unpaid during the administration will be paid during the liquidation.

Summaries of the most significant payments made and expenses incurred during the period are provided below.

Legal fees

A total of £60,000 in legal fees has been paid to our instructed solicitors, Squire Patton Boggs, during the period. This relates to advice associated with the transaction (including compliance with GDPR legislation) and the drafting and completion of the sale and purchase agreement and supplementary documentation, including the transitional service agreement and excluded lease.

In addition to the above, Wright Hassell were paid £3,430 relating to both the validity of the appointment and the validity of security.

Staff costs

As detailed above, twelve employees were retained by the Joint Administrators to assist in the sale of the business process and the Joint Administrators other statutory duties.

In total, £76,777 was paid in respect of the employees' wages and pensions costs and £37,193 was paid in respect of PAYE and NIC.

IT costs

To date, £67,379 of IT costs have been paid to maintain key IT services and software providers. These were essential to preserve value in the Envirofone business for the transaction.

Creditors should note that £8,731 was recovered from Tes-amm given it related to charges for period after the completion of the transaction.

Rent

The Redeem Group operated from two leasehold properties in Macclesfield and Bathgate.

Rent at the Macclesfield premises totalled £35,580 whilst rent at the Bathgate premises totalled £32,525.

Creditors should note that £11,250 was received from Tes-amm Europe under the terms of the excluded lease which contributed towards the rental cost at the Macclesfield premises.

Business rates

Business rates totalling £6,480 have been paid to date relating to the Bathgate premises.

We are waiting for the final invoice for business rates in relation to the Macclesfield property and we expect costs for the period of occupancy to be in the region of £15,000.

Creditors should note that £4,949 has been received from Tes-Amm Europe under the terms of the excluded lease.

Other property costs

In addition to rent, other property costs totalling £15,330. have been incurred to operate from the premises for the purpose of the administration. This includes security costs and utilities.

Creditors should note that of these costs £6,770 has been recovered from Tes-Amm Europe under the terms of the excluded lease.

3 Outcome for creditors

3.1 Secured creditors

As at the date of our appointment, Clydesdale Bank were the beneficiary of the following security registered at the Registrar of Companies:

- a fixed and floating charge debenture, dated 13 July 2016; and
- a charge over cash deposit, dated 4 December 2019.

Notwithstanding this security being registered in Clydesdale Bank's favour, as at the date of our appointment there were no amounts outstanding and owing to them.

In addition, as at the date of our appointment, Deasil Limited were the beneficiary of the following security registered at the Registrar of Companies:

- a fixed and floating charge debenture, dated 28 June 2019.

As at the date of our appointment, there was an outstanding amount owing totalling approximately £0.14 million from to Deasil. This indebtedness arose as a result of a loan provided to R Realisations 2, which had been cross guaranteed from R Realisations 1.

In the period of this report, the administrators of R Realisations 2 made a distribution to Deasil for £0.14 million, repaying their initial indebtedness, plus accrued interest, in full.

Accordingly, no further amounts are owing or outstanding to the secured creditors.

3.2 Preferential creditors

Claims from employees in respect of (1) arrears of wages up to a maximum of £800 per employee, (2) unlimited accrued holiday pay and (3) certain pension benefits, rank preferentially.

We estimate the amount of preferential claims to be £207,000.

Preferential creditors will receive a dividend of 100p in the £ during the liquidation.

3.3 Unsecured creditors

Unsecured creditors will receive a dividend during the liquidation.

Whilst the amount to be distributed is will be determined in the liquidation following the finalisation of the costs, we currently anticipate that the dividend will be in the region of 8 – 10 pence in the pound.

4 Joint Administrators' remuneration, disbursements and pre-administration costs

4.1 Joint Administrators' remuneration and disbursements

During the period the unsecured creditors have provided approval that:

our remuneration will be drawn on the basis of time properly given by us and the various grades of our staff in accordance with the fees estimate provided in our Proposals and KPMG's usual charge-out rates for work of this nature.

disbursements for services provided by KPMG (defined as Category 2 disbursements in Statement of Insolvency Practice 9) will be charged in accordance with KPMG's policy as set out in Appendix 4.

Time costs

From the date of our appointment to 3 January 2021, we have incurred time costs of £382,516. These represent 1,231 hours at an average rate of £310.69 per hour.

Remuneration

During the period, we have drawn remuneration of £371,555. Of this, £25,000 relates to fixed charge and £346,555 to floating charge.

It is intended that further remuneration of £10,961 plus any time costs incurred in closing the administration will be drawn in the liquidation.

Disbursements

During the period, we have incurred and paid disbursements of £1,892.

Additional information

We have attached (Appendix 4) an analysis of the time spent, the charge-out rates for each grade of staff and the expenses paid directly by KPMG for the period from 7 July 2020 to 3 January 2021. We have also attached our charging and disbursements policy.

4.2 Pre-administration costs

We disclosed the following pre-administration costs, which were unpaid at the date of our appointment, in our proposals:

	Disclosed unpaid costs (£)	Approved (£)	Paid in the period (£)	Outstanding (£)
Pre-administration checks	7,443.10	7,443.10	1,485.00	5,985.10

Squire's fees	1,000.00	1,000.00	NIL	1,000.00
Total	8,443.10	8,443.10	£1,485.00	6,985.00

On 15 September 2020 we obtained approval from unsecured creditors to pay all of these pre-administration costs as an expense of the administration.

Despite obtaining approval of £7,443.10 for KPMG LLP's pre-administration fees, only £1,485 of this has been invoiced and paid to date. No further invoices will be raised for the pre-administration costs incurred by the KPMG LLP and the balance of these approved pre-administration amounts will be written off.

Squire Patton Boggs are yet to invoice their pre-administration fees to the Joint Administrators and this amount will therefore be paid in the liquidation following receipt of the invoice.

5 Conclusion of the administration

We have filed a copy of this final progress report with the Registrar of Companies, together with the requisite notices to place the Company into Creditors' Voluntary Liquidation.

We will cease to act as Joint Administrators when these documents are registered by the Registrar of Companies and on the same date will be discharged of liability in respect of any action of ours as Joint Administrators.

In accordance with this report, we will be appointed Joint Liquidators of the Company on 3 January 2021.

The outstanding matters to be dealt with in the liquidation will include but not be limited to:

- Investigating the outstanding performance bond with the Bank;
- Investigating the pre-appointment VAT position and pursuing any possible refunds;
- Progressing the unsecured claim and obtaining a dividend from R Realisations 2;
- Agreeing preferential and unsecured creditor claims;
- Making a distribution to the preferential and unsecured creditors;
- Dealing with all other tax and other statutory matters.

Initial funds of £96,905 held in the administration will be passed from us to the Joint Liquidators. Once the outstanding VAT is reclaimed and our additional remuneration has been drawn we anticipate that the total administration surplus will be approximately £193,733.

In addition to the above surplus, the following remaining assets which have not been realised will transfer to the liquidation; any possible pre-appointment VAT refund and any other sundry refunds.

Appendix 1 Statutory information

Company information

Company name	R Realisations 1 Limited (formerly Redeem UK Limited)
Date of incorporation	19 January 2016
Company registration number	09958966
Present registered office	One Snowhill, Snow Hill Queensway, Birmingham, B4 6GH

Administration information

Administration appointment	The administration appointment granted in High Court of Justice, Business and Property Courts in Birmingham, Court No. CR 2020 BHM 00379
Appointor	Directors
Date of appointment	7 July 2020
Joint Administrators' details	Chris Pole and Richard Harrison
Functions	The functions of the Joint Administrators have been exercised by them individually or together in accordance with Paragraph 100(2).
Current administration expiry date	6 July 2021
Values of the Net Property and Prescribed Part	Net Property was £0.9 million. Prescribed Part was £0.2 million.

Appendix 2 Joint Administrators' receipts and payments account

R Realisations 1 Limited (formerly Redeem UK Limited) - in Administration			
Abstract of receipts & payments			
Statement of affairs (£)		From 07/07/2020 To 03/01/2021 (£)	From 07/07/2020 To 03/01/2021 (£)
FIXED CHARGE ASSETS			
75,087.00	Goodwill	10,014.00	10,014.00
	IP Rights	10,014.00	10,014.00
	Domain Name	10,013.00	10,013.00
		<hr/>	<hr/>
		30,041.00	30,041.00
FIXED CHARGE COSTS			
	Administrators' fees	(25,000.00)	(25,000.00)
		<hr/>	<hr/>
		(25,000.00)	(25,000.00)
ASSET REALISATIONS			
94,400.00	Physical assets	151,470.50	151,470.50
61,512.00	Computer System	61,512.00	61,512.00
1.00	Intangible Assets	30,045.00	30,045.00
285,000.00	Stock	285,000.00	285,000.00
	Books and Records	1.00	1.00
292,444.00	Cash at bank	316,184.15	316,184.15
	Contribution to Costs	38,013.78	38,013.78
	TSA	23,764.50	23,764.50
		<hr/>	<hr/>
		905,990.93	905,990.93
COST OF REALISATIONS			
	Overpayment of contribution to costs	(5,713.95)	(5,713.95)
	Overpayment of TSA	(4,522.04)	(4,522.04)
	Statement of affairs work	(1,250.00)	(1,250.00)
	Book and Records	(300.52)	(300.52)
	Administrators' fees	(346,555.45)	(346,555.45)
	Administrators' expenses	(1,892.51)	(1,892.51)
	Pre-administration costs	(1,484.70)	(1,484.70)
	Legal fees	(70,398.40)	(70,398.40)
	Security and Alarms	(6,580.00)	(6,580.00)
	IT costs	(67,379.16)	(67,379.16)
	Heat & light	(7,430.94)	(7,430.94)
	Statutory advertising	(79.00)	(79.00)
	Rent	(68,105.86)	(68,105.86)

R Realisations 1 Limited (formerly Redeem UK Limited) - in Administration

Abstract of receipts & payments

Statement of affairs (£)		From 07/07/2020 To 03/01/2021 (£)	From 07/07/2020 To 03/01/2021 (£)
	Rates	(6,480.51)	(6,480.51)
	Other property expenses	(1,320.53)	(1,320.53)
	Insurance of assets	(2,123.28)	(2,123.28)
	Wages & salaries	(76,777.00)	(76,777.00)
	PAYE & NIC	(37,193.70)	(37,193.70)
	Health and Safety costs	(750.00)	(750.00)
		(706,337.55)	(706,337.55)
	PREFERENTIAL CREDITORS		
(52,601.00)	Employees' wage arrears	NIL	NIL
(153,899.00)	Employees' holiday pay	NIL	NIL
		NIL	NIL
	UNSECURED CREDITORS		
(4,936,326.00)	Trade & expense	NIL	NIL
(161,266.00)	Pre-paid Consumer Creditors	NIL	NIL
(4,000,000.00)	Unsecured Loans	NIL	NIL
(171,457.00)	Redundancy Pay	NIL	NIL
(209,994.00)	Notice Pay	NIL	NIL
(9,257.00)	Arrears of Pay/Expense	NIL	NIL
(1,164,133.00)	Intercompany Loans	NIL	NIL
(281,321.00)	HMRC Liabilities	NIL	NIL
		NIL	NIL
	DISTRIBUTIONS		
(1.00)	Ordinary shareholders	NIL	NIL
		NIL	NIL
(10,331,811.00)		204,694.38	204,694.38
	REPRESENTED BY		
	Floating ch. VAT rec'able		115,002.50
	Floating charge current		96,905.00
	Fixed charge VAT rec'able		5,000.00
	Floating ch. VAT payable		(12,213.12)
			204,694.38

Appendix 3 Schedule of expenses

Schedule of expenses (07/07/2020 to 03/01/2021)			
Expenses (£)	Incurred and paid in the period (£)	Incurred in the period not yet paid (£)	Total (£)
Fixed charge costs			
Administrators' fees	25,000.00	0.00	25,000.00
Cost of realisations			
Overpayment of contribution to costs	5,713.95	0.00	5,713.95
Overpayment of TSA	4,522.04	0.00	4,522.04
Statement of affairs work	1,250.00	0.00	1,250.00
Book and Records	300.52	0.00	300.52
Administrators' fees	346,555.45	0.00	346,555.45
Administrators' expenses	1,892.51	0.00	1,892.51
Pre-administration costs	1,484.70	0.00	1,484.70
Legal fees	70,398.40	0.00	70,398.40
Security and Alarms	6,580.00	0.00	6,580.00
IT costs	67,379.16	0.00	67,379.16
Heat & light	7,430.94	0.00	7,430.94
Statutory advertising	79.00	0.00	79.00
Rent	68,105.86	0.00	68,105.86
Rates	6,480.51	0.00	6,480.51
Other property expenses	1,320.53	0.00	1,320.53
Insurance of assets	2,123.28	0.00	2,123.28
Wages & salaries	76,777.00	0.00	76,777.00
PAYE & NIC	37,193.70	0.00	37,193.70
Health and Safety costs	750.00	0.00	750.00
TOTAL	731,337.55	0.00	731,337.55

Requests for further information and right to challenge our remuneration and expenses

Creditors' requests for further information

If you would like to request more information about our remuneration and expenses disclosed in this progress report, you must do so in writing within 21 days of receiving this progress report.

Requests from unsecured creditors must be made with the concurrence of at least 5% in value of unsecured creditors (including, the unsecured creditor making the request) or with the permission of the Court.

Creditors' right to challenge our remuneration and expenses

If you wish to challenge the basis of our remuneration, the remuneration charged, or the expenses incurred during the period covered by this progress report, you must do so by making an application to Court within eight weeks of receiving this progress report.

Applications by unsecured creditors must be made with concurrence of at least 10% in value of unsecured creditors (including the unsecured creditor making the challenge) or with the permission of the Court.

The full text of the relevant rules can be provided on request by writing to Jeevy Gakhal on One Snowhill, Snow Hill Queensway, Birmingham, B4 6GH.

Appendix 4 Joint Administrators' charging and disbursements policy

Joint Administrators' charging policy

The time charged to the administration is by reference to the time properly given by us and our staff in attending to matters arising in the administration. This includes work undertaken in respect of tax, VAT, employee and pensions (up to 1 March 2020) from KPMG in-house specialists.

Our policy is to delegate tasks in the administration to appropriate members of staff considering their level of experience and requisite specialist knowledge, supervised accordingly, so as to maximise the cost effectiveness of the work performed. Matters of particular complexity or significance requiring more exceptional responsibility are dealt with by senior staff or us.

A copy of "A Creditors' Guide to Joint Administrators' Fees" from Statement of Insolvency Practice 9 ('SIP 9') produced by the Association of Business Recovery Professionals is available at:

<https://www.r3.org.uk/technical-library/england-wales/technical-guidance/fees/more/29113/page/1/guide-to-administrators-fees/>

If you are unable to access this guide and would like a copy, please contact Jeevy Gakhal on 0121 2323495.

Hourly rates

Set out below are the relevant charge-out rates per hour worked for the grades of our staff actually or likely to be involved on this administration. Time is charged by reference to actual work carried out on the administration; using a minimum time unit of six minutes.

All staff who have worked on the administration, including cashiers and secretarial staff, have charged time directly to the administration and are included in the analysis of time spent. The cost of staff employed in central administration functions is not charged directly to the administration but is reflected in the general level of charge-out rates.

Table of charge-out rates

Charge out rates (£) for: Restructuring	
Grade	From 01 Jan 2020 £/hr
Partner	690
Director	620
Senior Manager	560
Manager	467
Senior Administrator	325
Administrator	236
Support	147

The hourly charge-out rates we use might periodically rise over the period of the administration, for example to cover annual inflationary cost increases.

Policy for the recovery of disbursements

We have recovered both Category 1 and Category 2 disbursements from the estate.

For the avoidance of doubt, such expenses are defined within SIP 9 as follows:

Category 1 disbursements: These are costs where there is specific expenditure directly referable to both the appointment in question and a payment to an independent third party. These may include, for example, advertising, room hire, storage, postage, telephone charges, travel expenses, and equivalent costs reimbursed to the officeholder or his or her staff.

Category 2 disbursements: These are costs that are directly referable to the appointment in question but not to a payment to an independent third party. They may include shared or allocated costs that can be allocated to the appointment on a proper and reasonable basis, for example, business mileage.

Category 2 disbursements charged by KPMG Restructuring include mileage. This is calculated as follows:

Mileage claims fall into three categories:

Use of privately-owned vehicle or car cash alternative – 45p per mile.

Use of company car – 60p per mile.

Use of partner's car – 60p per mile.

For all of the above car types, when carrying KPMG passengers an additional 5p per mile per passenger will also be charged where appropriate.

We have incurred the following disbursements (excluding VAT) during the period 7 July 2020 to 3 January 2021.

SIP 9 - Disbursements					
Disbursements	Category 1		Category 2		Totals (£)
	Paid (£)	Unpaid (£)	Paid (£)	Unpaid (£)	
External printing	227.19		NIL		227.19
Meals	21.90		NIL		21.90
Mileage	NIL		105.08		105.08
Postage	733.24		NIL		733.24
Rates	36.00		NIL		36.00
Sundry	240.36		NIL		240.36
Telecommunications	188.49		NIL		188.49
Total	1,447.18		105.08		1,552.26

Please bear in mind that this table includes expenses incurred by KPMG and is therefore unlikely to reconcile with the disbursements shown in the Schedule of Expenses.

We have the authority to pay Category 1 disbursements without the need for any prior approval from the creditors of the Company.

Category 2 disbursements have been approved in the same manner as our remuneration.

Narrative of work carried out for the period 7 July 2020 to 3 January 2021

The key areas of work have been:

Statutory and compliance	gathering initial information from the Company's records in relation to the taxation position of the Company; collating initial information to enable us to carry out our statutory duties, including creditor information, details of assets and information relating to the licences; providing initial statutory notifications of our appointment to the Registrar of Companies, creditors and other stakeholders, and advertising our appointment; issuing regular press releases and posting information on a dedicated web page; preparing statutory receipts and payments accounts; arranging bonding and complying with statutory requirements; dealing with all closure related formalities; ensuring compliance with all statutory obligations within the relevant timescales.
Strategy documents, Checklist and reviews	formulating, monitoring and reviewing the administration strategy, including the decision to trade and meetings with internal and external parties to agree the same; briefing of our staff on the administration strategy and matters in relation to various work-streams; regular case management and reviewing of progress, including regular team update meetings and calls; meeting with management to review and update strategy and monitor progress; reviewing and authorising junior staff correspondence and other work; dealing with queries arising during the appointment; reviewing matters affecting the outcome of the administration; allocating and managing staff/case resourcing and budgeting exercises and reviews; liaising with legal advisors regarding the various instructions, including agreeing content of engagement letters; complying with internal filing and information recording practices, including documenting strategy decisions.
Cashiering	setting up administration bank accounts and dealing with the Company's pre-appointment accounts; preparing and processing vouchers for the payment of post-appointment invoices; creating remittances and sending payments to settle post-appointment invoices; preparing payroll payments for retained staff, dealing with salary related queries and confirming payments with the employee's banks; reconciling post-appointment bank accounts to internal systems; ensuring compliance with appropriate risk management procedures in respect of receipts and payments.
Tax	gathering initial information from the Company's records in relation to the taxation position of the Company; submitting relevant initial notifications to HM Revenue and Customs; reviewing the Company's pre-appointment corporation tax and VAT position; analysing and considering the tax effects of various sale options, tax planning for efficient use of tax assets and to maximise realisations; working initially on tax returns relating to the periods affected by the administration; analysing VAT related transactions; reviewing the Company's duty position to ensure compliance with duty requirements; dealing with post appointment tax compliance.
Shareholders	providing notification of our appointment; responding to enquiries from shareholders regarding the administration; providing copies of statutory reports to the shareholders.
General	reviewing time costs data and producing analysis of time incurred which is compliant with Statement of Insolvency Practice 9; drawing remuneration in accordance with the basis which has been approved by unsecured creditors; locating relevant Company books and records, arranging for their collection and dealing with the ongoing storage.
Asset realisations	collating information from the Company's records regarding the assets; liaising with finance companies in respect of assets subject to finance agreements; liaising with agents regarding the sale of assets; dealing with issues associated with the sale of stock; reviewing outstanding debtors and management of debt collection strategy; reviewing the inter-company debtor position between the Company and other group

	companies.
Property matters	reviewing the Company's leasehold properties, including review of leases; communicating with landlords regarding rent, property occupation and other issues; performing land registry searches.
Sale of business	planning the strategy for the sale of the business and assets, including instruction and liaison with professional advisers; seeking legal advice regarding sale of business, including regarding non-disclosure agreements; collating relevant information and drafting information memorandum in relation to the sale of the Company's business and assets and advertising the business for sale; dealing with queries from interested parties and managing the information flow to potential purchasers, including setting up a data room; managing site visits with interested parties, fielding due diligence queries and maintaining a record of interested parties; carrying out sale negotiations with interested parties.
Health and safety	liaising with health and safety specialists in order to manage all health and safety issues and environmental issues, including ensuring that legal and licensing obligations are complied with; liaising with the Health and Safety Executive regarding the administration and ongoing health and safety compliance.
Open cover insurance	arranging ongoing insurance cover for the Company's business and assets; liaising with the post-appointment insurance brokers to provide information, assess risks and ensure appropriate cover in place; assessing the level of insurance premiums.
Employees	dealing with queries from employees regarding various matters relating to the administration and their employment; dealing with statutory employment related matters, including statutory notices to employees and making statutory submissions to the relevant government departments; holding employee briefing meetings to update employees on progress in the administration and our strategy; administering the Company's payroll, including associated taxation and other deductions, and preparing PAYE and NIC returns; communicating and corresponding with HM Revenue and Customs; dealing with issues arising from employee redundancies, including statutory notifications and liaising with the Redundancy Payments Office; managing claims from employees; ensuring security of assets held by employees.
Pensions	collating information and reviewing the Company's pension schemes; calculating employee pension contributions and review of pre-appointment unpaid contributions; ensuring compliance with our duties to issue statutory notices; ensuring death-in-service cover for employees remains in place; communicating with employees representatives concerning the effect of the administration on pensions and dealing with employee queries.
Creditors and claims	drafting and circulating our proposals; creating and updating the list of unsecured creditors; responding to enquiries from creditors regarding the administration and submission of their claims; reviewing completed forms submitted by creditors, recording claim amounts and maintaining claim records; dealing with suppliers with retention of title claims, including reviewing supporting documentation; agreeing secured claims; arranging distributions to the secured creditors; drafting our progress report.
Investigations/directors	reviewing Company and directorship searches and advising the directors of the effect of the administration; liaising with management to produce the Statement of Affairs and filing this document with the Registrar of Companies; arranging for the redirection of the Company's mail; reviewing the questionnaires submitted by the Directors of the Company; reviewing pre-appointment transactions; submitting the online director conduct assessment to the relevant authority.

Time costs

SIP 9 –Time costs analysis (07/07/2020 to 03/01/2021)

	Hours	Time Cost (£)	Average Hourly Rate (£)
Administration & planning			
Bankrupt/Director/Member			
Notification of appointment	2.50	634.50	253.80
Cashiering			
General (Cashiering)	33.50	9,449.50	282.07
Reconciliations (& IPS accounting reviews)	0.70	227.50	325.00
General			
Books and records	53.05	12,844.45	242.12
Fees and WIP	10.35	3,014.85	291.29
Statutory and compliance			
Appointment and related formalities	43.30	13,909.10	321.23
Appointment documents	2.00	1,380.00	690.00
Bonding & Cover Schedule	0.50	162.50	325.00
Budgets & Estimated outcome statements	9.00	3,161.25	351.25
Checklist & reviews	29.50	14,102.65	478.06
Closure and related formalities	36.58	9,490.55	259.45
Pre-administration checks	1.80	807.60	448.67
Statutory advertising	0.40	58.80	147.00
Strategy documents	25.50	9,533.30	373.85
Tax			
Initial reviews - CT and VAT	15.50	5,577.10	359.81
Post appointment corporation tax	21.25	10,424.95	490.59
Post appointment PAYE (Non Trading)	0.50	162.50	325.00
Post appointment VAT	56.80	21,108.45	371.63
Creditors			
Creditors and claims			
General correspondence	124.75	26,435.05	211.90
Legal claims	0.40	94.40	236.00
Notification of appointment	2.00	650.00	325.00
Pre-appointment VAT / PAYE / CT	4.55	2,217.00	487.25
ROT Claims	6.90	1,414.80	205.04
Secured creditors	0.50	233.50	467.00
Statutory reports	52.90	20,909.40	395.26
Employees			

SIP 9 –Time costs analysis (07/07/2020 to 03/01/2021)

	Hours	Time Cost (£)	Average Hourly Rate (£)
Correspondence	227.30	58,088.55	255.56
Pensions reviews	0.40	58.80	147.00
General analysis			
General Analysis 01	5.00	1,625.00	325.00
Investigation			
Directors			
Correspondence with directors	2.20	323.40	147.00
D form drafting and submission	27.80	8,880.60	319.45
Directors' questionnaire / checklist	6.40	1,127.70	176.20
Statement of affairs	6.60	1,846.85	279.83
Investigations			
Mail redirection	6.70	1,581.20	236.00
Preferences / transactions at undervalue	2.50	1,167.50	467.00
Review of pre-appt transactions	2.25	731.25	325.00
Realisation of assets			
Asset Realisation			
Cash and investments	30.00	5,832.90	194.43
Debtors	32.00	12,813.10	400.41
Health & safety	12.60	3,365.20	267.08
Insurance	13.30	3,142.85	236.30
Intellectual Property	5.50	1,858.50	337.91
Leasehold property	32.30	12,535.30	388.09
Office equipment, fixtures & fittings	14.30	2,102.10	147.00
Other assets	17.70	7,566.00	427.46
Plant and machinery	3.00	975.00	325.00
Pre-Administration Sale of business - preparation	0.75	350.25	467.00
Rent	2.50	367.50	147.00
Sale of business	208.65	79,545.35	381.24
Stock and WIP	1.50	487.50	325.00
Employee Matters / PAYE	4.20	1,365.00	325.00
Negotiations with suppliers / landlords	17.00	2,499.00	147.00
Post trading related matters	4.05	955.80	236.00
Purchases and trading costs	9.95	3,320.20	333.69
Total in period	1,231.18	382,516.10	310.69

Brought forward time (appointment date to SIP 9 period start date) 0.00 0.00

SIP 9 –Time costs analysis (07/07/2020 to 03/01/2021)

	Hours	Time Cost (£)	Average Hourly Rate (£)
SIP 9 period time (SIP 9 period start date to SIP 9 period end date)	1,231.18	382,516.10	
Carry forward time (appointment date to SIP 9 period end date)	1,231.18	382,516.10	

All staff who have worked on this assignment, including cashiers and secretarial staff, have charged time directly to the assignment and are included in the analysis of time spent. The cost of staff employed in central administration functions is not charged directly to the assignment but is reflected in the general level of charge out rates.

All time shown in the above analysis is charged in units of six minutes.

Appendix 5 Summary of Joint Administrators' proposals

It was not possible for the administrators to continue to trade the business and therefore rescuing the Company in accordance with Paragraph 3(1)(a) was not achievable.

Therefore our primary objective was to achieve a better result for the Company's creditors as a whole than would be likely if the Company were wound up, in accordance with Paragraph 3(1)(b).

We proposed the following in our Statement of Proposals dated 26 August 2020:

General matters

to continue to do everything that is reasonable, and to use all our powers appropriately, in order to maximise realisations from the assets of the Company in accordance with the objective as set out above;

to investigate and, if appropriate, to pursue any claims the Company may have;

to seek an extension to the administration period if we consider it necessary.

Distributions

to make distributions to the secured and preferential creditors where funds allow;

to make distributions to the unsecured creditors if funds become available, and to apply to the Court for authority to do so, where applicable.

Ending the administration

We proposed that we may use any or a combination of the following exit route strategies in order to bring the administration to an end:

place the Company into creditors' voluntary liquidation. In these circumstances we propose that we, Chris Pole and Richard Harrison, be appointed as Joint Liquidators of the Company without any further recourse to creditors. If appointed Joint Liquidators, any action required or authorised under any enactment to be taken by us may be taken by us individually or together. The creditors may nominate different persons as the proposed Joint Liquidators, provided the nomination is received before these proposals are approved;

petition the Court for a winding-up order placing the Company into compulsory liquidation and to consider, if deemed appropriate, appointing us, Chris Pole and Richard Harrison, as Joint Liquidators of the Company without further recourse to creditors. Any action required or authorised under any enactment to be taken by us as Joint Liquidators may be taken by us individually or together;

file notice of move from administration to dissolution with the Registrar of Companies if we consider that liquidation is not appropriate because (1) no dividend will become available to creditors, and (2) there are no other outstanding matters that require to be dealt with in liquidation. The Company will be dissolved three months after the registering of the notice with the Registrar of Companies.

Alternatively, we may allow the administration to end automatically.

Joint Administrators' remuneration and pre-administration costs

We proposed that:

our remuneration will be drawn on the basis of time properly given by us and the various grades of our staff in accordance with the fees estimate provided in Appendix 3 and the charge-out rates included in Appendix 5;

disbursements for services provided by KPMG (defined as Category 2 disbursements in Statement of Insolvency Practice 9) will be charged in accordance with KPMG's policy as set out in Appendix 5;

unpaid pre-administration costs be an expense of the administration.

Discharge from liability

We proposed that we would be discharged from liability in respect of any action of ours as Joint Administrators upon the filing of our final receipts and payments account with the Registrar of Companies.

Appendix 6 Glossary

Bank	Clydesdale Bank
Company / Redeem UK / R Realisations 1 Limited	R Realisations 1 Limited (formerly Redeem UK Limited t/a Envirofone) - in Administration
CVL	Creditors' Voluntary Liquidation
Deasil	Deasil Limited
GDPR	General Data Protection Regulation (EU) 2106/679
Joint Administrators/we/our/us	Chris Pole and Richard Harrison
KPMG	KPMG LLP
MNO	Mobile network operator
R Capital	Rcapital Nominees Limited
Redeem Holdings / R Realisations 2	R Realisations 2 Limited (formerly Redeem Holdings Limited – in administration)
Redeem Group	Redeem Holdings Limited – in administration and its subsidiaries
Squires / Lawyers	Squires Patton Boggs (UK) LLP
Tes-amm / the Purchaser	Tes-amm Europe Holdings Limited

TUPE	Transfer of Undertakings (Protection of Employment) Regulations 2006
TSA	Transitional service agreement
Wright Hassall	Wright Hassall LLP

Any references in this progress report to sections, paragraphs and rules are to Sections, Paragraphs and Rules in the Insolvency Act 1986, Schedule B1 of the Insolvency Act 1986 and the Insolvency Rules (England and Wales) 2016 respectively.

Appendix 7 Notice: About this report

This report has been prepared by Chris Pole and Richard Harrison the Joint Administrators of R Realisations 1 Limited (formerly Redeem UK Limited) – in Administration (the ‘Company’) solely to comply with their statutory duty to report to creditors under the Insolvency Rules (England and Wales) 2016 on the progress of the administration, and for no other purpose. It is not suitable to be relied upon by any other person, or for any other purpose, or in any other context.

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

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

Christopher Robert Pole and Richard Harrison are authorised to act as insolvency practitioners by the Institute of Chartered Accountants in England & Wales.

We are bound by the Insolvency Code of Ethics.

The Officeholders are Data Controllers of personal data as defined by the Data Protection Act 2018. Personal data will be kept secure and processed only for matters relating to the appointment. For further information, please see our Privacy policy at – home.kpmg.com/uk/en/home/misc/privacy-policy-insolvency-court-appointments.html.

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

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