

Joint Administrators' progress report from 7 September 2023 to 6 March 2024

Nigel Fredericks Limited (in administration)

High Court of Justice, Business and Property Courts,
Insolvency and Companies List (ChD)
Case no. 7347 of 2018

28 April 2024

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Abbreviations and definitions

The following table shows the abbreviations and insolvency terms that may be used in this report:

| Abbreviation or definition | Meaning |
|---|---|
| Joint Administrators / we / us / our | Rachael Maria Wilkinson and Zelf Hussain |
| Atlantic | Atlantic Risk Management Services Limited |
| Chargeholders | National Westminster Bank Plc, The Royal Bank of Scotland Commercial Services Limited and Lombard North Central Plc (all Secured creditors) |
| Company | Nigel Fredericks Limited – in administration |
| Firm | PricewaterhouseCoopers LLP |
| Insolvency Service | An executive agency of the Department of Business, Energy and Industrial Strategy |
| IR16 | Insolvency (England and Wales) Rules 2016 |
| IA86 | Insolvency Act 1986 |
| Sch.B1 IA86 | Schedule B1 to the Insolvency Act 1986 |
| HMRC | HM Revenue & Customs |
| LTO | Licence to occupy |
| Prescribed part | The amount set aside for unsecured creditors from floating charge funds in accordance with section 176A IA86 and the Insolvency Act 1986 (Prescribed Part) Order 2003 |
| Secured creditors | Creditors with security in respect of their debt, in accordance with section 248 IA86 |
| Preferential creditors | Claims for unpaid wages earned in the four months before the insolvency up to £800, holiday pay and unpaid pension contributions in certain circumstances |
| (the) Purchaser | The Purchaser of the Company's business and assets – Nigel Fredericks Trading Limited - previously in administration, dissolved 15 June 2022 |
| RBS | The Royal Bank of Scotland Commercial Services Limited |
| Unsecured creditors | Creditors who are neither secured nor preferential |

This report has been prepared by Rachael Maria Wilkinson and Zelf Hussain as Joint Administrators of the Company, solely to comply with the Joint Administrators' statutory duty to report to creditors under IR16 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 it is not suitable to be used, to inform any investment decision in relation to the debt of or any financial investment in the Company.

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.

Any person choosing to rely on this report for any purpose or in any context other than under IR16 do so at their own risk. To the fullest extent permitted by law, the Joint Administrators do not assume any liability in respect of this report to any such person.

Please note you should read this report in conjunction with the Joint Administrators' previous reports issued to the Company's creditors, which can be found at www.pwc.co.uk/nigel. Unless stated otherwise, all amounts in this report and appendices are stated net of VAT.

Rachael Maria Wilkinson and Zelf Hussain have been appointed as Joint Administrators of the Company to manage its affairs, business and property as its agents and act without personal liability. Both are licensed in the United Kingdom to act as insolvency practitioners by the Institute of Chartered Accountants in England and Wales. 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>

The Joint Administrators may act as controllers of personal data as defined by UK data protection law depending upon the specific processing activities undertaken. PricewaterhouseCoopers LLP may act as a processor on the instructions of the Joint Administrators. Personal data will be kept secure and processed only for matters relating to the Joint Administrators' appointment. Further details are available in the privacy statement on the PwC.co.uk website or by contacting the Joint Administrators.

PricewaterhouseCoopers LLP is a limited liability partnership registered in England with registered number OC303525. The registered office of PricewaterhouseCoopers LLP is 1 Embankment Place, London WC2N 6RH. PricewaterhouseCoopers LLP is authorised and regulated by the Financial Conduct Authority for designated investment business.

Key messages

Why we've sent you this report

We're writing to update you on the progress of the administration of the Company in the six months since our last report dated 2 October 2023.

You can still view our earlier reports on our website at www.pwc.co.uk/nigel.

How much creditors may receive

The following table summarises the possible outcome for creditors, based on what we currently know.

| Class of creditor | Current estimate (p in £) | Previous estimate (p in £) |
|-------------------------------|--------------------------------------|---------------------------------------|
| Secured creditors | 62 | 62 |
| Preferential creditors | NIL | NIL |
| Unsecured creditors | NIL | NIL |

We don't think the Secured creditors will be fully repaid their lending (totalling £8.7m including amounts owed under the invoice discounting facility) out of their security over the Company's assets.

We don't think there will be any dividend for Preferential creditors because we understand there to be no arrears of wages or unpaid holiday pay due, as all employees transferred to the Purchaser.

We don't think the Company's Unsecured creditors (totalling £8.7m per the Company's statement of affairs) will receive a dividend based on what we know currently.

The Prescribed part provisions do not apply as all realisable assets are secured by floating charges registered prior to 15 September 2003, when the Prescribed part provisions came into force. As such, there are no assets from which to ring-fence the Prescribed part.

What you need to do

This report is for your information and you don't need to do anything.

Overview of what we've done to date

As explained in our earlier reports, we have completed the below listed tasks.

Please note, the below is a summary of the key areas of work following our appointment on 7 September 2018. Full details can be found by reading our earlier reports.

- We completed the sale of the business and assets of the Company for a net consideration of £23k. All employees transferred to the Purchaser.
- We granted the Purchaser a LtO the Company's properties.
- We discussed and arranged the assignment, extension and/or surrender of various property leases with the Purchaser and the relevant landlords.
- We provided reasonable assistance to the Purchaser in the novation of certain agreements and contracts.
- Up to the date of assignment or surrender, we managed the portfolio of properties, collecting licence fees from the Purchaser and paying rent to the landlords.
- We liaised with the Purchaser and the landlord to expedite the sale of the freehold property at 11a Carlisle Road to a third party. Once the sale had been completed, we collected the funds due to the Company into the administration estate.
- We agreed that the Purchaser would collect the book debts and RBS also appointed the debt collection firm Atlantic to monitor and report to RBS on the collection process. During the period of the administration, Atlantic collected a sum of £4.87m.
- We liaised with the Purchaser and DVLA (Driver and Vehicle Licensing Agency) in respect of a number of penalty notices which we received relating to vehicles previously operated by the Company's employees.
- We worked with our legal advisors to take steps to recover the remaining assets from the director's loans account.
- We secured a refund of dividends totalling £35k which had been paid to one of the Company's directors in order to reduce their director's loans account at a point when the Company did not have adequate distributable reserves.
- We pursued refunds of business rates and liaised with specialist agents to explore the possibility of securing further rates refunds.
- We reviewed the conduct of the directors prior to the insolvency of the Company and completed the required statutory submissions to The Insolvency Service.
- We sought and obtained approval from the Secured creditors to fix the basis of our fees and extend the Administration to 6 September 2020.
- We submitted a Terminal Loss Relief claim for the recovery of corporation tax paid prior to the Company's insolvency. A sum of c.£166k was received in a prior reporting period.
- We successfully petitioned to place Mr Nigel Tottman into bankruptcy in respect of the outstanding directors' loans account (see below).
- In February 2021, we transferred a sum of £361k to the bankruptcy trustees of the former director, Mr Nigel Tottman, in respect of the sale of 11a Carlisle Road. These proceeds had previously been held by us as third party funds pending the outcome of the bankruptcy petition.
- We prepared and submitted an application to Court for an extension of the administration which was granted until 6 April 2024.
- We claimed and received a pre-appointment VAT refund of £96k.
- We have continued to fulfil our statutory and regulatory obligations as Joint Administrators of the Company.
- We have made a distribution of £500k to RBS.
- We have sought to extend the administration of the Company to 6 April 2024, by submitting an application to the Court and filing of relevant documents.

We remain in office to realise all assets due to creditors' in relation to the director's loan account. We also continue to work on the s455 tax recovery, and remain in communication with HMRC regarding such. The administration estate is likely to receive a further dividend from the Trustees of the directors bankruptcy estate. As such, the Joint Administrators of the Company applied to Court in order to seek an extension to the administration to 6 April 2026, to allow sufficient time for the matters to be progressed and concluded. This was agreed by the Court on 19 March 2024 and the administration was subsequently extended to 6 April 2026.

When we last reported, the key outstanding matters in the administration were as follows:

- To realise the remaining director's loans asset;
- To complete any recoveries of tax assets;
- To consider if a further extension to the administration is required, and if so make an application to court;
- To reach an agreement with the Chargeholders in respect of the most appropriate exit route from the administration and;
- To make a distribution to the Chargeholders.

We provide an update on progress made in these areas below.

Progress since we last reported

Realisation of assets

Director's loan account

As previously reported, the principal outstanding matter in the administration is the recovery of funds in relation to the director's loan account.

The estate of the former director Mr Nigel Tottman is in bankruptcy with insolvency practitioners from Evelyn Partners LLP (formerly known as Smith and Williamson LLP) appointed as trustees ("the Trustees").

In the period covered by this report we have continued to liaise with the Trustees regarding the progress of the proceedings. The Trustees have notified us that Mr Tottman has marketed his property for sale. Based on the marketing information, the property is expected to realise a lower value than the initial valuation obtained by the Trustees. As such, the funds realised will reduce the amount available to creditors of the bankruptcy, should a sale in the region of the guide price be achieved.

There have been no further realisations in the period covered by this report and we have not received a further dividend during this period.

As previously reported, any return into the administration from the bankruptcy will increase the amounts distributable to the Company's Secured creditors but it remains highly unlikely that the Company's Unsecured creditors will receive a distribution.

Bank Interest Gross

£10,691.57 of bank interest has been realised into the administration estate during the review period.

Tax

As you may recall from our previous reports and further to the above, the Company is awaiting potential funds by way of dividend from the bankruptcy estate of Mr Tottman. If the Company receives the final distribution from the bankruptcy estate, the director's loans will be partially repaid and any outstanding amounts written off.

The Company had made tax payments to HMRC in respect of these loans under Section 455 of the Corporation Tax Act 2010. These tax payments become repayable to the Company 9 months and 1 day after the end of the period when the director's loans are repaid or written off. The amount potentially repayable is thought to be in excess of £300k.

The administration of the Company will likely remain open until this matter is resolved.

Tax return

During the period covered by this report, we prepared and submitted our tax computation for the period 1 October 2022 to 30 September 2023. As per the return, no tax was payable to HMRC in respect of the 1 October 2022 to 30 September 2023 period.

Connected party transactions

There have been no other connected party transactions in the period covered by this report. Further, we confirm that we have not undertaken a sale of any assets to connected parties since appointment and none are expected.

Other issues

Extension of administration

Spencer West LLP were instructed to provide legal support regarding the extension of the administration. Spencer West LLP submitted an application to Court on behalf of the Joint Administrators, requesting that the administration of the Company be extended to 6 April 2026.

Spencer West LLP had also requested that the Court grant the Joint Administrators permission to reduce their reporting requirements from submitting 6 monthly progress reports to annual progress reports. The Court was set to make a decision on 19 March 2024, after the period covered by this report, but for the purposes of this report, we can confirm that the Court has agreed to extend the administration of the Company to 6 April 2026, but that reporting requirements remain to submit six monthly progress reports.

Distribution to chargeholders

The Joint Administrators have distributed £500k to RBS in November 2023. Any further distributions are dependent on the timing and quantum of any further dividend from the Trustees and tax recoveries.

Investigations and actions

Nothing has come to our attention during the period under review to suggest that we need to do any more work in line with our duties under the Company Directors' Disqualification Act 1986 and Statement of Insolvency Practice No.2.

Our receipts and payments account

We set out at Appendix A an account of our receipts and payments in the administration from 7 September 2023 to 6 March 2024.

Our expenses

We set out at Appendix B a statement of the expenses we've incurred to the date covered by this report and an estimate of our future expenses.

The statement excludes any potential tax liabilities that we may need to pay as an administration expense in due course because amounts due will depend on the position at the end of the tax accounting period.

Our fees

We set out at Appendix C an update on our remuneration which covers our fees, disbursements and other related matters in this case.

Creditors' rights

Creditors have the right to ask for more information within 21 days of receiving this report as set out in Rule 18.9 IR16. Any request must be in writing. Creditors can also challenge fees and expenses within eight weeks of receiving this report as set out in Rule 18.34. This information can also be found in the guide to fees at:

<https://www.icaew.com/-/media/corporate/files/regulations/insolvency/creditors-guides/2021/administration-creditor-fee-guide-1-april-2021.ashx?la=en>

You can also get a copy free of charge by telephoning the case team on 0113 289 4000.

What we still need to do

We still need to complete the below tasks before we are in a position to conclude the administration.

- Issue our tax return for FY23 and any subsequent returns required;
- Recover VAT from HMRC by submitting a VAT426;
- Monitor the bankruptcy of the director for any potential asset realisations in the administration;
- Agreeing any claims for recovery of tax assets and submitting those to HMRC, such as the section 455 tax;
- Make a distribution to the Chargeholders
- Deal with the closure of the case.

Next steps

We are currently considering the best strategy for extending the administration, taking into account the assets to be recovered and our statutory duties. We'll provide an update on this in our next report.

We expect to send our next report to creditors at the end of the administration or in about six months, whichever is the sooner.

If you've got any questions, please get in touch with Maham Khan at Maham.kha@pwc.com, or on 0113 289 4000.

Yours faithfully
For and on behalf of the Company



Joint Administrator

Appendix A: Receipts and payments

| Directors' statement of affairs | 7 September 2018 to 6 September 2023 | 7 September 2023 to 6 March 2024 | Total 7 September 2018 to 6 March 2024 |
|---------------------------------------|--|-------------------------------------|--|
| (£) | (£) | (£) | (£) |
| Floating charge | | | |
| Receipts | | | |
| | 23,033.29 | - | 23,033.29 |
| 20,000.00 | 382,200.00 | - | 382,200.00 |
| | 1,068.21 | - | 1,068.21 |
| | 663.52 | - | 663.52 |
| | 4,637.57 | - | 4,637.57 |
| | 237,388.41 | - | 237,388.41 |
| | 27,593.44 | 10,691.57 | 38,285.01 |
| | 35,000.00 | - | 35,000.00 |
| Uncertain | 303,609.62 | - | 303,609.62 |
| Uncertain | - | - | - |
| 150,578.38 | - | - | - |
| | 1,793.22 | - | 1,793.22 |
| | 45,039.40 | - | 45,039.40 |
| | 95,676.32 | - | 95,676.32 |
| | 166,201.10 | - | 166,201.10 |
| Uncertain | 1,323,904.10 | 10,691.57 | 1,334,595.67 |
| Payments | | | |
| | 1,500.00 | - | 1,500.00 |
| | 223,945.85 | - | 223,945.85 |
| | 8,384.86 | - | 8,384.86 |
| | 3,138.56 | - | 3,138.56 |
| | 75.00 | - | 75.00 |
| | 2,303.09 | - | 2,303.09 |
| | 180,000.00 | - | 180,000.00 |
| | 666.91 | - | 666.91 |
| | 3,107.00 | - | 3,107.00 |
| | 1,305.00 | - | 1,305.00 |
| | 76,393.12 | - | 76,393.12 |
| | 13,635.25 | - | 13,635.25 |
| | 628.90 | - | 628.90 |
| | - | 500,000.00 | 500,000.00 |
| | 515,083.54 | 500,000.00 | 1,015,083.54 |

| | | | |
|---|-------------------|---------------------|-------------------|
| Net floating charge receipts | 808,820.56 | (489,308.43) | 319,512.13 |
| VAT control | (16,000.93) | - | (16,000.93) |
| Balance held in interest bearing current account | 792,819.63 | (489,308.43) | 303,511.20 |

Notes

1. Amounts shown exclude VAT. Funds currently held may include monies due to HMRC, or exclude monies which may be received in due course from HMRC, depending on the net VAT and tax position for the submitted periods.
2. Funds are held in an interest bearing bank account with Barclays Bank plc.
3. As explained later in this report, our fees are based on a time cost basis. The receipts and payments account above shows the amount paid to date.
4. There have been no payments made to us, our firm or our associates other than from the insolvent estate as shown in the receipts and payments account provided above.
5. Included within our expenses are those in relation to 'Category 2' disbursements in accordance with the policy explained in Appendix B.
6. The Prescribed part doesn't apply because the realisable assets of the Company are secured in the first instance by the floating charges registered against the Company before 15 September 2003. There are no assets to be captured by the charge registered after 15 September 2003 and so there are no assets from which to ring-fence the Prescribed part.

Appendix B: Expenses

Expenses are amounts properly payable by us as administrators from the estate, but excludes our fees and distributions to creditors.

These include disbursements which are expenses met by and reimbursed to an office holder in connection with an insolvency appointment.

Expenses fall into two categories:

| Expense | SIP 9 definition |
|------------|---|
| Category 1 | Payments to persons providing the service to which the expense relates who are not an associate of the office holder. |
| Category 2 | Payments to our firm or our associates or which have an element of shared costs (for example, photocopying and mileage disbursements, or costs shared between different insolvent estates). |

We don't need approval from creditors to draw Category 1 expenses as these have all been provided by third parties but we do need approval to draw Category 2 expenses. The body of creditors who approve our fees (in this case the Secured creditors) also has the responsibility for agreeing the basis for payment of Category 2 expenses.

The rate for services provided by the Administrators' own firm (Category 2 expenses) may periodically rise (for example to cover annual inflationary cost increases) over the period of the administration. All other disbursements to be charged at cost.

The following table provides a breakdown of the Category 2 expenses incurred in the period, together with details of the Category 1 expenses that have been incurred as disbursements by PwC and will be recharged to the case

| Category | Provided by | Basis of cost | Costs incurred (£) |
|--------------|-------------|--|--------------------|
| 2 | PwC | Photocopying - up to 10 pence per side copied, only charged for circulars to creditors and other bulk copying. | NIL |
| 2 | PwC | Mileage - At a maximum of 64 pence per mile (up to 2,000cc) or 80 pence per mile (over 2,000cc) for petrol/diesel/hybrid; at a maximum of 72 pence per mile for fully electric and at a maximum of 12 pence per mile for a bicycle. | NIL |
| 1 | PwC | Storage costs | 0.56 |
| Total | | | 0.56 |

The expense policy set out above has been approved by Secured creditors.

The table below provides details of all the expenses incurred in the administration:

| | Brought forward from previous period | Incurred in the period under review | Total incurred Cumulative to 6 March 2024 | Estimated future | Anticipated total | Initial estimate | Variance |
|---|--------------------------------------|-------------------------------------|---|------------------|-------------------|------------------|------------------|
| | £ | £ | £ | £ | £ | £ | £ |
| Statement of Affairs cost | 1,500 | - | 1,500 | - | 1,500 | 1,500 | - |
| Irrecoverable VAT | 2,303 | - | 2,303 | - | 2,303 | - | (2,303) |
| Legal fees | 121,864 | 4,500 | 126,364 | - | 126,364 | 12,387 | (113,977) |
| Pre appointment legal fees | 13,585 | - | 13,585 | - | 13,585 | - | (13,585) |
| Legal disbursements | 1,028 | 2,599 | 3,627 | - | 3,627 | 328 | (3,299) |
| Pre appointment legal disbursements | 50 | - | 50 | - | 50 | - | (50) |
| Mileage | 100 | - | 100 | - | 100 | 100 | (0) |
| Travel | 59 | - | 59 | - | 59 | 59 | 0 |
| Printing and postage | 494 | - | 494 | 962 | 1,456 | 1,456 | (0) |
| Insurance | 2,851 | - | 2,851 | - | 2,851 | 4,750 | 1,899 |
| Bonding | 225 | - | 225 | - | 225 | 140 | (85) |
| Professional fees including property agents | 11,492 | - | 11,492 | - | 11,492 | 8,385 | (3,107) |
| Agents' disbursements | 1,305 | - | 1,305 | - | 1,305 | - | (1,305) |
| Corporation Tax | 629 | - | 629 | - | 629 | - | (629) |
| Statutory advertising | 75 | - | 75 | 90 | 165 | 150 | (15) |
| Bank charges | - | - | - | 100 | 100 | 100 | - |
| Land Registry fee | 9 | - | 9 | - | 9 | - | (9) |
| Other office holder expenses | 5 | 1 | 6 | 994 | 1,000 | 1,000 | - |
| Total | 157,574 | 7,100 | 164,674 | 2,346 | 167,020 | 30,355 | (136,665) |

The table also excludes any potential tax liabilities that we may need to pay as an administration expense because amounts becoming due will depend on the position at the end of the tax accounting period.

The table should be read in conjunction with the receipts and payments account at Appendix A, which shows expenses actually paid during the period and the total paid to date.

The brought forward from the previous period is slightly increased as the tax liability that was paid has been included.

Our expenses to date have exceeded the original estimate provided to all creditors before the basis of our fees was fixed for the following reasons.

- The Company's share of property agents' fees in respect of the sale of the Property was higher than initially anticipated. The fee was calculated as a percentage of sale proceeds which exceeded the initial expectation. This increase in property related costs was partially offset by lower insurance costs than originally anticipated.
- The increase in total legal costs is due to the Purchaser's insolvency and the associated costs we incurred in dealing with complexities relating to property leases which were yet to be assigned or surrendered.
- In addition, we have incurred further legal costs in pursuing recoveries from the director's loans account and in applying for the extensions of the administration, including longer than expected dealings with the Court due to Covid-19 and more extensive witness statement requirements. However, we have recovered a sum of c.£45k in legal fees associated with the bankruptcy application (to recover the directors' loans account) as these were treated as an expense of the bankruptcy proceedings.

Appendix C: Remuneration update

Our fees were approved on 18 July 2019 on a time costs basis by the Secured creditors in the period covered by this report we have not billed anything.

The time costs incurred in the period covered by this report were £37,660.50. This brings total time costs incurred from 7 September 2018 to 6 March 2024 to £836,522.30. This amount does not necessarily reflect the total amount which we will eventually draw as fees.

Our time costs have exceeded our initial estimate of £394,496 approved by the Secured creditors for the reasons detailed further in this section. As previously noted, we are not planning to seek further fee approval as we do not anticipate drawing fees above the initial estimate. So far, we have drawn a total of £180,000 plus VAT in respect of our fees and expect to draw a further sum before the administration comes to an end.

Our time costs have exceeded our original estimate in some work categories but are under budget in others. Overall, our time costs have exceeded the estimated budget for the following reasons:

- Extra work in relation to the LTO as a result of the Purchaser going into administration;
- Complexities relating to assigning and surrendering property leases;
- Dealing with a number of legal technicalities in pursuing recoveries from the director's loan;
- Extra work carried out by our tax specialists assessing a number of options for recovery of tax and dealing with HMRC queries;
- Dealing with a number of unexpected DVLA penalty notices as previously reported; and
- The length of time that the above matters involved also meant that the administration had to be extended four times resulting in significantly higher statutory and compliance costs which we had not initially anticipated.
- We set out later in this Appendix details of our work to date, anticipated future work, subcontracted work and payments to associates.

Our hours and average rates

SIP9 for the period 7 September 2023 to 6 March 2024

| Category of work | Partner | Director | Senior Manager | Manager | Senior Associate | Associate/ Other | Offshore Professionals | Total Hours | Total cost (£) | Average hourly rate (£/hour) |
|---|-------------|-------------|----------------|-------------|------------------|------------------|------------------------|-----------------|-------------------|------------------------------|
| Accounting and Treasury | - | - | - | 0.10 | 2.40 | 2.30 | 0.90 | 5.70 | 2,321.00 | 407.19 |
| Assets | - | 0.25 | - | - | 0.15 | - | - | 0.40 | 321.00 | 802.50 |
| Creditors | - | 0.75 | - | 0.10 | 2.60 | - | - | 3.45 | 2,197.00 | 636.81 |
| Employees & Pension | - | - | - | - | - | - | - | - | - | - |
| Statutory and Compliance | - | 1.75 | 1.70 | 4.30 | 19.75 | - | 5.80 | 33.30 | 20,166.50 | 605.60 |
| Strategy and Planning | 0.50 | 0.45 | - | - | 0.85 | - | - | 1.80 | 459.00 | 255.00 |
| Tax and VAT | - | 0.25 | 3.90 | 0.40 | 10.30 | - | - | 14.85 | 12,196.00 | 821.28 |
| Total | 0.50 | 3.45 | 5.60 | 4.90 | 36.05 | 2.30 | 6.70 | 59.50 | 37,660.50 | 632.95 |
| Brought forward as at 6 September 2023 | | | | | | | | 2,135.71 | 798,861.80 | 374.05 |
| Cumulative total as at 6 March 2024 | | | | | | | | 2,195.21 | 836,522.30 | 381.07 |

Below is our cumulative time costs from 7 September 2018 to 6 March 2024 together with a comparison against our initial estimate.

| Category of work | Total hours to 6 March 2024 | Total cost to 6 March 2024 (£) | Average hourly rate (£/hour) | Initial Estimate of total hours | Initial Estimate of total cost (£) | Initial Estimate of average hourly rate (£/hour) | Variance - hours | Variance - cost (£) |
|--------------------------|-----------------------------|--------------------------------|------------------------------|---------------------------------|------------------------------------|--|-------------------|---------------------|
| Accounting and Treasury | 146.50 | 42,137.40 | 287.63 | 83.00 | 20,849.00 | 253.00 | (63.50) | (21,288.40) |
| Assets | 269.17 | 102,638.60 | 381.32 | 229.00 | 80,961.00 | 354.00 | (40.17) | (21,677.60) |
| Creditors | 167.67 | 46,519.85 | 277.45 | 204.00 | 49,073.00 | 241.00 | 36.33 | 2,553.15 |
| Employees & Pension | 36.94 | 13,849.50 | 374.92 | 36.00 | 11,785.00 | 328.00 | (0.94) | (2,064.50) |
| Investigations | 35.75 | 9,954.70 | 278.45 | 47.00 | 11,632.00 | 245.00 | 11.25 | 1,677.30 |
| Statutory and Compliance | 934.78 | 366,445.90 | 392.01 | 403.00 | 127,182.00 | 315.00 | (531.78) | (239,263.90) |
| Strategy and Planning | 151.25 | 49,736.25 | 328.83 | 129.00 | 44,384.00 | 344.00 | (22.25) | (5,352.25) |
| Tax and VAT | 453.15 | 205,240.10 | 452.92 | 144.00 | 48,630.00 | 338.00 | (309.15) | (156,610.10) |
| Total | 2,195.21 | 836,522.30 | 632.95 | 1,275.00 | 394,496.00 | 309.41 | (1,215.50) | (356,835.50) |

Our time charging policy and hourly rates

We and our team charge our time for the work we need to do in the administration. We delegate tasks to suitable grades of staff, taking into account their experience and any specialist knowledge that is needed and we supervise them properly to maximise the cost effectiveness of the work done. Anything complex or important matters of exceptional responsibility are handled by our senior staff or us.

All of our staff who work on the administration (including our cashiers, support and secretarial staff) charge time directly to the case and are included in any analysis of time charged. Each grade of staff has an hourly charge out rate which is reviewed from time to time. Work carried out by our cashiers, support and secretarial staff is charged separately and isn't included in the hourly rates charged by partners or other staff members. Time is charged in six minute units. The minimum time chargeable is three minutes (i.e. 0.05 units). We don't charge general or overhead costs.

We set out below the maximum charge-out rates per hour for the grades of our staff who already or who are likely to work on the administration.

| Grade | From 1 July 2022 £ | From 1 July 2023 £ |
|------------------------------------|-----------------------|-----------------------|
| Partner | 980 | 995 |
| Appointment taking director | 960 | 960 |
| Director (not appointee) | 915 | 915 |
| Assistant director | 900 | 900 |
| Senior manager | 860 | 860 |
| Manager | 730 | 730 |
| Senior associate | 515 | 540 |
| Associate | 375 | 395 |
| Support staff | 130 | 160 |
| Offshore professionals | 375 - 515 | 540 |

We call on colleagues such as those in our Tax, VAT, Real Estate and Pensions departments where we need their expert advice. We may also utilise Technology Specialists from the wider Business Restructuring Services team or other parts of our firm. Their specialist charge-out rates vary but the following are the maximum rates by grade per hour.

| Grade | Up to 30 June 2023 (£) | From 1 July 2023 (£) |
|---------------------------------------|-------------------------------|-----------------------------|
| Partner | 1680 | 1,905 |
| Director | 1540 | 1,745 |
| Senior manager | 1425 | 1,410 |
| Manager | 860 | 1,025 |
| Senior associate/consultant | 640 | 725 - 610 |
| Associate/assistant consultant | 345 | 470 - 330 |
| Support staff | 190 | 350 |
| Offshore professionals | 190 | 220 |

Payments to associates

No payments have been made to associates or any party who could reasonably be perceived as an associate during the period of this report. Relevant parties have been chosen due to their specific area of expertise or technical knowledge and payments to those parties based on standard commercial terms.

Our work in the period

Earlier in this section we have included an analysis of the time spent by the various grades of staff. Whilst this is not an exhaustive list, in the following table we provide more detail on the key areas of work

| Work undertaken | Why the work was necessary | What, if any, financial benefit the work provided to creditors OR whether it was required by statute |
|--|--|--|
| Accounting and treasury | | |
| <ul style="list-style-type: none"> Carrying out periodic bank reconciliations and managing investment of funds Processing receipts, payments and journals Issuing dividend payment of £500k to the RBS in November 2023 | Ensures proper and secure stewardship of funds | Statutory requirement |
| Assets | | |
| <ul style="list-style-type: none"> Liaising with the Trustees in relation to progress with the bankruptcy of the director, and responding to queries | To discharge our duties in respect of the recovery of assets for creditors | Maximising realisations for the creditors |
| Creditors | | |
| <ul style="list-style-type: none"> Reviewing creditor query management system and taking action where appropriate Monitoring the Company's Estimated Outcome Statement following the distribution to the RBS in November 2023 | <p>To ensure correct and efficient processing of creditor details and claims</p> <p>Keeping creditors informed of the progress of the administration</p> | Statutory requirement |
| Statutory and compliance | | |
| <ul style="list-style-type: none"> Preparing and issuing our 6 monthly progress report to creditors members and the Registrar and issuing report to 6 September 2023 Preparing six-monthly case management review Filing all case related documents and correspondence Managing case information database Updating case checklists and diary management system Reviewing and allocating incoming post Maintaining the case website Instructing Spencer West LLP to apply to Court for the extension of the administration to 6 April 2026, and reducing the Joint Administrators reporting requirements Case progression meetings with Joint Administrators | <p>To ensure correct and efficient processing of creditor information</p> <p>Ensuring effective management of the case</p> | Statutory requirement |

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- Providing relevant documents and reviewing witness statements in support of the application to Court for the extension of the administration

Strategy and Planning

- | | | |
|----------------------|---|---|
| • Monitoring budgets | To ensure timely case progression and updates for creditors | Statutory requirement and to minimise the costs of the administration |
|----------------------|---|---|

Tax and VAT

- | | | |
|---|---|-----------------------|
| • Preparing, reviewing and submitting Corporation Tax returns | To discharge our statutory duty as Joint Administrators | Statutory requirement |
| • Reviewing correspondence and liaising with HMRC as required | | |
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Our future work

We still need to do the following work to achieve the purpose of administration.

| Work undertaken | Estimated cost £ | What, if any, financial benefit the work provided to creditors OR whether it was required by statute |
|---|------------------|--|
| Accounting and treasury | | |
| <ul style="list-style-type: none"> Carrying out periodic bank reconciliations and managing investment of funds Issuing further payments to the Secured creditor Processing receipts, payments and journals Bank account closure | 6,963 | Statutory requirement |
| Assets | | |
| <ul style="list-style-type: none"> Liaising with solicitors, the Trustees and the Secured Creditors in respect of recovering the director's loans account Completing the recovery of the directors' loan account and associated tax related work to recover the s455 tax, if the loans are repaid. | 14,708 | Maximising realisations for the creditors |
| Closure | | |
| <ul style="list-style-type: none"> Obtaining fee clearances from third parties Completing closure checklists Closing down internal systems | 5,000 | Indirect benefit to creditors as ensures all expenses covered before final distribution to Secured creditors |
| Creditors | | |
| <ul style="list-style-type: none"> Issuing correspondence to creditors and their representatives as necessary Maintaining a record of creditors' details and claims Receiving and following up creditor enquiries via telephone, email and post Liaising with Secured creditors in respect of their claims and amounts distributable | 9,093 | Statutory requirement Financial benefit to Secured creditors |
| Statutory and compliance | | |
| <ul style="list-style-type: none"> Issuing further progress reports to creditors, members and the Registrar, as required Issuing final account to creditors, members and the Registrar Six monthly case reviews Filing all case related documents and correspondence Updating case checklists and diary management system for statutory purposes | 70,232 | Statutory requirement |

| Strategy and Planning | | |
|--|--------|--|
| <ul style="list-style-type: none"> Monitoring costs against budget Maintaining estimated outcome statement Agreeing strategy with the Secured creditors for the closure of the administration, and taking action accordingly Holding regular team meetings regarding the progression of the administration | 5,507 | Statutory requirement and to minimise the costs of the administration |
| Tax and VAT | | |
| <ul style="list-style-type: none"> Drafting and submitting periodic VAT 426 returns Drafting and submitting annual tax returns Drafting and submitting the final tax return Agreeing any further claims for recovery of tax assets and submitting those to HMRC such as the section 455 tax | 18,294 | Statutory requirement Recovery of tax increases return to Secured creditors |

The estimated future costs have increased as a result of the extension of the administration being granted by the Court.

Our relationships

We have no business or personal relationships with the parties who approve our fees or who provide services to the administration where the relationship could give rise to a conflict of interest.

Details of subcontracted work

There have been no subcontractors in the period.

Legal and other professional firms

We've instructed the following professionals on this case:

| Service provided | Name of firm / organisation | Reason selected | Basis of fees |
|---|---|--------------------------------|--|
| Legal services, including: <ul style="list-style-type: none">Appointment related mattersMatters related to assignment of leases on propertiesSale of business contracts | Shoosmiths LLP | Industry knowledge | Time costs |
| Legal services, including: <ul style="list-style-type: none">Application to Court to extend the administration | Spencer West LLP | Industry knowledge | Time costs |
| Legal services, including: <ul style="list-style-type: none">Recovery of directors' loans accountApplication to Court to extend the administration | BDB Pitmans | Industry knowledge | Time costs |
| Legal Counsel services in relation to: <ul style="list-style-type: none">Recovery of directors' loans account | Max Cole of Ely Place Chambers (instructed by BDB Pitmans on our behalf) | Expertise and competitive fees | Fixed fee |
| Property agents in relation to: <ul style="list-style-type: none">Property valuationMarketing the property and arranging viewingsReviewing offers receivedLiaising with solicitors and interested partiesIssuing heads of terms to relevant parties | Lambert Smith Hampton Group LLP | Industry knowledge | Fixed fee and percentage of realisations |

Appendix E: Other information

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|--|--|
| Court details for the administration: | High Court of Justice, Business and Property Courts of England & Wales, Insolvency & Companies List (ChD) Case number 7347 of 2018 |
| Company's registered name: | Nigel Fredericks Limited |
| Trading name: | Nigel Fredericks Limited |
| Registered number: | 00375784 |
| Registered address: | Central Square, 29 Wellington Street, Leeds, West Yorkshire, LS1 4DL |
| Date of the Joint Administrators' appointment: | 7 September 2018 |
| Joint administrators' names, addresses and contact details: | Rachael Maria Wilkinson of PwC LLP, 3 Forbury Place, 23 Forbury Road, Reading, RG1 3JH Zelf Hussain of PwC LLP, 7 More London Riverside, London, SE1 2RT Telephone: 0113 289 4000 |
| Extension(s) to the initial period of appointment: | <ol style="list-style-type: none">1. Twelve-month extension by creditors' approval to 6 September 2020.2. Twelve-month extension granted by the Court to 6 September 2021.3. Thirty-one month extension granted by the Court to 6 April 2024.4. Twenty-four month extension granted by the Court to 6 April 2026. |
