
Joint administrators' progress report
from 7 September 2019 to 6 March
2020

Nigel Fredricks Limited
(in administration)

1 April 2020

High Court of Justice, Business and Property Courts,
Insolvency and Companies List (ChD)

Case no. 7347 of 2018

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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 |
|--------------------------------|--|
| Administrators / we / us / our | Rachael Maria Wilkinson and Zelf Hussain |
| Atlantic | Atlantic Risk Management Services Limited |
| CDDA | Company Directors Disqualification Act 1986 |
| Charge Holders | National Westminster Bank Plc, RBS Invoice Finance Limited and Lombard North Central Plc (all secured creditors) |
| (the) Company | Nigel Fredericks Limited – in administration |
| firm | PricewaterhouseCoopers LLP |
| The Insolvency Service | An executive agency of the Department for 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 |
| Proposals | Joint Administrators' proposals for achieving the purpose of administration dated 14 September 2018 |
| RBS | The Royal Bank of Scotland Plc - Charge Holder |
| RPS | Redundancy Payments Service, an executive agency sponsored by the Department for Business, Energy & Industrial Strategy, which authorises and pays the statutory claims of employees of insolvent companies under the Employment Rights Act 1996 |
| ROT claims | Claims to retention of title over goods supplied to the Company but not paid for before the Administrators' appointment |
| SIP 16 | Statement of Insolvency Practice 16: Pre-packaged sales in administrations |
| unsecured creditors | Creditors who are neither secured nor preferential |

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 2019.

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 | 60 | 60 |
| Preferential creditors | Nil | Nil |
| Unsecured creditors | Nil | Nil |

(* Please note this guidance on dividends is only an indication and should not be used as the main basis of any bad debt provision or debt trading.

We don't think the secured creditors will be fully repaid their lending (totalling £10.6m per the Company's statement of affairs, including amounts owed under the invoice discounting facility) out of their security over the Company's assets.

There are no preferential creditors as there are no arrears of wages or unpaid holiday pay that we're aware of, 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 any 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.

What you need to do

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

Please note that should you wish to vote in future in relation to any decision procedure during the administration or any subsequent liquidation, or object to a decision sought by deemed consent in the future, you'll need to submit a proof of debt.

A proof of debt form can be downloaded from our website at www.pwc.co.uk/nigel or you can get one by e-mailing nadia.mann@pwc.com or telephoning Nadia Mann on 0113 289 4208.

Overview of what we've done to date

We set out below a summary of the key areas of work following our appointment on 7 September 2018. Please see our previous report for full details of each aspect of this work which is not repeated in this report.

- 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 licence to occupy 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.
- 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. Once the sale had been completed we collected the funds due to the Company into the administration estate.
- We provided reasonable assistance to the Purchaser in the novation of certain agreements and contracts.
- 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.
- We liaised with the Purchaser and DVLA in respect of a number of penalty notices which we received relating to vehicles previously operated by the Company's employees.
- We continued to work with our legal advisors to take steps to recover the remaining assets from the directors' loan 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 loan 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.
- We have continued to fulfil our statutory and regulatory obligations as administrators of the Company.

Please see later in this report for further details of work done in this period and areas of work that are still ongoing.

Progress since we last reported

Asset realisations

Directors' loan account

We have continued to work with our solicitors to pursue the remaining directors' loan accounts. We will update creditors further in our next report.

Book debts owed to RBS

As previously reported, book debts were initially collected by the Purchaser and subsequently by Atlantic. We understand that during the period covered by this report, a further £499,953 has been collected, bringing total book debt collections to £4.9m. We expect that this completes the collection process and, considering the current economic situation, no further recoveries are likely.

Bank interest

We received £2,136.98 of bank interest in the period of this report.

Property matters

Beneficial interest in freehold property

As previously explained, the Company had a beneficial interest in a property at 11a Carlisle Road, London ("Property"), with the remaining part being owned by one of the directors, Mr Nigel Tottman.

Following the sale of the Property in May 2019, we've now completed our reconciliation of proceeds and costs to establish the net amount due to the Company in respect of this sale. We continue to hold Mr Tottman's share of the net proceeds pending recovery of the remaining assets from the directors' loan account.

Leasehold properties

During the period of this report, we have liaised with our solicitors to confirm the landlord's agreement to the surrender of one last property lease. All property leases have now been assigned or surrendered.

Rates refunds

We have followed up with Brent Council on our previous application for a further business rates refund and are awaiting confirmation. We are not aware of any other rates refunds that may be due.

Managing the Company's affairs

VAT

We have continued to prepare and submit the Company's periodic VAT returns and will be applying to de-register the Company from VAT from 1 March 2020.

Tax

We made an application to HMRC for Terminal Loss Relief with the aim of securing a refund to the Company of tax paid prior to the insolvency. We received a number of queries from HMRC following our submissions and are gathering the necessary information to provide a substantive response.

We have continued to explore other options for the recovery of tax assets for the administration estate.

Connected party transactions

We confirm that we have not undertaken a sale of any assets to connected parties and none are expected.

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 in Appendix A an account of our receipts and payments in the administration from 7 September 2019 to 6 March 2020.

Our expenses

We set out in 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 in future as an administration expense because amounts due will depend on the position at the end of each tax accounting period.

Our fees

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

Pre-administration costs

You can find in Appendix D information about the approval of the unpaid pre-administration costs previously detailed in our proposals and our progress reports.

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/technical/insolvency/creditors-guides/2017/administration-creditor-fee-guide-6-april-2017.ashx?la=en>

You can also get a copy free of charge by e-mailing nadia.mann@pwc.com or telephoning Nadia Mann on 0113 289 4208.

What we still need to do

We remain in office for the following purposes:

- To realise the remaining directors' loan asset;
- To deliver our response to HMRC's queries and complete any recoveries of tax assets;
- To reach an agreement with the Charge Holders in respect of the most appropriate exit route from the administration;
- To make a distribution to the Charge Holders; and
- To deal with any matters which may affect the Company following the Purchaser's insolvency, as previously reported.

Whilst we remain in office as administrators, we will also continue to discharge our regular statutory obligations such as submitting tax and VAT returns and issuing further progress reports to creditors every six months.

Next steps

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 have any questions, please get in touch with Nadia Mann at nadia.mann@pwc.com or on 0113 289 4208.

Yours faithfully
For and on behalf of the Company



Rachael Wilkinson
Joint administrator

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 without personal liability. They 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.

Appendix A: Receipts and payments

| Directors' statement of affairs (£) | 7 September 2018 to 6 September 2019 (£) | 7 September 2019 to 6 March 2020 (£) | Total 7 September 2018 to 6 March 2020 (£) |
|--|--|--------------------------------------|--|
| Fixed charge | | | |
| Receipts | | | |
| - | - | - | - |
| Total receipts | - | - | - |
| Payments | | | |
| - | - | - | - |
| Total payments | - | - | - |
| Net fixed charge receipts | - | - | - |
| Floating charge | | | |
| Receipts | | | |
| 20,000 Sale of business | 23,033.29 | - | 23,033.29 |
| 20,000 Sale of Property (Company's beneficial share) | 382,200.00 | - | 382,200.00 |
| Insurance claims and refunds | 781.00 | 287.21 | 1,068.21 |
| Contribution from Purchaser to insurance of properties under LTO | 663.52 | - | 663.52 |
| Sundry debts and refunds | 3,950.85 | - | 3,950.85 |
| LTO receipts | 237,388.41 | - | 237,388.41 |
| Bank interest received gross | 1,748.48 | 2,136.98 | 3,885.46 |
| Refund of dividends previously received by director | 35,000.00 | - | 35,000.00 |
| Uncertain Directors' loans | - | - | - |
| Uncertain Section 455 tax repayable | - | - | - |
| 150,587.38 Prepayments and deposits | - | - | - |
| Total receipts | 684,765.55 | 2,424.19 | 687,189.74 |
| Payments | | | |
| Statement of affairs cost | 1,500.00 | - | 1,500.00 |
| LTO payments including rent and insurance | 223,945.85 | - | 223,945.85 |
| Property agents' fees in respect of sale of Property | 10,061.83 | - | 10,061.83 |
| Insurance | 3,138.56 | - | 3,138.56 |
| Statutory advertising | 75.00 | - | 75.00 |
| Irrecoverable VAT | 0.05 | - | 0.05 |
| Office holders' fees | - | 100,000.00 | 100,000.00 |
| Office holders' expenses | - | 662.26 | 662.26 |
| Agents' fees | 2,457.00 | 650.00 | 3,107.00 |
| Agents' disbursements | - | 1,305.00 | 1,305.00 |
| Legal fees and expenses | - | 8,714.50 | 8,714.50 |
| Total payments | 241,178.29 | 111,331.76 | 352,510.05 |
| Net floating charge receipts | 443,587.26 | (108,907.57) | 334,679.69 |
| VAT receivable | (6,281.58) | (16,929.01) | (23,210.59) |
| Third party funds re sale of Property (N.Tottman's share) | 362,202.24 | - | 362,202.24 |
| Balance held in interest bearing current account | 799,507.92 | (125,836.58) | 673,671.34 |

As mentioned previously, the book debts are being collected by a third party (Atlantic) and the realisations will be covered by RBS's invoice discounting facility. During the period covered by this report a total of £499,953.47 has been collected.

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.

All figures are net of VAT unless otherwise stated.

Appendix B: Expenses

The following table provides details of our expenses. Expenses are amounts properly payable by us as administrators from the estate and include our fees but exclude distributions to creditors. 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 each 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.

| | Brought forward from previous period £ | Incurring in the period under review £ | Total incurred to 6 March 2020 £ | Estimated future £ | Anticipated total £ | Initial estimate £ | Variance £ |
|--|---|---|-------------------------------------|-----------------------|------------------------|-----------------------|-------------------|
| Statement of affairs cost | 1,500.00 | - | 1,500.00 | - | 1,500.00 | 1,500.00 | - |
| Irrecoverable VAT | 0.05 | - | 0.05 | - | 0.05 | 0.05 | - |
| Legal fees | 35,142.07 | 10,405.50 | 45,547.57 | 3,500.00 | 49,047.57 | 12,387.44 | 36,660.13 |
| Legal disbursements | 328.22 | - | 328.22 | 600.00 | 928.22 | 328.22 | 600.00 |
| Mileage | 100.00 | - | 100.00 | - | 100.00 | 100.00 | - |
| Travel | 58.60 | - | 58.60 | - | 58.60 | 58.60 | - |
| Printing and postage | 494.24 | - | 494.24 | 961.85 | 1,456.09 | 1,456.09 | - |
| Insurance | 3,138.56 | (287.21) | 2,851.35 | - | 2,851.35 | 4,750.02 | (1,898.67) |
| Bonding | 225.00 | - | 225.00 | - | 225.00 | 140.00 | 85.00 |
| Professional fees including property agents | 12,518.83 | 650.00 | 13,168.83 | - | 13,168.83 | 8,384.86 | 4,783.97 |
| Agents' disbursements | - | 1,305.00 | 1,305.00 | - | 1,305.00 | - | 1,305.00 |
| Statutory advertising | 75.00 | - | 75.00 | 75.00 | 150.00 | 150.00 | - |
| Bank charges | - | - | - | 100.00 | 100.00 | 100.00 | - |
| Land Registry fee | 6.00 | 3.00 | 9.00 | - | 9.00 | - | 9.00 |
| Office holders' fees | 363,874.00 | 72,509.30 | 436,383.30 | 20,000.00 | 456,383.30 | 394,496.00 | 61,887.30 |
| Office holders' disbursements excluding mileage, travel, Land Registry, printing and postage | - | 1.83 | 1.83 | 998.17 | 1,000.00 | 1,000.00 | - |
| Other expenses | - | - | - | 1,000.00 | 1,000.00 | 1,000.00 | - |
| Total | 417,460.57 | 84,587.42 | 502,047.99 | 27,235.02 | 529,283.01 | 425,851.28 | 103,431.73 |

Rental costs and any associated insurance paid to the landlords have not been included in the above table as these were passthrough costs recharged to the Purchaser under the LTO.

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 complexities relating to assigning and surrendering property leases, as well as pursuing directors' loan accounts and a number of technical tax matters, have contributed to an increase in our fees compared with our initial estimate. However, this amount does not necessarily reflect the total amount which we will eventually draw as fees.
- The length of time that the above matters involved also meant that the administration had to be extended, resulting in further statutory and compliance costs which we had not initially anticipated.
- 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.
- We also incurred a Land Registry charge which we had not anticipated while dealing with property related matters.
- 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, further legal costs were incurred in pursuing recoveries from the directors' loan accounts.
- The cost of bonding was slightly understated in our remuneration report.

Appendix C: Remuneration update

Our fees were approved on 18 July 2019 on a time costs basis by the Charge Holders. In the period covered by this report we have drawn fees of £100,000 in line with the approval given, as shown on the enclosed receipts and payments account.

The time costs incurred in the period covered by this report were £72,782. This brings total time costs incurred from 7 September 2018 to 6 March 2020 to £436,383. 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. We are not planning to seek further fee approval as we do not anticipate to draw fees at this level.

We set out later in this Appendix details of our work to date, anticipated future work, disbursements and any subcontracted work.

Our hours and average rates

From 7 September 2019 to 6 March 2020

During the period covered by this report we incurred the following time costs.

| <i>Category of work</i> | <i>Hours incurred 7 September 2019 to 6 March 2020</i> | <i>Time costs incurred 7 September 2019 to 6 March 2020</i> | <i>Average hourly rate (£/hour)</i> |
|--------------------------|--|---|---|
| Statutory and compliance | 74.30 | 23,544 | 317 |
| Assets | 10.80 | 4,578 | 424 |
| Creditors | 3.35 | 925 | 276 |
| Tax and VAT | 78.35 | 34,186 | 436 |
| Strategy and planning | 12.65 | 4,383 | 346 |
| Accounting and treasury | 17.15 | 4,906 | 286 |
| Employees and pensions | 0.30 | 199 | 663 |
| Investigations | 0.20 | 62 | 310 |
| Total | 197.10 | 72,782 | 369 |

Total from 7 September 2018 to 6 March 2020

We provide below a summary of all our time costs incurred from our appointment to 6 March 2020 with a comparison to our original fees estimate.

| Category of work | Total hours to 6 March 2020 | Total cost to 6 March 2020 (£) | Average hourly rate (£/hour) | Estimate of total hours | Estimate of total cost (£) | Estimate of average hourly rate (£/hour) | Variance - hours | Variance - cost (£) |
|--------------------------|-----------------------------|--------------------------------|------------------------------|-------------------------|----------------------------|--|------------------|---------------------|
| Statutory and compliance | 498 | 157,151 | 316 | 403 | 127,182 | 315 | 95 | 29,969 |
| Assets | 242 | 88,424 | 365 | 229 | 80,961 | 354 | 13 | 7,463 |
| Creditors | 141 | 33,728 | 239 | 204 | 49,073 | 241 | (63) | (15,345) |
| Tax and VAT | 232 | 89,049 | 383 | 144 | 48,630 | 338 | 88 | 40,419 |
| Strategy and planning | 96 | 28,384 | 295 | 129 | 44,384 | 344 | (33) | (16,001) |
| Accounting and treasury | 88 | 20,311 | 232 | 83 | 20,849 | 253 | 5 | (539) |
| Employees and pensions | 28 | 9,372 | 338 | 36 | 11,785 | 328 | (8) | (2,413) |
| Investigations | 36 | 9,965 | 279 | 47 | 11,632 | 245 | (11) | (1,667) |
| Total | 1,361 | 436,383 | 321 | 1,274 | 394,496 | 310 | 87 | 41,887 |

Our time costs have exceeded our original estimate in three work categories but came under budget in the remaining categories. 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 directors' 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, resulting in further statutory and compliance costs which we had not initially anticipated.

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 required, 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 by 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 for 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 hours). 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 have already worked or who are likely to work on this assignment.

From 1 July 2019 to 30 June 2020

| <i>Grade</i> | <i>Maximum rate per hour (£)</i> |
|---------------------|---|
| Partner | 690 |
| Director | 595 |
| Senior Manager | 515 |
| Manager | 405 |
| Senior Associate | 310 |
| Associate | 210 |
| Support staff | 120 |

We call on colleagues in our Tax, VAT, Real Estate and Pensions departments where we need their expert advice. Their specialist charge-out rates vary but the following are the maximum rates by grade per hour.

From 1 July 2019 to 30 June 2020

| <i>Grade</i> | <i>Specialist maximum rate per hour (£)</i> |
|---------------------|--|
| Partner | 1,520 |
| Director | 1,395 |
| Senior Manager | 1,290 |
| Manager | 775 |
| Senior Associate | 575 |
| Associate | 305 |
| Support staff | 250 |

In common with many professional firms, our scale rates may rise to cover annual inflationary cost increases.

Payments to associates

We have not made any payments to associates during the period covered by this report and no such payments are expected in future.

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.

| Area of work | Work undertaken | Why the work was necessary | Any financial benefit to creditors / or required by statute? |
|--|--|--|--|
| Strategy and planning | Preparing case budgets and monitoring costs | To ensure the efficient management of the case | Controlling the cost of the administration |
| | Reviewing costs incurred and agreeing revenue allocation between the teams involved in the case Updating estimated outcome statement | | |
| Creditors | Holding regular team meetings regarding the status of the administration Updating checklists and diary management system <input type="checkbox"/> | To understand the expected financial outcome for creditors and deal with issues arising | Establishing outcome for creditors |
| | Processing and filing proofs of debt Maintaining a record of creditors' claims and contact details Receiving and following up creditor enquiries via telephone, email and post | Keeping creditors informed of the progress of the administration To ensure correct and efficient processing of creditor claims <input type="checkbox"/> | Statutory requirement |
| Assets | Issuing communications to the Purchaser and the landlord regarding the surrender of the final lease | To discharge our duties in respect of the Company's assets including their insurance | Maximising realisations for the creditors |
| | Liaising with Atlantic to monitor the realisation of book debts | | Statutory requirement |
| | Communication with the director and the Secured Creditor in respect of loan account recoveries | | |
| | Liaising with solicitors to prepare and submit a petition for the bankruptcy of one of the directors Liaising with insurers regarding ongoing insurance of assets | | |
| Investigations | Reviewing information to ensure no further matters to address under the CDDA and SIP2 requirements | To discharge our statutory obligations | Statutory requirement |
| Accounting and treasury | Processing receipts, payments and journals <input type="checkbox"/> | Ensures proper and secure stewardship of funds | Statutory requirement |
| | Carrying out periodic bank reconciliations and managing investment of funds | | |
| Statutory and compliance <input type="checkbox"/> | Issuing our second progress report to creditors, members and the Registrar | Keeping creditors informed of the administration | Statutory requirement |
| | Filing all case related documents and correspondence | Ensuring effective management of the case | |
| | Managing case information database | | |
| | Updating case checklists and diary management system | | |
| | Reviewing and allocating incoming post | | |
| | Planning for future treatment of stored electronic Company data | | |
| | Screening case payees in respect of potential sanctions | | |
| Tax and VAT | Drafting and submitting periodic VAT returns | To discharge our statutory duty as administrators | Statutory requirement |
| | Consulting with VAT specialists in relation to the treatment of certain more complex receipts and payments | | |
| | Drafting request to HMRC for de-register the Company for VAT | | |
| | Issuing post-appointment corporation tax returns | | |
| | Liaising with HMRC as required | | |
| | Gathering further information to draft a substantive response to HMRC's queries | | |
| Employees and pensions <input type="checkbox"/> | Assessing with tax specialists a number of further tax recovery options | Tax recoveries increase realisations for creditors | To maximise realisations for creditors |
| | Reviewing case prospects to establish whether the Nortel / Lehman pension provisions apply | To discharge our duty as administrators in respect of pensions | Statutory requirement |

Our future work

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

| Area of work | Work undertaken | Why the work is necessary | Any financial benefit to creditors / or required by statute? |
|--|---|---|---|
| Strategy and planning | <ul style="list-style-type: none"> Monitoring costs against budget Maintaining estimated outcome statement Agreeing strategy with the Secured Creditor for the closure of the administration Holding regular team meetings regarding the progression of the administration Updating checklists and diary management system <input type="checkbox"/> | To ensure efficient management of the case | Statutory requirement and to minimise the costs of the administration |
| Creditors | <ul style="list-style-type: none"> Issuing correspondence to creditors and their representatives as necessary Processing and filing proofs of debt 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 Paying a distribution to secured creditors | <ul style="list-style-type: none"> Keeping creditors informed of the progress of the administration To ensure correct and efficient processing of creditor claims <input type="checkbox"/> To discharge our duty as administrators | <ul style="list-style-type: none"> Statutory requirement Financial benefit to secured creditors |
| Assets | <ul style="list-style-type: none"> Liaising with Atlantic to monitor the realisation of book debts until completion Communication with the solicitors and the Secured Creditor in relation to the director's bankruptcy Completing the recovery of the directors' loan account assets Completing any leasehold property related matters arising from the Purchaser's insolvency, if required Finalising any insurance matters and cancelling the cover | <ul style="list-style-type: none"> To discharge our duties in respect of the Company's assets Recovering value for the administration estate | Maximising realisations for the creditors |
| Investigations | <ul style="list-style-type: none"> Dealing with any matters arising following the submission of the CDDA return, if necessary | To discharge our statutory obligations | Statutory requirement |
| Accounting and treasury | <ul style="list-style-type: none"> Processing receipts, payments and journals <input type="checkbox"/> Carrying out periodic bank reconciliations and managing investment of funds Closing the administration bank account | Ensures secure stewardship of funds | Statutory requirement |
| Statutory and compliance <input type="checkbox"/> | <ul style="list-style-type: none"> Issuing further progress reports to creditors and the Registrar, as required Issuing final account to creditors, members and the Registrar Filing all case related documents and correspondence Updating case checklists and diary management system | <ul style="list-style-type: none"> Keeping creditors informed of the administration To ensure effective management of the case | Statutory requirement |
| Tax and VAT | <ul style="list-style-type: none"> Submitting final quarterly VAT return De-registering the Company for VAT purposes Drafting and submitting periodic VAT 426 returns Drafting and submitting periodic tax returns Calculating and submitting a Terminal Loss Relief claim to HMRC Drafting and submitting the final tax return and obtaining corporation tax clearance Agreeing any further claims for recovery of tax assets and submitting those to HMRC, if applicable | <ul style="list-style-type: none"> To discharge our duties as administrators Recovery of tax increases return to secured creditors | <ul style="list-style-type: none"> Statutory requirement To maximise return to creditors |
| Employees and pensions <input type="checkbox"/> | <ul style="list-style-type: none"> Dealing with any pensions or employee queries, if required Issuing final statutory pensions notices | To discharge our duty as administrators in respect of pensions and employees | Statutory requirement |
| Closure | <ul style="list-style-type: none"> Obtaining fee clearances from third parties Completing closure checklists Closing down internal systems | To ensure orderly closure of the case | Statutory requirement |

Disbursements

We don't need to get approval to draw expenses or disbursements unless they are for shared or allocated services provided by our own firm, including room hire, document storage, photocopying, communication facilities. These types of expenses are called "Category 2" disbursements and they must be directly incurred on the case, subject to a reasonable method of calculation and allocation and approved by the same party who approves our fees.

Our expenses policy allows for all properly incurred expenses to be recharged to the administration and has now been approved by the secured creditors where required.

The following disbursements arose in the period of this report.

| Category | Policy | Costs incurred £ |
|----------|--|---------------------|
| 2 | Photocopying - at 10 pence per sheet copied, only charged for circulars to creditors and other bulk copying | - |
| 2 | Mileage - At a maximum of 71 pence per mile (up to 2,000cc) or 93 pence per mile (over 2,000cc) | - |
| 1 | Storage – at cost | 1.83 |
| 1 | Land Registry fee – at cost | 3.00 |
| | Total | 4.83 |

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

As previously reported, whilst we have not subcontracted any work directly, RBS appointed the debt collection firm Atlantic to collect book debts on its behalf, as the debts are subject to RBS's invoice discounting facility. We continued to liaise with Atlantic to monitor these collections for the purposes of the administration.

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 matters;• sale of business contract; and• matters related to assignment of leases on properties | Shoosmiths LLP | Industry knowledge | Time costs |
| Legal services in relation to recovery of directors' loan asset | BDB Pitmans | Industry knowledge | Time costs |
| Property agents - work includes: <ul style="list-style-type: none">• property valuation;• marketing the property and arranging viewings;• reviewing offers received;• liaising with solicitors and interested parties; and• issuing heads of terms to relevant parties. | Lambert Smith Hampton Group LLP | Industry knowledge | Fixed fee and percentage of realisations |

Appendix D: Pre-administration costs

The following table summarises costs incurred before our appointment with a view to the Company going into administration, as previously reported.

| Nature of costs | Amount (£) |
|---|-------------------|
| Fees charged by the administrators | 77,703.25 |
| Expenses incurred by the administrators, including legal fees, as per our proposals | 19,607.40 |
| Fees charged by other persons qualified to act as an insolvency practitioner | - |
| Expenses incurred by other persons qualified to act as an insolvency practitioner | - |
| Total | 97,310.65 |

Of the £77,703.25 incurred by us, £27,809 was paid prior to our appointment.

As explained previously, we did not intend to seek approval for our own unpaid costs to be paid as an expense of the administration. However, we did seek approval for the payment of legal fees.

As a result, the legal fees and disbursements of £19,607.40 incurred before our appointment were approved for payment by the secured creditors on 18 July 2019. This payment will be made in due course.

Appendix E: Other information

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|---|--|
| Court details for the administration: | High Court of Justice Business and Property Courts of England and 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 PricewaterhouseCoopers LLP, 3 Forbury Place, 23 Forbury Road, Reading, RG1 3JH Zelf Hussain of PricewaterhouseCoopers LLP, 7 More London Riverside, London, SE1 2RT Email for contact: nadia.mann@pwc.com |
| Extension(s) to the initial period of appointment: | Twelve-month extension granted to 6 September 2020 |
