

Joint administrators' progress report from 7 March 2021 to 6 September 2021

Nigel Fredericks Limited (in administration)
(in administration)

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

Case no. 7347 of 2018

4 October 2021

Table of contents

Abbreviations and definitions	3
Key messages	5
Overview of what we've done to date	6
Appendix A: Receipts and payments	10
Appendix B: Expenses	12
Appendix C: Remuneration update	14
Appendix D: Pre-administration costs	22
Appendix E: Other information	23

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	Companies 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
Unsecured creditors	Creditors who are neither secured nor preferential

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 30 March 2021.

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. 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	67	60
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.

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 £8.5m 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.

Extension of the administration

In the reporting period, the administration was extended by Order of the Court to 6 April 2024. The sole reason for the extension is to allow further time for the recovery of assets.

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 harmeet.s.harish@pwc.com or telephoning Harmeet S Harish on 0113 289 4000.

Overview of what we've done to date

Progress made to date

We set out below a summary of the key areas of work following our appointment on 7 September 2018. Full details of each aspect can be found in 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 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
- 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. 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 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 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 petitioned the Court to place Mr Nigel Tottman into bankruptcy in respect of the outstanding directors' loan 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 been held by us as third party funds pending the outcome of the bankruptcy.
- We prepared and submitted an application to Court for an extension of the administration which was granted until 6 April 2024.
- We have continued to fulfil our statutory and regulatory obligations as administrators of the Company.

Progress since we last reported

Asset realisations

Directors loan account

As detailed in earlier reports, this remains the primary outstanding matter in the administration. In the previous reporting period, the High Court of Justice issued a bankruptcy order against former director Mr Nigel Tottman with insolvency practitioners from Smith and Williamson LLP having been appointed as trustees in the bankruptcy proceedings. The bankruptcy trustees have advised that they are still in the early stages with regards to asset tracing and realising the value in Mr Tottman's property. We are awaiting confirmation from the bankruptcy trustees as to the likely return. Any return from the bankruptcy will increase the amounts distributable to the secured creditors.

We continue to engage with the bankruptcy trustees to resolve outstanding issues and expedite settlement of outstanding debts owed to the Company. Our previous strategy was to assign this asset to the secured creditor. However due to the complexities and the associated costs of the Company's tax position (see below), we no longer consider this strategy would lead to the best outcome for creditors.

Managing the Company's affairs

VAT

The Company has deregistered for VAT with effect from 1 May 2020. VAT incurred after deregistration will be recovered via a VAT426 form.

Having carried out a review of our records from early on in the administration, we are seeking to reclaim around £100k in relation to VAT paid by the Company prior to our appointment and are currently in communication with HMRC regarding this.

Tax

The Company is currently awaiting a repayment of corporation tax from HMRC following a terminal loss claim to carry back tax losses to pre-appointment periods. We are in communication with HMRC to expedite the payment of this claim but we do not yet know when it will be made. Based on current estimates, the amount repayable is thought to be c.£175k, though the precise amount remains subject to change.

As outlined above, the Company is also awaiting a payment from the bankruptcy estate of Mr Tottman. Once the Company receives the final distribution from the bankruptcy estate, the 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 9 months and 1 day after the end of the period when the directors loan is repaid or written off. The amount potentially repayable is still not confirmed but could be in excess of £300k. These issues are actively being progressed by our specialist tax staff who ensure that the Company is able to recover the above assets whilst ensuring that we are able to comply with UK tax legislation.

Extension to administration period

The administration was previously due to end on 6 September 2021. We prepared and submitted an application to the Court to extend the administration and it was granted by the Court by an Order on 18 August 2021. The administration is now due to end on 6 April 2024.

A summary of our reasons for extending the administration has been provided below.

- The timeline to recover the outstanding directors' loan account will extend beyond 6 September 2021 thereby delaying any further distribution to secured creditors. We are able to actively engage with the bankruptcy trustees to ensure that the bankruptcy proceedings are progressed in a timely manner.
- Making a claim for terminal loss relief has so far been a complex process with a number of enquiries raised by HMRC. Remaining in office means that our specialist staff, given their knowledge of the Company, will be able to deal with any further questions and ensure that the refund is received by the Company.

- Repayment of the Section 455 tax paid on the directors' loan account to the Company will become repayable 9 months and 1 day after the end of the period when the directors' loan is repaid / written off. Based on the current estimate provided by the bankruptcy trustees, this will extend beyond 6 September 2021.
- Whilst it is possible for the directors' loan balance to be assigned to the secured creditors, having consulted with tax specialists, assigning the Section 455 tax paid to HMRC is likely to be a lengthy process with no guarantee that HMRC will agree to such an arrangement, due to the complexities involved. We believe that it is therefore more cost effective to extend the administration, so that these amounts can be recovered by the Company directly.
- We have been unable to identify any material prejudice which the Company's creditor would suffer by the Company remaining in administration.

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 March 2021 to 6 September 2021.

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 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 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 guides to fees at:

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

What we still need to do

We remain in office for the following purposes:

- To realise the remaining director's loan asset;
- To complete any recoveries of tax and VAT assets;
- To reach an agreement with the Charge Holders in respect of the most appropriate exit route from the administration; and
- To make a distribution to the Charge Holders.

Whilst we remain in office as administrators, we will also continue to discharge our regular statutory obligations such as submitting tax returns, dealing with any VAT matters and issuing further progress reports to creditors annually.

Next steps

We expect to send our next report to creditors at the end of the administration or in about 6 months, whichever is sooner.

If you have any questions, please get in touch with Harmeet Harish at harmeet.s.harish@pwc.com or on 0113 289 4000.

Yours faithfully
For and on behalf of the Company

A handwritten signature in black ink, appearing to be 'RW', with a long horizontal stroke extending to the right.

Rachael Wilkinson
Joint administrator

Appendix A: Receipts and payments

Directors' statement of affairs (£)	Total 7 September 2018 to 6 March 2021 (£)	7 March 2021 to 6 September 2021 (£)	Total 7 September 2018 to 6 March 2021 (£)
Fixed charge			
Receipts			
-	-	-	-
Total receipts	-	-	-
Payments			
-	-	-	-
Total payments	-	-	-
Net fixed charge receipts	-	-	-
Floating charge			
Receipts			
	23,033.29	-	23,033.29
20,000	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
	3,994.30	-	3,994.30
	35,000.00	-	35,000.00
Uncertain	-	-	-
Uncertain	-	-	-
150,587.38	-	-	-
	1,793.22	-	1,793.22
Total receipts	689,778.52	-	689,778.52
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
	0.05	-	0.05
	100,000.00	-	100,000.00
	662.26	-	662.26
	3,107.00	-	3,107.00
	1,305.00	-	1,305.00
	55,538.90	2,868.00	58,406.90
	37.81	299.06	336.87
Total payments	397,695.29	3,167.06	400,862.35
Net floating charge receipts	292,083.23	(3,167.06)	288,916.17
VAT receivable	(11,578.72)	(573.60)	(12,152.32)
Balance held in interest bearing current account	280,504.51	(3,740.66)	276,763.85

Notes

1. Funds are held in an interest bearing bank account with Barclays Bank plc.
2. As mentioned previously, the book debts were being collected by a third party (Atlantic) and these realisations will be covered by RBS's invoice discounting facility.
3. 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.

4. As explained later in this report, our fees are based on a time cost basis.
5. Included within our expenses is £118.38 paid in total, in relation to 'Category 2' disbursements in accordance with the policy explained in Appendix B.
6. All figures are net of VAT unless otherwise stated. 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.

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 have the responsibility for agreeing the policies for payment of Category 2 expenses.

The following table provides a breakdown of the Category 2 expenses have been incurred by us as administrators or our associates, together with details of the Category 1 expenses that have been incurred by PwC and will be recharged to the case in the reporting period:

Category	Costs incurred by	Policy	Costs incurred £
• 2	PwC	Photocopying - up to 10 pence per side copied, only charged for circulars to creditors and other bulk copying.	-
• 2	PwC	Mileage - At a maximum of 71 pence per mile (up to 2,000cc) or 80pence per mile (over 2,000cc)	-
• 1	PwC	Other expenses - all other disbursements reimbursed at cost	-
Total			-

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

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

	Brought forward from previous period	Incurred in the period under review	Total incurred to 6 September 2021	Estimated future	Anticipated total	Initial estimate	Variance
	£	£	£	£	£	£	£
Statement of affairs cost	1,500	-	1,500	-	1,500	1,500	-
Irrecoverable VAT	0	-	0	-	0	0	-
Legal fees	125,758	9,741	135,499	8,000	143,499	12,387	131,112
Legal disbursements	1,028	-	1,028	-	1,028	328	700
Mileage	100	-	100	-	100	100	-
Travel	59	-	59	-	59	59	-
Printing and postage	494	-	494	962	1,456	1,456	-
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
Statutory advertising	75	-	75	75	150	150	-
Bank charges	-	-	-	100	100	100	-
Land Registry fee	9	-	9	-	9	-	9
Other expenses	-	-	-	1,000	1,000	1,000	-
Total	144,896	9,741	154,637	10,137	164,774	30,355	134,419

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 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 loan 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 can expect to recover an element of the legal fees (c.£45k) associated with the bankruptcy application (to recover the directors' loan account) as these are likely to be 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 Charge Holders. We have not drawn any fees in the period covered by this report.

The time costs incurred in the period covered by this report were £99,659. This brings total time costs incurred from 7 September 2018 to 6 September 2021 to £654,583. 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 drawing fees above the initial estimate. So far, we have drawn a total of £100k plus VAT in respect of our fees and expect to draw a further sum in fees before the administration comes to an end. Our time costs have exceeded our original estimate in some work categories but came under budget in some 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 three times resulting in further 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 and any subcontracted work.

Our hours and average rates

In our previous reports, we only provided a breakdown of our hours, time costs and average hourly rates incurred split by work category. In order to comply with Statement of Insolvency Practice 9 ("SIP9"), we now show a full breakdown of the hours, costs and average hourly rates split by both category of work and grades. We have presented this information for both the reporting period and the brought forward from the date of our appointment to 6 March 2021.

Total from 7 September 2018 to 6 March 2021

Category of work	Partner	Director	Senior Manager	Manager	Senior Associate	Associate/ Other	Hours	Total Cost (£)	Average Hourly Cost (£)
Accounting and Treasury	-	-	0.15	9.80	46.50	58.65	115.10	29,216.95	253.84
Assets	1.00	49.25	1.95	81.90	102.50	25.67	262.27	98,452.35	375.39
Creditors	-	6.25	1.00	13.55	65.40	63.87	150.07	35,628.60	237.41
Employees and Pensions	-	-	4.80	4.80	14.95	7.04	31.59	10,831.20	342.87
Investigations	-	0.25	0.85	3.25	27.15	4.25	35.75	9,954.75	278.45
Statutory and Compliance	11.00	37.50	18.65	101.05	332.00	120.28	620.48	206,234.90	332.38
Strategy and Planning	0.20	-	2.15	31.10	70.80	17.05	121.30	36,452.50	300.52
Tax and VAT	0.55	1.00	17.80	64.10	114.85	123.75	322.05	128,152.85	397.93
Grand Total	12.75	94.25	47.35	309.55	774.15	420.56	1,658.61	554,924.10	334.57

From 7 March 2021 to 6 September 2021

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

Category of work	Partner	Director	Senior Manager	Manager	Senior Associate	Associate/ Other	Hours	Total Cost (£)	Average Hourly Cost (£)
Accounting and Treasury	-	-	-	1.85	8.90	0.50	11.25	4,488.75	399.00
Assets	-	0.50	-	-	-	0.80	1.30	566.00	435.38
Creditors	-	4.25	-	0.50	0.30	0.35	5.40	3,602.75	667.18
Employees and Pensions	-	-	1.25	-	3.25	0.50	5.00	2,659.50	531.90
Statutory and Compliance	1.00	12.15	3.15	12.05	87.90	3.85	120.10	54,490.00	453.71
Strategy and Planning	-	1.50	0.10	2.85	7.50	0.95	12.90	5,794.25	449.17
Tax and VAT	-	3.75	11.40	4.55	20.25	2.10	42.05	28,057.75	667.25
Grand Total	1.00	22.15	15.90	21.80	128.10	9.05	198.00	99,659.00	503.33

Below is our cumulative time costs from 7 September 2018 to 6 September 2021 together with a comparison against our initial estimate.

Category of work	Total hours to 6 September 2021	Total cost to 6 September 2021 (£)	Average hourly rate (£/hour)	Estimate of total hours	Estimate of total cost (£)	Estimate of average hourly rate (£/hour)	Variance - hours	Variance - cost (£)
Accounting and Treasury	126.35	33,706	267	83	20,849	253	43	12,857
Assets	263.57	99,018	376	229	80,961	354	35	18,057
Creditors	155.47	39,231	252	204	49,073	241	(49)	(9,842)
Employees and Pensions	36.59	13,491	369	36	11,785	328	1	1,706
Investigations	35.75	9,955	278	47	11,632	245	(11)	(1,677)
Statutory and Compliance	740.58	260,725	352	403	127,182	315	338	133,543
Strategy and Planning	134.20	42,247	315	129	44,384	344	5	(2,137)
Tax and VAT	364.10	156,211	429	144	48,630	338	220	107,581
Total	1,857	654,583	353	1,275	394,496	310	582	260,087

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 2020 to 30 June 2021 Maximum rate per hour (£)	From 1 July 2021 to 30 June 2022 Maximum rate per hour (£)
Partner	955	980
Director	720	740
Senior Manager	585	625

Manager	475	525
Senior Associate	390	425
Associate	245	280
Support Staff	125	130

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.

Grade	Up to 30 June 2021 Maximum rate per hour (£)	From 1 July 2021 to 30 June 2022 Maximum rate per hour (£)
Partner	1,600	1,680
Director	1,465	1,540
Senior Manager	1,355	1,425
Manager	815	860
Senior Associate	605	640
Associate	325	345
Support staff	180	190

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

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

Area 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"> • Processing payment of legal invoices. • Carrying out periodic bank reconciliations and managing investment of funds. • Reviewing and agreeing pre-appointment legal fees. • Internal correspondence 	<ul style="list-style-type: none"> • Ensures proper and secure stewardship of funds 	<ul style="list-style-type: none"> • Statutory requirement.

	and correspondence with solicitors regarding legal invoices.		
Assets	<ul style="list-style-type: none"> • Liaising with bankruptcy trustees in relation to progress matters relating to director's loan recovery. • Reviewing correspondence regarding refunds of business rates. 	<ul style="list-style-type: none"> • To discharge our duties in respect of the recovery of assets for creditors 	<ul style="list-style-type: none"> • Maximising realisations for the creditors
Creditors	<ul style="list-style-type: none"> • Maintaining a record of creditors' claims and contact details • Reviewing and following up creditor queries. • Update calls and communications with the Charge Holders. 	<ul style="list-style-type: none"> • To ensure correct and efficient processing of creditor details and claims • Keeping creditors informed of the progress of the administration 	<ul style="list-style-type: none"> • Statutory requirement
Employees and Pensions	<ul style="list-style-type: none"> • Internal discussions regarding the status of certain claims relating to employees and company pension trustees. 	<ul style="list-style-type: none"> • To ensure correct and efficient processing of potential creditor claims. 	<ul style="list-style-type: none"> • Statutory requirement
Statutory and compliance	<ul style="list-style-type: none"> • Issuing our fifth progress report to creditors, members and the Registrar. • Preparing six-monthly case management review documents • Filing all case related documents and correspondence • Managing case information database • Updating case checklists and diary management system. • Reviewing and allocating incoming post. • Preparing and submitting a report to the Court seeking extension of the administration. • Filing extension 	<ul style="list-style-type: none"> • To ensure correct and efficient processing of creditor claims. • Ensuring effective management of the case. 	<ul style="list-style-type: none"> • Statutory requirement

	<ul style="list-style-type: none"> notice at Companies House. Maintaining the case website. 		
Strategy and planning	<ul style="list-style-type: none"> Monitoring case costs. Holding team meetings relating to exit strategy and extension of the administration. Discussions with the charge holder regarding extending the administration. Preparing a case budget and updating the estimated outcome statement to input into case strategy. Liaising with solicitors regarding the extension of the administration. 	<ul style="list-style-type: none"> To ensure the efficient management of the case and deal with any issues arising 	<ul style="list-style-type: none"> Ensuring that the direction of the administration is for the benefit of creditors. Controlling the cost of the administration - financial benefit.
Tax and VAT	<ul style="list-style-type: none"> Considering the impact of closing administration and extension from a tax perspective. Seeking specialist tax advice on recovery of directors loan and s455 tax. Internal discussions regarding pre-appointment VAT and potential VAT asset. Reviewing correspondence and liaising with HMRC as required. 	<ul style="list-style-type: none"> To discharge our statutory duty as administrators 	<ul style="list-style-type: none"> 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	What, if any, financial benefit the work provided to creditors OR whether it was required by statute	Anticipated costs (£)
Accounting and treasury	<ul style="list-style-type: none"> Processing receipts, payments and journals Carrying out periodic bank reconciliations and managing investment of funds Closing the administration bank account 	<ul style="list-style-type: none"> Ensures proper and secure stewardship of funds 	<ul style="list-style-type: none"> Statutory requirement. 	10,768
Assets	<ul style="list-style-type: none"> Liaising with the solicitors, bankruptcy trustees and the Secured Creditor in respect of recovering the director's loan account. Completing the recovery of the directors' loan account. 	<ul style="list-style-type: none"> Recovering value for the administration estate 	<ul style="list-style-type: none"> Maximising realisations for the creditors 	12,530
Closure	<ul style="list-style-type: none"> Obtaining fee clearances from third parties. Completing closure checklists Closing down internal systems 	<ul style="list-style-type: none"> Ensures all matters are properly dealt with. 	<ul style="list-style-type: none"> Indirect benefit to creditors as ensures all expenses covered before final distribution to secured creditor. 	5,000
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 	<ul style="list-style-type: none"> Keeping creditors informed of the progress of the administration To ensure correct and efficient processing of creditor claims To discharge our duty as administrators 	<ul style="list-style-type: none"> Statutory requirement Financial benefit to secured creditors 	3,858

	<ul style="list-style-type: none"> amounts distributable. • Paying a distribution to secured creditors. 			
Employees and Pensions	<ul style="list-style-type: none"> • Dealing with any pensions or employee queries, if required • Issuing final statutory pensions notices 	<ul style="list-style-type: none"> • To discharge our duty as administrator in respect of pensions and employees 	<ul style="list-style-type: none"> • Statutory requirement 	-
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. • Filing all case related documents and correspondence. • Updating case checklists and diary management system for statutory purposes 	<ul style="list-style-type: none"> • To ensure correct and efficient processing of creditor claims. • Ensuring effective management of the case. 	<ul style="list-style-type: none"> • Statutory requirement 	33,305
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 	<ul style="list-style-type: none"> • To ensure the efficient management of the case. 	<ul style="list-style-type: none"> • Statutory requirement and to minimise the costs of the administration. 	8,040
Tax and VAT	<ul style="list-style-type: none"> • Drafting and submitting periodic VAT 426 returns. • Drafting and 	<ul style="list-style-type: none"> • To discharge our statutory duty as administrators 	<ul style="list-style-type: none"> • Statutory requirement • Recovery of tax increases return to secured creditors. 	25,920

- submitting annual tax returns.
- 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.

Grand Total

99,421

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 current 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 matters • sale of business contract • matters related to assignment of leases on properties 	Shoosmiths LLP	Industry knowledge	Time costs
Legal services, including: <ul style="list-style-type: none"> • recovery of directors' loan account • application 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' loan 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 valuation • marketing the property and arranging viewings • reviewing offers received • liaising with solicitors and interested parties • 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	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 when the legal advisers have provided us with the finalised invoices.

Appendix E: Other information

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: harmeet.s.harish@pwc.com
Extension(s) to the initial period of appointment:	Twelve-month extension by creditors' approval to 6 September 2020. Twelve-month extension granted by the Court to 6 September 2021. Thirty-one month extension granted by the Court to 6 April 2024
