

Joint liquidators' progress report from 21 January 2021 to 20 January 2022

18 March 2022

FABB Projects Limited - in Liquidation

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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
Agents	John Pye & Sons Limited
Company	FABB Projects Limited
CVL/ liquidation	Creditors' Voluntary Liquidation
Firm	PricewaterhouseCoopers LLP
former Joint Administrators	Toby Scott Underwood and Peter David Dickens
HMRC	HM Revenue and Customs
Hypothec	Mechanism for the payment of pre-appointment rent arrears ahead of payments to floating charge holders in accordance with Section 208 Bankruptcy and Diligence (Scotland) Act 2007.
IA86	Insolvency Act 1986
IP	Intellectual Property
IR16	Insolvency (England and Wales) Rules 2016
Joint Liquidators/we/us	Peter David Dickens Toby Scott Underwood (from 21 January 2019 - 30 November 2021) Alison Grant (from 30 November 2021 - Present)
Preferential Creditors	Generally, claims for unpaid wages earned in the four months before the insolvency up to £800, holiday pay and unpaid pension contributions in certain circumstances
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
Ring fenced deposit creditors	Customers who paid a deposit to the Company for an order placed shortly prior to administration, and had their deposit Ring fenced by the Company. These creditors were eligible for 100% refund of their deposit
ROT	Retention of title, a contractual claim of title to goods supplied to the Company pre-administration which had not been paid for
RPS	Redundancy Payments Service
Secured Creditors	Creditors with security in respect of their debt, in accordance with Section 248 IA86
SIP	Statement of Insolvency Practice. SIPs are issued to insolvency practitioners under procedures agreed between the insolvency regulatory authorities. SIPs set out

	principles and key compliance standards with which insolvency practitioners are required to comply.
SIP 2	Statement of Insolvency Practice No.2. - Investigations by office holders in administrations and insolvent liquidations
SIP 9	Statement of Insolvency Practice 9: Payments to insolvency office holders and their associates
Unsecured Creditors	Creditors who are neither secured nor preferential

This report has been prepared by Peter David Dickens and Alison Grant as Joint Liquidators of the Company, solely to comply with the Joint Liquidators' statutory duty to report to creditors under IR16 on the progress of the liquidation, 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 persons 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 Liquidators do not assume any liability in respect of this report to any such person.

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

Peter David Dickens and Alison Grant have been appointed as Joint Liquidators of the Company to manage the affairs, business and property of the Company. Both are licensed in the United Kingdom to act as Insolvency Practitioners by the Institute of Chartered Accountants in England and Wales. The Joint Liquidators 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 Liquidators may act as Data 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 Liquidators. Personal data will be kept secure and processed only for matters relating to the Joint Liquidators' appointment. Further details are available in the privacy statement on the PwC.co.uk website or by contacting the Joint Liquidators.

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

I'm writing to update you on the progress of the liquidation of the Company in the 12 months since our last report dated 11 March 2021.

You can view our earlier reports in relation to both the liquidation and the previous administration on our website at www.pwc.co.uk/fabbsofas.

We will also be publishing our Third Remuneration Uplift Report ("remuneration uplift report") outlining our request for an additional increase to our previous agreed fee cap of £100,000. Further details are given below and within the remuneration uplift report. We encourage you to read both this report and the remuneration uplift report in conjunction with each other to provide an overall understanding of the work undertaken in this period and our justifications to increase the fee cap for a third and final time.

How much creditors may receive

The following table summarises the possible outcome for creditors ¹, based on what we currently know.

Class of creditor	Current estimate (p in £)	Previous estimate (p in £)
Ring fenced deposit creditors	100p (paid)	100p
Preferential Creditors	100p (paid)	100p
Unsecured Creditors	0.5p to 1.5p	0.5p to 1.5p

¹ 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.

You will recall in the first joint liquidators progress report that we forecast dividend estimates to be up to 1p/£. You will see from the above table that dividend prospects have improved, partly in light of our continued efforts to maximise asset recoveries - further details are provided below.

What you need to do

We've asked for outstanding claims from Unsecured Creditors so that we can agree them for dividend purposes.

If you haven't already done so, please send your claim to us so that we can agree it. A claim form can be downloaded from our website at www.pwc.co.uk/fabbsofas or you can get one by emailing us at uk_fabbprojects@pwc.com.

We have previously written to ex-employees separately to agree their claims; however, these claims are yet to be fully agreed. Any outstanding employee claims will be unsecured.

Overview of what we've done to date

This is our third progress report in the liquidation. You may wish to refer to our previous liquidation and administration reports, which can be found at www.pwc.co.uk/fabbsofas.

In the prior administration we worked closely with our agents to wind up the Company's operations. This involved realising the assets of the Company including stock in the stores and warehouses, the motor vehicle fleet, selling the order book and pursuing rates, insurance and other refunds and debts. We also dealt with the redundancies of the employees, safeguarded the books and records, and had thousands of interactions with customers in relation to their outstanding orders, deposits, warranty position and other queries.

In the liquidation we have:

- continued to realise assets such as recovering refunds and investigating legal claims that the Company may have;
- returned the ring fenced deposits to the relevant customers and sought court guidance for the treatment of the unclaimed balance of this fund;
- agreed preferential claims and paid a dividend of 100p in the £;
- dealt with legacy property matters, including resolving Hypothec claims in the Scottish properties; and
- started a process of agreeing unsecured claims to enable a dividend to be paid.

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

- Pay any final preferential element of the claim submitted by the Redundancy Payments Service;
- Confirming and making payment of any funds due to Scottish landlords pursuant to the Hypothec;
- Seek an uplift to our original fees estimate from Unsecured Creditors;
- The conclusion of compliance issues such as accounting for any final VAT and obtaining tax clearance;
- Finalising the agreement of creditor claims and payment of a dividend to Unsecured Creditors; and
- The closure of the liquidation and dissolution of the Company.

Outcome for creditors

Secured Creditors

There were no Secured Creditors as at the date the Company entered administration.

Preferential Creditors

We paid the majority of Preferential Creditors in full on 15 March 2019. The amount distributed was £190,225.00. All Preferential Creditors who still have unbanked cheques, please note your cheques have now been cancelled and uncashed amounts have been paid over to the Insolvency Service. Please contact the Insolvency Service directly about claiming any amounts owed to you in respect of the cancelled cheques by visiting <https://www.insolvencydirect.bis.gov.uk/externalonlineforms/GeneralEnquiry.aspx> . If you have any queries about this, please email us on uk_fabbprojects@pwc.com.

We had subsequently become aware of an additional potential preferential claim from the RPS, in excess of the preferential claim submitted by the RPS for the original preferential distribution in March 2019.

Following detailed discussions with the RPS and adjudication by our specialist claims team, we agreed the additional preferential claim in full, and made a distribution of £8,597.96 on 8 April 2021 to the RPS.

Unsecured Creditors

Dividends become available for Unsecured Creditors when there are sufficient funds (after costs of the liquidation) to pay the Secured and Preferential Creditors in full, with an amount left over. In this case, there are no Secured Creditors and the Preferential Creditors have been paid in full. There remain funds available to enable a distribution to be paid to the unsecured creditors.

We estimate a dividend of between 0.5-1.5% will be paid to the Unsecured Creditors based on what we know currently. This is consistent with what we stated in our previous report. The actual dividend level will depend on the final level of claims received and admitted, and the funds available for distribution to Unsecured Creditors after the costs of the liquidation.

We have completed the claims agreement process for the majority of straightforward claims, but a small number of larger and more complex claims are still being adjudicated and we remain in regular contact with these creditors. We expect to make a first and final distribution to Unsecured Creditors in mid 2022. The distribution has been delayed again, this time due to investigating the possibility of a multilateral interchange fee claim; see below for further details.

If you have not submitted a claim, you can download a claim form from our website www.pwc.co.uk/fabbsofas. Please complete and return the form to my colleague Syed Shah at uk_fabbprojects@pwc.com.

Progress since we last reported

Refunds

We have recovered rate refunds totalling £1,108.22 from local authorities in respect of business rates overpayments with the assistance of our Agents in the period covered by this report. We do not anticipate any further rates recoveries.

Bank interest

During the period covered by this report, we received a total of £6.77 in relation to bank interest. This interest was credited to our account in error by our bank. The interest was reversed shortly after the current reporting period..

Multilateral interchange fee claim

Multilateral interchange fees are charges levied by card providers to merchants or card holders that use their payment processing services. These charges are typically estimated at between 0.5-1% of the transaction value. In June 2020, the Supreme Court ruled that Visa and Mastercard's multilateral interchange fees were restrictive. This created the potential that, whilst the Company was still trading, it was adversely affected by anti competitive practises by card providers.

Following an analysis of the Company's financial records, we became aware of a considerable number of credit card transactions between 2016 and 2018, the total value of these transactions is estimated to be around £10million. Please note that this figure is not definitive and is subject to a number of assumptions.

We subsequently took legal advice to help determine the total value of our potential claim, which would have been a percentage of the multilateral interchange fees applied by card providers discussed earlier. We spent some time understanding the complexities associated with any potential action, costs involved and the likelihood of a recovery being made to the estate of the Company. We concluded that there was a reasonable chance that a claim could ultimately be successful, but that it was likely that it would take months to reach an out of court settlement and years if the claim was taken through the courts. We concluded that the costs of keeping the liquidation open during this period, together with the costs of quantifying and justifying the claim and legal costs in pursuing it, meant that the potential benefit for creditors was marginal. Given that this would also delay the payment of a dividend to Unsecured Creditors, we concluded that we would not pursue the claim in the liquidation.

We explored other options for realising value from the claims, including selling the claims to a third party purchaser or to a significant unsecured creditor. These enquiries did not result in any interest in the claims and we therefore consider there is no benefit to creditors in continuing to seek value from these claims.

In the remuneration uplift report (which follows this progress report and will be placed on our website in due course) we set out why these time costs were legitimately incurred in order to fulfil our statutory obligations despite a recovery not being made into the estate.

Truck cartel claims

We investigated the potential of recovering monies in relation to truck cartel claims pursued by the Road Haulage Association. These claims related to a charge levied against trucks over 6 tonnes and purchased between 17 January 1997 and 17 May 2019. A review of the Company records demonstrated that we were only aware of 1 potential vehicle against which a claim could be made. Our understanding within the market was that these claims held a value of around £6,000. In consideration of the time costs and expenses that would be incurred in pursuing the claim and the uncertainties around recovery levels, we concluded that it was not commercially viable or beneficial to creditors to pursue these claims further.

In the remuneration uplift report again we set out why these time costs were legitimately incurred in order to fulfil our statutory obligations despite a recovery not being made into the estate.

Hypothec

As explained in our previous report, the Joint Liquidators were required to settle claims made by landlords of former leasehold premises of the Company in Scotland. Please refer to our previous report for a detailed analysis on the background to this matter. A significant proportion of additional time (as discussed in the remuneration uplift report) was required in order to ensure that we reached a position which was both commercial and beneficial to creditors.

We are pleased to confirm that following detailed and extensive conversations with stakeholders, we have agreed the liabilities arising and made payments to two landlords in respect of their claims in the sum of £12,553.08. This is significantly less than the circa £90,000 which was originally budgeted. We have now successfully concluded our work on this matter.

Statutory and compliance

During the period covered by this report we have:

- Prepared and distributed the Joint Liquidators progress report for the period from 21 January 2020 to 20 January 2021;
- Preparation of six monthly reviews to ensure case progression and compliance monitoring;
- Reviewing bonding and insurance requirements; and
- Complied with our VAT reporting obligations.

Tax

During the period covered by this report, we received clearance from HMRC to close the liquidation, which is an important milestone for us to be able to pay a first and final dividend to Unsecured Creditors.

VAT

During the period covered by this report, we have ensured compliance on VAT matters. We will submit a VAT426 claim form to HMRC on the conclusion of all asset recovery investigations and payment of final VAT invoices, which we expect to be over the coming weeks. We were unable to submit a VAT claim to HMRC whilst we were considering the matter of a multilateral interchange fee claim due to the possible VAT implications of taking that matter forward.

Change of liquidator

Toby Scott Underwood, one of the previous Joint Liquidators, has retired from the Firm. To make sure that outstanding issues in the liquidation continue to be pursued, an application was made to the Court to remove him and appoint Alison Grant as Joint Liquidator. Alison Grant is licensed in the United Kingdom to act as an insolvency practitioner by the Institute of Chartered Accountants in England and Wales.

The application was granted and Alison Grant replaced Toby Scott Underwood as Joint Liquidator with effect from 30 November 2021. Toby Scott Underwood, will be released from all liability in respect of his conduct as Joint Liquidator with effect from 28 days from the date of this report. Creditors have 28 days from receiving this notice to apply to Court to vary or discharge the Court Order.

Investigations and actions

Nothing has come to our attention during the period under review to suggest any further investigative action is required in line with our duties under the Company Directors' Disqualification Act 1986 and SIP2.

Our receipts and payments account

We set out in Appendix A an account of our receipts and payments in the liquidation from 21 January 2021 to 20 January 2022. Please note the following when reviewing Appendix A:

- as the Company has an FCA licence, all of the VAT paid by the Company will not be recoverable. We expect that as a result, an adjustment will be required between the irrecoverable VAT category and the VAT control account category after we have finalised VAT matters; and
- estimated to realise figures from the statement of affairs have not been included for comparison. This is because this is a liquidation following an administration, with most of the major assets realised in the administration and reflected as a lump sum receipt. Accordingly, the inclusion of such figures would be misleading.

Our expenses

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

Our fees

We set out in Appendix C an update on our fees, disbursements and other related matters. This includes details of our intention to seek an increase to our revised fee estimate.

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 our fees and expenses within eight weeks of receiving this report as set out in Rule 18.34 IR16. This information can also be found in the guide to fees at:

<https://www.icaew.com/-/media/corporate/files/technical/insolvency/creditors-guides/2017/liquidations-creditor-fee-guide-6-april-2017.ashx?la=en>

What we still need to do

- Seek an uplift to our revised fees estimate from Unsecured Creditors;
- Conclusion of compliance issues such as accounting for any final VAT adjustments;
- Finalising the agreement of creditor claims and payment of a dividend to Unsecured Creditors; and
- Closure of the liquidation and dissolution of the Company.

Next report

We expect to send our next report to creditors at the end of the liquidation or in about 12 months, whichever is sooner.

If you've got any questions, please contact our team at uk_fabbprojects@pwc.com.

Yours faithfully



Alison Grant

Joint liquidator

Appendices

Appendix A: Receipts and payments

FABB Projects Limited - in Liquidation Receipts & Payments Account

	21 January 2019 to 20 January 2021	21 January 2021 to 20 January 2022	Total as at 20 January 2022
	£	£	£
Receipts			
Prior appointee balance cash	745,106.82	-	745,106.82
Prior appointee balance VAT refund	56,370.02	-	56,370.02
Ring fenced deposits	61,931.51	-	61,931.51
Rates refunds	50,887.57	1,108.22	51,995.79
Proceeds from sale of stock	26,743.00	-	26,743.00
Order book sale commission	2,121.67	-	2,121.67
Bank interest	6,447.14	6.77	6,453.91
Cash at bank	405.72	-	405.72
Refunds	435.60	-	435.60
Book debt	1,185.00	-	1,185.00
Proceeds from sale of Intellectual Property	2,500.00	-	2,500.00
Contribution to legal fees from the Purchaser of sale of IP	5,000.00	-	5,000.00
Contribution to costs from Purchaser of sale of IP	1,500.00	-	1,500.00
	960,634.05	1,114.99	961,749.04
Payments			
Agents fees	(5,820.33)	-	(5,820.33)
ROT costs	(5,551.00)	-	(5,551.00)
Statutory advertising	(77.00)	-	(77.00)
Refund of overpayment	(1,000.00)	-	(1,000.00)
Storage costs	(5,650.00)	-	(5,650.00)
Refund of former Ring-Fenced Deposit balance	(8,247.50)	-	(8,247.50)
Insurance	(2,455.23)	-	(2,455.23)
Office holders' fees	(100,000.00)	(223,147.00)	(323,147.00)
Office holders' expenses	(471.22)	(120.95)	(592.17)
Legal fees & Expenses	(31,922.35)	-	(31,922.35)
Legal costs in respect of sale of IP	(5,000.00)	-	(5,000.00)
Irrecoverable VAT	-	(3,572.29)	(3,572.29)
Hypothec Payments	-	(12,553.08)	(12,553.08)
Corporation Tax	(86.26)	-	(86.26)
Bank Charges	(25.75)	-	(25.75)
	(166,306.64)	(239,393.32)	(405,699.96)
VAT payable / (receivable)	(6,632.12)	(41,081.30)	(47,713.42)
Preferential dividend declared at 100p	(190,225.03)	(8,597.96)	(198,822.99)
Cash in hand	597,470.26	(287,957.59)	309,512.67

Please note funds are held in an account ineligible for interest.

Interest has been credited to our account in the period covered by this report, this was credited incorrectly and has been reversed shortly after the current reporting period.

Appendix B: Expenses

Expenses are amounts properly payable by us as Joint Liquidators 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 general body of creditors) also has the responsibility for agreeing the policies for payment of Category 2 expenses.

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

Category	Cost incurred by	Policy	Cost incurred to date (£):
2	PwC	Photocopying/Printing – At 5 pence per side copied, only charged for circulars to creditors and other bulk copying.	0.86
2	PwC	Mileage – At a maximum of 71 pence per mile (up to 2,000cc) or 93 pence per mile (over 2,000cc)	-
1	Iron Mountain	Storage	103.49
Total			104.35

The expense policy set out above has been approved by the fee approving body.

The table below provides details of the expenses incurred in the liquidation:

Nature of expenses	Brought Forward	Incurred in this period	Cumulative	Estimate of future expenses	Anticipated total
	(£)	(£)	(£)	(£)	(£)
Agents' fees and disbursements	5,820.33	-	5,820.33	-	5,820.33
Storage	5,698.32	-	5,698.32	-	5,698.32
Bank charges	25.75	-	25.75	25.00	50.75
Insurance	2,455.23	-	2,455.23	-	2,455.23
Legal fees and expenses (DLAPiper	36,922.35	343.00	37,265.35	-	37,265.35
Office Holders' disbursements	539.94	104.35	644.29	150.00	794.29
Office Holders' fees	303,632.15	122,894.25	426,526.40	76,000.00	502,526.40
Irrecoverable VAT	-	3,572.29	3,572.29	-	3,572.29
ROT costs	5,551.00	-	5,551.00	-	5,551.00
Statutory advertising	77.00	-	77.00	83.00	160.00
Total expenses	360,722	126,914	487,636	76,258	563,894

Please note Office holders' fees and Office holders' disbursements covers the period from 21 January 2019 to 20 January 2022 and does not necessarily reflect the total fees we will bill prior to closure.

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.

Appendix C: Remuneration update

Our fees were approved on a time costs basis by the general body of creditors. During the administration, creditors' fixed the basis of the administrators' fees by reference to time properly given by the administrators and their staff in dealing with the administration. The fee basis agreed in the administration continues to apply in the liquidation. This means that our fees as liquidators will be calculated by reference to time properly given.

We initially estimated that our total time costs across the former administration and liquidation would be £721,647. This fee estimate was approved by the general body of creditors in the prior administration.

During the course of the liquidation, we have had to undertake work that was not envisaged at the date of the first remuneration report, and work which has proved more complex or lengthy to resolve. This work was necessary prior to payment of a distribution to Unsecured Creditors. We therefore sought approval to exceed our initial fees estimate and draw a further £101,500 plus VAT against time costs already incurred. This was approved by the general body of creditors on 27 April 2021.

Since the date of the second remuneration report, unfortunately our time costs have exceeded our revised fee estimate for a number of reasons, principally:

- Dealing with correspondence and queries from former customers and employees beyond that budgeted in our fee estimate;
- Investigating and making relevant enquiries regarding potential multilateral interchange fee claims;
- Consideration of truck cartel claims and the ability to make such claims;
- Significant delays caused by the covid pandemic in respect of certain matters, including resolution of tax affairs and receiving VAT refunds; and
- Resolving the Hypothec rights of the landlords of the Scottish properties, which has been lengthy, but has released funds for distribution to the general body of creditors. This workstream was not budgeted for in our initial fee estimate; and
- Additional costs incurred to complete statutory work, as a result of the liquidation remaining active longer than previously envisioned.

For more information on our previous revised fee estimate, please read our remuneration document dated 24 March 2021, which can be found on our website www.pwc.co.uk/fabbsofas.

As stated earlier, we will be publishing our remuneration uplift report on our website shortly after this progress report is published on our website. The remuneration uplift report will provide more detail around the work we have been required to undertake to fulfil our statutory duties and a justification for our fee increase. In summary, we are seeking an uplift of £100,000 (plus VAT) to recover some of the necessary additional costs which have been incurred, despite some of our work not having generated a recovery for the estate. We will still experience a significant shortfall of at least £223,360.35 in our time costs, even if our request for a remuneration uplift is approved by creditors.

The time cost charges incurred in the period covered by this report are £122,894.25. A breakdown of the hours and time costs incurred are set out in the table on the next page.

SIP9 Group	Partner	Senior Manager	Manager	Senior Associate	Associate/Other	Grand Total	Total Cost (£)
Accounting & Treasury			0.75	9.90	7.55	18.20	6,445.00
Assets		1.10	4.20	14.45	29.95	49.70	16,762.00
Closure Procedures			3.15	2.00	0.85	6.00	2,576.00
Creditors		11.45	9.50	47.05	14.75	82.75	33,124.00
Employees & Pensions		1.30	0.10	0.45		1.85	1,343.50
Statutory & Compliance	2.00	4.10	14.95	30.35	37.90	89.30	32,881.25
Strategy & Planning		5.10	16.30	20.80	14.15	56.35	23,294.50
Tax & VAT		1.30	0.80	4.05	10.65	16.80	6,468.00
Grand Total	2.00	24.35	49.75	129.05	115.80	320.95	122,894.25

Total time costs to 20 January 2022 across the former administration and liquidation are £1,146,507.35

We had drawn fees of £500,000, in the prior administration in line with the approval given by the general body of creditors. We have drawn fees of £323,147 in the liquidation, bringing total fees to £823,147.

As creditors will recall, in last year's remuneration document, we sought to recover less than a third of the actual additional time costs incurred at the time of publishing. As discussed above we will be issuing a third request to Unsecured Creditors in the coming weeks to seek an increase in the amount we can draw in fees as Joint Liquidators.

As with our previous remuneration document, this fee request will cover a proportion of time costs already incurred and will not cover the work we still have to undertake, we therefore still expect to suffer a significant shortfall on our time costs. **This formal request to increase our revised fees estimate will be uploaded to www.pwc.co.uk/fabbsofas in March 2022 for creditors to consider. The voting form that creditors will need should they wish to vote on the resolutions will also be available to download from the same website from this time.** If we take an additional fee of £100,000 (plus VAT) as anticipated, this will take our total fee across both the administration and liquidation to £923,147. As you will note from the cumulative costs below, this will constitute a recovery rate of 81% of the total costs incurred.

As part of our request we will provide creditors with more detail around why our time costs have exceeded the revised fee estimate. The table below sets out a comparative position across the assignment of our cumulative costs to date incurred in both the administration and liquidation against our initial estimates:

Aspect of Assignment	Cumulative costs of	
	Admin and CVL period (£)	Initial Estimate (£)
Accounting and treasury*	103,178.80	-
Assets	242,541.90	157,413.00
Closure	8,891.00	-
Creditors	187,933.00	191,700.00
Winding down costs	163,507.80	154,371.00
Employees and pensions	58,656.65	42,065.00
Statutory and compliance	232,549.65	82,776.00
Strategy and planning	63,293.05	66,736.00
Tax and VAT	85,955.50	26,587.00
Total	1,146,507.35	721,648.00

* (In our first Remuneration Report this category of work was called Administration and referenced time spent dealing with Strategy and Planning and Accounting and Treasury.)

Please note, we have changed the work type of some historic time, this has led to changes in costs that sit under the "Accounting & Treasury" and "Winding Down" categories, this was done to better reflect the nature of the work that was completed.

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

Our time charging policy and hourly rates

We and our team charge our time for the work we need to do in the liquidation. 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 liquidation (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. For the avoidance of doubt, work carried out by our cashiers, support and secretarial staff is charged on a time costs basis and is included in the analysis of hourly rates charged by partners or other staff members. Time is charged in three minute units (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 liquidation.

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	Maximum rate per hour to 30 June 2021 (£)	Maximum rate per hour from 1 July 2021 (£)	Specialist maximum rate per hour (£)
Partner	850	875	1600
Director	720	740	1465
Senior Manager	585	625	1355
Manager	475	525	815
Senior Associate	390	425	605
Associate	245	280	325
Support staff	120	130	230

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 or any party who could reasonably be considered to be an associate during the period covered by this report.

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"> Regular reconciliations of the bank accounts Entering receipts and payments into the accounting system 	<ul style="list-style-type: none"> To ensure the proper management of the funds of the estate 	<ul style="list-style-type: none"> To ensure the proper management of the funds that will in due course be distributed to creditors
Assets	<ul style="list-style-type: none"> Reviewing potential multilateral interchange fee claims, considering financial information, seeking relevant advice, liaising with interested parties and concluding the viability of pursuing further recoveries in this regard Liaising with our property agent in respect of business rates refunds Dealing with follow up queries in respect of the sale of certain intellectual property of the Company Liaising with solicitors in relation to legal enquiries Reviewed Company books and records to assist with truck cartel claims 	<ul style="list-style-type: none"> To recover the maximum value for assets 	<ul style="list-style-type: none"> To realise the maximum funds to be distributed to creditors in due course
Creditors	<ul style="list-style-type: none"> Writing to all Unsecured Creditors requesting the submission of their claim Adjudicating claims received to date in anticipation of the first and final dividend to Unsecured Creditors Maintaining our creditor claim database with up to date information Reviewing and preparing correspondence to creditors and their representatives Dealing and responding to creditor queries and providing an update on future dividend prospects Finalising claim agreements with Scottish landlords in relation to pre-appointment rent arrears and arranging payment in accordance with the Hypothec principle. Website maintenance to ensure up to date information for creditors is accessible 	<ul style="list-style-type: none"> To ensure valid claims are admitted for dividend purposes To distribute funds to creditors 	<ul style="list-style-type: none"> To ensure the correct distribution of funds.
Closure	<ul style="list-style-type: none"> Prepare timetable to closure of case Begin updating our closure checklist 	<ul style="list-style-type: none"> To ensure proper management of the liquidation 	<ul style="list-style-type: none"> Statutory duties of the Liquidators

Employees and pensions	<ul style="list-style-type: none"> • Exchanging detailed communications with the RPS in respect of their preferential claim • Arranging payment of a preferential dividend to the RPS 	<ul style="list-style-type: none"> • To ensure valid claims are admitted for dividend purposes • To distribute funds to the creditors 	<ul style="list-style-type: none"> • To ensure the correct distribution of funds
Statutory and compliance	<ul style="list-style-type: none"> • Preparation and submission of the second progress report in the liquidation • Preparation and circulation of our remuneration document, containing a revised fee estimate • Sought and received fee approval from the general body of creditors • Maintained creditor voting matrix in respect of fee resolutions • Filing case records in line with internal policy • Filing of appropriate notices at Companies House • Dealing with postal correspondence received • Updating and maintaining permanent file that contains hard copies of all key documentation • Statutory tasks in relation to the resignation of Toby Underwood as Joint Liquidator 	<ul style="list-style-type: none"> • To meet the statutory duties of the Liquidators 	<ul style="list-style-type: none"> • Statutory duties of the Liquidators
Strategy and planning	<ul style="list-style-type: none"> • Holding team meetings discussing the progress of key matters in the liquidation • Conducting case reviews • Case handover meetings • Reviewing the future work to be undertaken • Review of time costs against fees estimate 	<ul style="list-style-type: none"> • To ensure proper management of the liquidation 	<ul style="list-style-type: none"> • To ensure orderly management and progression of the case in a cost effective manner
Tax and VAT	<ul style="list-style-type: none"> • Reviewed invoices received for VAT compliance • Held meetings with our specialist VAT team to review the VAT position of the Company • Filed and stored tax clearance confirmation received from HMRC 	<ul style="list-style-type: none"> • To ensure all recoverable amounts are realised • To meet the statutory duties of the Liquidators 	<ul style="list-style-type: none"> • Statutory duties of the Liquidators

Our future work

We still need to do the following work in the liquidation.

Area of work	Work undertaken	Estimated time cost to closure (£)	Whether or not the work will provide a financial benefit to creditors
Accounting and treasury	<ul style="list-style-type: none"> Dealing with receipts, payments and journal Carrying out bank reconciliations Raising cheques for a first and final unsecured dividend Paying any unbanked dividend cheques to the Insolvency Service Closure of the bank account 	<ul style="list-style-type: none"> 2,500 	<ul style="list-style-type: none"> To ensure the proper management of the funds that will in due course be distributed to creditors
Creditors	<ul style="list-style-type: none"> Adjudicating claims, including requesting further information from claimants Dealing with any creditor queries post dividend declaration Preparing correspondence to claimants advising outcome of adjudication and advising of intention to declare dividend Advertising intention to declare dividend Calculating dividend rate and preparing dividend file Preparing and paying distribution 	<ul style="list-style-type: none"> 20,000 	<ul style="list-style-type: none"> Direct benefit to creditors through the correct distribution of funds
Closure	<ul style="list-style-type: none"> Finalise our closure checklist Seek case closure clearance from all suppliers and vendors to the liquidation Hold meetings in relation to case closure strategy Draft and deliver final progress report and notices 	<ul style="list-style-type: none"> 32,500 	<ul style="list-style-type: none"> Statutory duties of the Liquidators
Employees and pensions	<ul style="list-style-type: none"> Responding to queries from any former employees about their claims Issuing cease to act notices to pension schemes 	<ul style="list-style-type: none"> 1,000 	<ul style="list-style-type: none"> To ensure the correct distribution of funds Statutory duties of the Liquidators
Statutory and compliance	<ul style="list-style-type: none"> Preparing and issuing this progress report to creditors and the Registrar Requesting approval to a lift in the fee cap and running a decision procedure with creditors Dealing with records in storage and destruction in line with policy Filing of documents and dealing with books and records 	<ul style="list-style-type: none"> 15,000 	<ul style="list-style-type: none"> Statutory duties of the Liquidators

	<ul style="list-style-type: none"> • Preparing closure documents and filing the notice of move to dissolution with the Registrar • Maintenance of the website with statutory information • Managing internal systems and checklists ensuring that all the statutory duties are completed prior to dissolution • Dealing with post received from various parties • Closure of internal systems and website maintenance 		
Strategy and planning	<ul style="list-style-type: none"> • Maintaining fee budgets & monitoring costs • Review of progress of the liquidation • Considering timings for key milestones and key strategic decisions • Reviewing the expected outcomes and dividend timings 	• 2,500	• To ensure orderly management and progression of the case in a cost effective manner
Tax and VAT	<ul style="list-style-type: none"> • Submission of final VAT reclaim to HMRC 	• 2,500	• Statutory duties of the Joint Liquidators

Our relationships

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

Details of subcontracted work

No work which our staff normally do has been subcontracted during the periods of the report and we do not anticipate such requirements in the future.

Legal and other professional firms

We 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; • Advice on ROT Claims; • Negotiations with landlords regarding the collection of ROT stock; • Sale of supplier order books; • Surrender of property leases advice; • Disclaiming property leases; • Instructing Steven Fennell of Counsel (Exchange Chambers) to draft a skeleton argument with reference to our application for directions on treatment of the Ring fenced deposit 	DLA Piper LLP Mr Steven Fennell (Counsel)	Legal knowledge and pre appointment knowledge of ongoing Company legal issues	Time costs (DLA Piper) Fixed fee (Counsel's fee) and disbursements

<ul style="list-style-type: none"> monies and prepare for and attend the hearing of the application at Court; • Advice on compliance with GDPR; and • Advice on treatment of Ring fenced creditor deposit monies; • Advice on Hypothec • Legal advice and services in relation to the sale of the IP. 			
Asset valuation and realisation, including <ul style="list-style-type: none"> • Appointment related matters; • Valuation of the Company's ex display stock, fixtures and vehicles; • Asset Security; • Asset Realisation; • Asset collection; • Site Clearance; and • Liaising with buyers interested in IP of the Company 	<ul style="list-style-type: none"> • John Pye & Sons Limited 	<ul style="list-style-type: none"> • Industry Knowledge and expertise 	<ul style="list-style-type: none"> • Combination of time costs and disbursements; and percentage of realisations
Collection of pre appointment business rates prepayments	<ul style="list-style-type: none"> • PHD Property Advisory Limited 	<ul style="list-style-type: none"> • Industry Knowledge and expertise 	<ul style="list-style-type: none"> • Fixed fee
Statutory Advertising	<ul style="list-style-type: none"> • EPE Reynell 	<ul style="list-style-type: none"> • Industry Knowledge and expertise 	<ul style="list-style-type: none"> • Fixed fee
Insurance	<ul style="list-style-type: none"> • Mercer 	<ul style="list-style-type: none"> • Industry Knowledge and expertise 	<ul style="list-style-type: none"> • Premium based on sums insured

Appendix D: Other information

Company's registered name:	Fabb Projects Limited
Trading name:	Fabb Sofas
Registered number:	09921332
Registered address:	Central Square, 29 Wellington Street, Leeds, LS1 4DL
Date of the Liquidators' appointment:	21 January 2019
Liquidators' names, addresses and contact details:	<p>Peter Dickens of PwC LLP, 1 Hardman Square, Manchester, M3 3EB</p> <p>Alison Grant, PwC LLP, Central Square, 29 Wellington Street, Leeds, LS1 4DL</p> <p>Toby Scott Underwood, PwC LLP, Central Square, 29 Wellington Street, Leeds, LS1 4DL (former Joint Liquidator)</p>
