
Joint administrators' final progress
report from 22 September 2017 to
14 March 2018

Brantano Retail Limited
(in administration)

14 March 2018

High Court of Justice, Chancery Division, Business and
Property Courts in Birmingham

Insolvency & Company List (ChD)

Case no. 8080 of 2017

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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 / our / us	Anthony Steven Barrell and Michael John Andrew Jervis
BUK	BUK Realisations Limited (formerly Brantano UK Limited) – in liquidation
Company	Brantano Retail Limited – in administration (formerly Lifebelles Limited)
CVL	Creditors' voluntary liquidation
ERS	European Retail Solutions Limited
firm / PwC	PricewaterhouseCoopers LLP
HMRC	HM Revenue & Customs
IA86	Insolvency Act 1986
IR16	Insolvency (England and Wales) Rules 2016
Jones	JTB Realisations Limited – in administration (formerly A. Jones & Sons Limited)
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
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
Proposals	Our statement of proposals dated 6 April 2017 setting out the objective of the administration and how we believed it would be achieved
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
Sch.B1 IA86	Schedule B1 to the Insolvency Act 1986
secured creditors	Creditors with security in respect of their debt, in accordance with Section 248 IA86
SIP	Statement of Insolvency Practice (issued by regulatory authorities, setting out principles and key compliance standards with which insolvency practitioners are required to comply)
the Lender	Alteri Europe L.P.
TUPE	Transfer of Undertakings (Protection of Employment) Regulations 2006
unsecured creditors	Creditors who are neither secured nor preferential

Key messages

Why we've sent you this report

We're pleased to let you know that our work in the administration of the Company is now complete and so, we set out below our final report.

You can still view our earlier reports on our website at www.pwc.co.uk/brl. Please get in touch with Mags Pollock on 0113 289 4739 or at pollock.mags@pwc.com if you need any of the passwords to access the reports.

How much creditors have received

The following table summarises the final outcome for creditors*.

Class of creditor	Actual return (p in £)	Previous estimate (p in £)
Secured creditor*	92p / £	c. 80p / £
Preferential creditors	Not applicable	Not applicable
Unsecured creditors	3.6p / £	up to 3p / £

* Based on principal debt of the Company only before default interest and fees.

In line with our earlier forecasts, the secured creditor hasn't recovered its lending of £14.4m* out of its security over the Company's assets.

No preferential claims arose because all amounts that could have potentially ranked as preferential claims in the administration were paid in full during the trading period.

We have recently paid a first and final dividend of 3.6% to the Company's unsecured creditors totalling £500,000, from the prescribed part.

All unclaimed dividends have now been passed to the Insolvency Service. Any creditors who did not cash their dividend cheques should therefore contact the Insolvency Service on 0121 698 4268.

What you need to do

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

What happens next

The administration ends on 21 March 2018. In line with our proposals approved by creditors, we have filed a notice to move the Company from administration to dissolution together with our final progress report. The Company will be dissolved three months after the notice has been registered by the Registrar of Companies.

We consider that dissolution of the Company is the most appropriate exit route in the circumstances because it is the most cost effective option given that the objective of the administration has now been achieved and there are no further funds to distribute to creditors.

As decided by the secured creditor we will be discharged from liability in respect of any of our actions as joint administrators 14 days after we cease to be joint administrators of the Company.

Overview of our work

Why we were appointed

You may remember that when we were appointed, the position was as follows:

- The Company had been incorporated on 4 February 2016 for the purpose of acquiring the business and certain assets of BUK out of administration; this transaction completed on 15 February 2016.
- The Company operated as a national value shoe retailer headquartered in Hinckley, Leicestershire, operating 73 out-of-town stores and 64 concessions across the UK, and employing 1,086 staff (of which 71 were at head office).
- Following the acquisition of BUK in February 2016, the Company streamlined the business and instigated a number of initiatives to make it more commercially viable (which were outlined in our Proposals). Unfortunately, these benefits were substantially offset by the generally challenging retail market, a slower than expected re-stock of the business following the acquisition and the Company being unable to secure assignments of certain key leases relating to high performing stores. The Company was also impacted by the sharp decline in Sterling and the ongoing shift in consumer shopping habits.
- Consequently, it was determined that the Company couldn't continue in its present form without additional capital and the support of a new owner.
- As such, on 13 February 2017, PwC was engaged by the Company and the Lender to explore a sale of the business. Unfortunately, the value of the offers was considerably below what was acceptable to the Lender. In view of the outcome of the sale process, the poor financial performance of the Company, and significant additional funding requirement, the Company's director concluded that there was no alternative but to appoint administrators.
- A notice of intention to appoint administrators was filed on 10 March 2017 (to protect against creditor action whilst the sale process was concluded) and the Company was placed into administration on 22 March 2017.

Asset realisation

After an initial review, we decided the most appropriate strategy was for the business to continue trading and sell its stock in the normal way through its existing store/concession network over an appropriate period of time, whilst exploring interest in a sale of parts of the business. An independent stock valuation we obtained confirmed this strategy to be appropriate, compared to an immediate closure.

We set out below an overview of the key work streams.

Trading

As the sale process shortly before appointment had been unsuccessful, a sale of the whole of the business (or substantial part of it) during the administration was considered unlikely. So our strategy was to maximise realisations from the sale of stock through ongoing trading of the stores and concessions, whilst exploring the prospect of a sale of the Company's business and assets on a piecemeal basis.

Given the number of stores/concessions, we appointed ERS (a specialist in trading retail businesses in distressed situations) as trading agents to oversee the day-to-day trading operations.

We explained in our last report that it was necessary to close to all stores and concessions. Closures were phased throughout the period to 30 May 2017. The closures resulted in all employees leaving the Company's employment by 30 June 2017, by reason of resignation, redundancy or TUPE.

Details of the work that was undertaken during the trading period was provided in our first progress report which is still available to view and download at www.pwc.co.uk/brl.

Whilst all stores ceased trading by the end of May 2017, our work continued to finalise various accounts and to ensure that all duly authorised liabilities and obligations which arose as part of our trading period were agreed and settled.

We set out below an overview of the work that was undertaken in relation to trading during the period of this report:

Work area	Work undertaken during the period of this report
<i>Rent</i>	<p>The Company historically paid on a mixture of monthly and quarterly bases, although the Company in administration would only be liable for the pro-rata period of actual occupation (including for insurance and service charges).</p> <p>A small number of landlords remained unpaid at the end of our last report and we continued work to correspond with these landlords in order to obtain VAT invoices and calculate and pay our liability in relation to these stores.</p> <p>During the period of the report, we have settled the remaining rent and service charge and obtained the relevant VAT invoices from landlords.</p>
<i>Concessions</i>	<p>The Company occupied a number of concession outlets and paid outlet rents on different bases (including on turnover or a flat rate).</p> <p>During the period of this report, we have continued to correspond with the population of concession outlets in order to proactively seek to settle the trading expenses. We have now made payment to all concession outlets in respect of rents owed for the period of our occupation.</p>
<i>Rates</i>	<p>We have liaised with 70 rating authorities in order to obtain and pay bills for the period of our occupation. During the period of this report, we have settled the remaining accounts for the period of our occupation.</p>
<i>Utilities</i>	<p>We instructed the Company's incumbent agent to liaise with utility suppliers on our behalf.</p> <p>During the period of this report we have worked with our agents and the utility suppliers in order to obtain and process for payment, invoices for the period of our occupation for these remaining accounts.</p> <p>We have written to all water suppliers in order to request outstanding invoices for the period of our occupation of each site (if any) and paid those bills that were sent prior to the end of the administration. We have also liaised with the Company's sole gas supplier to settle the trading account in full.</p> <p>We now consider that the utility work stream is finalised.</p>
<i>Shared resources</i>	<p>The Company's head office was previously shared with its sister company (Jones) and shared service / staff costs were recharged between the two companies.</p> <p>We have continued to liaise with suppliers and Jones in order to reconcile and agree the novation of contracts and the value of recharges between the two companies. We have made the appropriate recharges and now consider this matter resolved.</p>
<i>Insurance</i>	<p>We have continued to liaise with our insurance brokers to ensure that the Company's assets are adequately insured until the end of the administration.</p>

We have included a statement of receipts and payments relating to the trading business in Appendix A. This shows cash from sales of £16.9m and payments of £8m (including those relating to ROT), giving a final trading surplus of £8.9m.

Sale of business and assets

A sale of the business was explored prior to the administration but the value of offers was considerably below what was acceptable to the Lender when compared to the outcome that could be achieved from alternative strategies. As such, the sale of assets was explored on a piecemeal basis as explained below.

Lease assignments and surrenders

The Company occupied 73 leasehold properties at the time of our appointment. Following the vacation of these properties, we completed a transaction in respect of eight of the Company's leases, which included 45 employees (relating to four stores) transferring to the purchaser. A further eight individual leases were surrendered for positive premiums.

During the period of this report, we have received lease premiums of £260k relating to the remaining leasehold assignments that transferred to the purchaser. Total realisations from this source amount to £542k.

We have sent surrender letters to all remaining landlords and around 20 surrenders have been agreed (without premium).

For the 45 leases that have not been surrendered or assigned (and have not expired), the lease will vest in the Crown as 'bona vacantia' property upon dissolution. As such, we suggest that these landlords seek legal advice and contact the Government Legal Department on any related matters once the administration is closed.

Realisation of other assets

Aside from those assets detailed above, other asset realisations include:

- Cash at bank of £5.6m;
- Debtor and credit card receipts relating to pre-appointment sales, totalling £233k;
- Various owned fixtures, fittings and IT equipment which have realised £126k (of which £40k was received in the period); and
- Intellectual property which has realised £141k, of which £91k was previously held in our solicitors' client account and was received in the period of this report.

Specifically, during the period since we last reported, we have:

- Realised rent refunds totalling £102k from BUK;
- Collected rent deposits and other sundry refunds upon completion of the lease assignments to the purchaser (outlined above) of £86k;
- Collected further pre-appointment business rates refunds totalling £18k; and
- Written off small number of outstanding book debts.

We have now finished realising the Company's assets.

Connected party transactions

In accordance with SIP 13, we are required to disclose any known connected party transactions that occurred in the period following our appointment or any proposed connected party transactions.

We explained in our Proposals that, prior to our appointment (and excluding shareholder financing), it was common for there to be transactions between the Company and Jones in respect of recharges for head office / distribution costs. Such recharges continued for certain costs during the administration period and have now been finalised.

Retention of title

Stock was the Company's key asset and there were a number of ROT claims made by creditors following our appointment.

We have resolved the small number of ROT claims that remained, which has resulted in further commercial settlements of £112k during the period of this report. Total ROT settlements amounted to £1.2m.

Other matters

Aside from the asset realisation matters outlined above, we have stayed in office mainly to adjudicate on unsecured creditor claims and pay a dividend under the prescribed part, pay residual funds to the secured creditor, deal with ongoing statutory and other regulatory responsibilities, and undertake closure formalities.

Since we last wrote to you, we have:

- Drafted and submitted the Company's corporation tax returns and obtained clearance from HMRC;
- Submitted our second and third quarterly VAT returns, de-registered the Company from VAT, submitted a final VAT reclaim and obtained clearance from HMRC;
- Agreed unsecured creditor claims and distributed the prescribed part fund;
- Distributed residual funds to the secured creditor; and
- Obtained closure clearances from our agents and other third parties.

Approval of our proposals

We issued to creditors our proposals dated 6 April 2017 for achieving the purpose of administration.

We said in our proposals that we thought the Company does not have enough assets to pay a dividend to unsecured creditors other than from the prescribed part.

This meant that we did not have to seek a decision from creditors regarding the approval of proposals and our proposals would be treated as approved if creditors did not request a decision in the required manner. As creditors did not request a decision to be sought, our proposals were treated as approved on 24 April 2017.

We attach a summary of our proposals at Appendix A.

Investigations and actions

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

Tax clearance

We fulfilled our duties as proper officers for tax during the administration and filed VAT and corporation tax returns for all relevant accounting periods and accounted for PAYE / NI.

HMRC raised no queries on our returns and has confirmed that it has no objection to the administration ending.

Our final receipts and payments account

We set out in Appendix B an account of our final receipts and payments in the administration from 22 September 2017 to 14 March 2018.

Our expenses

We set out in Appendix C a statement of the final expenses that we incurred to the date covered by this report.

Our fees

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

Pre-administration costs

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

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

You can also get a copy free of charge by telephoning Mags Pollock on 0113 289 4739.

If you've got any questions regarding the content of this report, please get in touch with Mags Pollock on 0113 289 4739.

Yours faithfully
For and on behalf of the Company



Tony Barrell
Joint administrator

Anthony Steven Barrell and Michael John Andrew Jervis have been appointed as joint administrators of the Company to manage its affairs, business and property as its agents without personal liability. Both are licensed in the United Kingdom to act as an Insolvency Practitioner by the Institute of Chartered Accountants in England & 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 are Data Controllers of personal data as defined by the Data Protection Act 1998. PricewaterhouseCoopers LLP will act as Data Processor on their instructions. Personal data will be kept secure and processed only for matters relating to the administration.

Appendix A: Summary of our proposals

The Administrators made the following proposals for achieving the purpose of administration. These included certain statutory powers available to us that do not require approval.

- (i) We'll continue to manage and finance the Company's business, affairs and assets from trading revenues and asset realisations as we consider appropriate. We'll do this with a view to achieving a better result for the Company's creditors as a whole than would be likely if the Company were wound up (without first being in administration).
- (ii) We may investigate and, if appropriate, pursue any claims the Company might have. We'll also do anything else we think appropriate, to achieve the purpose of the administration or to protect and preserve the Company's assets or to maximise realisations or for any other purpose incidental to these proposals.
- (iii) If we think there will be money for unsecured creditors other than from the prescribed part, we may (but we won't have to) agree in principle the claims of unsecured creditors for confirmation by a subsequent liquidator. The costs of doing this may be charged to the administration, as part of our fees, depending on whether or not there will be a dividend for unsecured creditors other than the prescribed part. If we choose not to agree the claims in principle and there is money other than from the prescribed part for unsecured creditors, a subsequent liquidator will agree the claims.
- (iv) If we think there will be money for unsecured creditors other than from the prescribed part, we may (but we won't have to) ask the court to allow us to pay dividends to those creditors. If we choose not to ask the court for such an order and there is enough non prescribed part money for unsecured creditors, a subsequent liquidator will pay dividends to them.
- (v) We may use one or more "exit route" strategies to end the administration, but we're likely to choose the following options as being the most cost effective and practical in this case:
 - (a) If there aren't enough funds to pay a dividend to unsecured creditors (other than the prescribed part), once we've finished our work we'll file a notice with the Registrar of Companies and the Company will be dissolved three months later or apply for a court order ending the administration and for the Company to be wound up or be dissolved.
 - (b) In the unlikely event of a distribution to unsecured creditors other than from a prescribed part, once we've disposed of all the assets and finished our work, we'll put the Company into creditors' voluntary liquidation. If this happens, we propose that Anthony Steven Barrell and Michael John Andrew Jervis are appointed as joint liquidators and that any act required or authorised to be done by the joint liquidators can be done by either or both of them. Creditors may, before these proposals are approved, nominate a different person or persons as liquidator(s), in accordance with Paragraph 83(7)(a) Sch.B1 IA86 and Rule 3.60(6)(b) IR16.
 - (c) Alternatively (also in the unlikely event of a distribution to unsecured creditors other than from a prescribed part), once we've finished disposing of the assets we'll apply to the court for permission to pay any surplus funds to unsecured creditors. If this is granted, we'll end the administration by filing a notice with the Registrar of Companies and the Company will be dissolved three months later. If we don't get permission we'll put the Company into creditors' voluntary liquidation in accordance with paragraph (b) above or comply with the terms of any court order where different.

- (vi) We'll be discharged from liability in respect of any of our actions as administrators at a time set by the secured creditor or if a dividend has been or may be paid to any preferential creditors, at a time set by the secured and preferential creditors; or at a time set by the court.
- (vii) We propose that the unpaid pre-administration costs set out at Appendix A are approved for payment as an expense of the administration. As stated earlier, the payment of unpaid pre-administration costs as an expense of the administration is subject to approval under Rule 3.52 IR16 and is not part of the proposals subject to approval under Paragraph 53 Sch.B1 IA86.

If you elect a committee it will be up to that committee to approve payment of the unpaid pre-administration costs as an expense of the administration. But if there's no committee, then because we've said we think the Company doesn't have enough assets to pay anything to unsecured creditors other than via the prescribed part, we'll ask the secured creditor and (if applicable) preferential creditors to do so instead.

- (viii) It will be for any committee to determine the basis of our remuneration and policy for recovering disbursements for services provided by our own firm (defined as Category 2 disbursements in SIP9). If no committee is formed (and as we have formed the view that the Company has insufficient property to enable a distribution to be made to non-preferential unsecured creditors other than by virtue of Section 176A IA86), it will be for the secured creditor and if applicable, preferential creditors, to determine these instead.

At the present time we believe that our remuneration will be fixed by reference to a combination of the following:

- a) time properly given by the Administrators and their staff in attending to matters arising in the administration at our normal charge out rates for this type of work;
- b) as a set amount; and
- c) a percentage of the value of the property with which we have to deal.

Under Rule 18.23 IR16 we may apply to the court to fix our remuneration and disbursements no later than 18 months after the date of our appointment, if not determined in the manner set out above by that time.

Appendix B: Receipts and payments

Statement of affairs	22 March 2017 to 21 September 2017 £	22 September 2017 to 14 March 2018 £	Total to 14 March 2018 £	
Fixed charge				
Receipts				
4,614,775.00	Cash in hand	4,614,774.67	-	4,614,774.67
	Intangible assets	50,000.00	91,000.00	141,000.00
387,500.00	Leasehold property	282,500.00	259,500.00	542,000.00
	Total receipts	4,947,274.67	350,500.00	5,297,774.67
Payments				
	Agents' fees and disbursements	57,538.50	27,684.05	85,222.55
	Bank charges	2,875.33	15.00	2,890.33
	Office holders' fees	-	100,000.00	100,000.00
	Legal fees	-	7,252.00	7,252.00
	Total payments	60,413.83	134,951.05	195,364.88
	Amount available to fixed charge holder	4,886,860.84	215,548.95	5,102,409.79
23,200,000.00	Distribution to fixed charge holder	4,506,757.53	595,652.26	5,102,409.79
	Net fixed charge realisations	380,103.31	(380,103.31)	-
Floating charge				
Receipts				
	Bank interest gross	2,068.76	1,721.58	3,790.34
217,008.00	Book debts	233,856.77	-	233,856.77
	Business rates refunds (pre-appointment)	12,179.34	18,441.12	30,620.46
	Cash floats	31,826.30	-	31,826.30
1,467,959.00	Cash in hand	887,428.29	85,658.26	973,086.55
20,000.00	Fixtures and fittings	86,278.58	40,000.00	126,278.58
	Foreign currency gains	63,519.25	-	63,519.25
	Motor vehicles	1,500.00	-	1,500.00
	Plant and machinery	10,000.00	-	10,000.00
7,054,009.00	Stock	920.00	-	920.00
	Sundry debts and refunds	48,914.35	188,864.33	237,778.68
	Trading surplus	9,636,970.95	(707,147.09)	8,929,823.86
	Total receipts	11,015,462.59	(372,461.80)	10,643,000.79
Payments				
	Bank charges	113,846.14	2,503.25	116,349.39
	Legal fees	-	67,778.84	67,778.84
	Irrecoverable VAT	110,435.64	11,444.93	121,880.57
	Office costs, stationery and postage	660.48	-	660.48
	Office holders' fees (time cost basis)	-	1,450,082.50	1,450,082.50
	Office holders' expenses	-	16,546.06	16,546.06
	Pre-administration fees	-	86,917.50	86,917.50
	Statement of affairs costs	5,005.60	-	5,005.60
	Statutory advertising	73.00	73.00	146.00
	Storage costs	28,667.86	30,438.36	59,106.22
	Total payments	258,688.72	1,665,784.44	1,924,473.16
	Prescribed part distribution to unsecured creditors (3.6p in the £)	-	500,000.00	500,000.00
	Office holders' fees for dealing with prescribed part (time cost basis)	-	100,000.00	100,000.00
	Amount available to floating charge holder	10,756,773.87	(2,638,246.24)	8,118,527.63
18,585,225.00	Distribution to floating charge holder	6,314,313.00	1,804,214.63	8,118,527.63
	Net floating charge realisations	4,442,460.87	(4,442,460.87)	-
	VAT control account	(304,397.30)	304,397.30	-
	Balance held in interest bearing current account	4,518,166.88	(4,518,166.88)	-

Represented by:
Held in Barclays

Statement of affairs	22 March 2017 to 21 September 2017 £	22 September 2017 to 14 March 2018 £	Total to 14 March 2018 £
Trading statement			
Receipts			
Sales	16,908,139.18	-	16,908,139.18
Total receipts	16,908,139.18	-	16,908,139.18
Payments			
Agents' fees and disbursements	4,750.00	3,000.00	7,750.00
Customer refunds	196.71	(87.00)	109.71
Duress payments	96,062.52	-	96,062.52
Employee costs and expenses	17,685.36	9,712.26	27,397.62
Gross wages and salaries	2,040,906.18	(865.90)	2,040,040.28
Heat, light and water	158,573.14	11,017.71	169,590.85
Insurance	231.81	54,329.04	54,560.85
IT costs	76,570.14	-	76,570.14
Logistic costs	263,511.88	-	263,511.88
Motor and travel expenses	-	18,630.13	18,630.13
Non stock store purchases	78,129.00	-	78,129.00
PAYE / NIC and pension deductions	504,272.92	-	504,272.92
Purchases	147,443.44	-	147,443.44
Rates	463,522.32	295,785.47	759,307.79
Repairs and maintenance	18,788.95	2,174.43	20,963.38
ROT settlement	1,095,697.36	112,288.08	1,207,985.44
Standalone store and concession rents	1,629,829.86	203,215.32	1,833,045.18
Sub contractors	81,800.16	21,575.47	103,375.63
Telephone	8,561.43	(2,392.59)	6,168.84
Trading agents costs	584,635.05	(21,235.33)	563,399.72
Total payments	7,271,168.23	707,147.09	7,978,315.32
Trading surplus/(loss)	9,636,970.95	(707,147.09)	8,929,823.86

Notes:

- Receipts and payments are shown net of VAT
- The prescribed part available was the maximum £600,000 and £100,000 of which was set aside for the office holders' fees for dealing with the prescribed part distribution.

Appendix C: Expenses

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

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

<i>Nature of expenses</i>	<i>Receipts and payments category</i>	<i>Incurred as at 21 September 2017 (£k)</i>	<i>Incurred in the period of this report</i>	<i>Cumulative to 14 March 2018 (£k)</i>	<i>Initial estimate (£k)</i>	<i>Variance (£k)</i>
Trading expenses						
Costs of sales	ROT settlement and purchases	1,339	16	1,355	1,903	548
Duress payment	IT and Logistic costs	96	-	96	-	(96)
ECA	Agents' fees	4	4	8	4	(4)
Insurance	Insurance	78	(24)	55	125	70
Logistics	Logistic costs	264	-	264	263	(1)
Other / miscellaneous	IT costs; office costs, stationery and postage; repairs and maintenance; telephone; motor and travel expenses	105	19	123	143	20
PAYE and NIC contributions	PAYE / NIC and pension deductions	504	-	504	469	(35)
Property costs	Standalone store and concession rents; rates	2,762	(169)	2,592	2,785	193
Staff costs	Employee costs and expenses; gross wages and salaries; sub contractors	2,160	10	2,171	2,279	108
Trading agents costs	Trading agents costs	585	(21)	563	638	75
Non-store stock purchases	Non-store stock purchases	78	-	78	-	(78)
Utilities	Heat and light	159	11	170	161	(9)
Contingency	N/A	-	-	-	100	100
Total trading expenses		8,133	(154)	7,979	8,870	891
Other expenses						
GVA	Agents' fees	38	2	40	43	3
The Coupers Partnership	Agents' fees	-	-	-	Contingent	-
Metis Partners Limited	Agents' fees	10	-	10	6 / Contingent	-
Hilco	Agents' fees	10	-	10	-	(10)
Agent's pre appointment costs (Hilco)	Agents' fees	7	-	7	7	-
		-	-	-	-	-
Finance / bank & interest charges	Bank charges	114	2	116	103	(13)
Irrecoverable VAT	Irrecoverable VAT	110	11	122	149	27
Legal fees – post appointment (Eversheds)	Legal fees	85	(3)	82	85	3
Legal fees – pre appointment (Eversheds)	Legal fees	3	-	3	3	-
Office holders' expenses	Office holders' expenses	12	5	17	25	8
Other / miscellaneous	Bank charges (fixed charge account); statutory advertising; storage costs; statement of affairs costs	37	31	67	61	(6)
Pre-administration fees	Pre-administration fees	87	-	87	87	0
Total other expenses		513	49	561	563	11
Total expenses		8,646	(106)	8,540	9,439	902

Appendix D: Remuneration update

Our fees were approved on a time costs basis by the secured creditor.

The time cost charges incurred in the period covered by this report are £441,558.

Our time costs exceeded our initial estimate of £1.575m, the amount approved by the secured creditors as fee approving body. We wrote to the secured creditor on 19 February 2018 in order to seek consent to exceed our initial fees estimate and we provided a revised fees estimate of £1.85m.

Approval was granted to draw total fees of £1,737k, comprising pre appointment fees of £87k and administrators fees of £1,650k.

We set out in the table below the reasons for exceeding the initial fees estimate.

Category of work	Overview of reasons for exceeding the initial fees estimate
Assets	<ul style="list-style-type: none">• We have experienced delays with regard to completion of lease assignments to Pavers which has required additional time liaising with our solicitors and the landlords and their advisors. This was necessary in order to complete the sale and purchase agreement which was entered into with Pavers which generated substantial value for the benefit of creditors and mitigated claims against the administration.• We made additional attempts to agree lease surrenders with landlords in order to provide finality for the purpose of agreeing unsecured claims, reducing claims against the Company and ensuring that agreement of (often complex) landlord claims did not delay the payment of the prescribed part and closure of the administration (thus avoiding the costs of seeking an extension of the administration).
Creditors	<ul style="list-style-type: none">• The complex nature of certain unsecured creditor claims (such as landlords) and the short timescale within which to pay the prescribed part (to enable closure of the administration prior to its automatic end and avoid the costs of extending the administration) has meant that increased input of more senior staff has been required.• We have held additional update calls and meetings with the secured creditor in order to keep them apprised of the status of the administration and progress towards closure.• We have received a larger than expected volume of inbound post, emails and telephone correspondence from trade and other unsecured creditors which we have a responsibility to respond to, in order to update them on the progress of the administration.
Employees and pensions	<ul style="list-style-type: none">• We have received a larger than expected volume of inbound post, emails and telephone queries and correspondence from former employees following redundancy and other stakeholders (such as the Job Centre, and the Department for Work & Pensions) which we have been required to respond to.
Trading	<ul style="list-style-type: none">• Work to settle trading accounts in respect of business rates and utilities has been more time-consuming than first envisaged due to difficulty obtaining invoices for the correct periods of occupation from business rates authorities and utility suppliers; meaning that increased liaison with these suppliers was necessary to mitigate claims against the administration and ensure that trading liabilities were settled.• We also needed to spend more time liaising with these suppliers to ensure that matters were resolved in order to enable the closure of the accounts swiftly and to avoid a requirement to extend the administration beyond 21 March 2018.• Trading accounting and treasury costs have increased as we have needed to process a larger volume of trading payments than originally envisaged because suppliers didn't provide invoices in bulk as expected.• In addition, we have had to chase suppliers, landlords and business rates authorities more than anticipated in order to obtain invoices.

Category of work	Overview of reasons for exceeding the initial fees estimate
Statutory and compliance	<ul style="list-style-type: none"> • Statutory, compliance and regulatory matters have been more complex than first envisaged and have therefore required the input of more senior staff. For example, the implementation of new insolvency legislation (IR16) coincided with the issuing of our statement of proposals shortly after our appointment. • IR16 has also required the provision of more detailed information to creditors throughout the administration, leading to more time needed to prepare our various statutory reports which were required in order to comply with the legislation and fulfil our duties as office holders. • We have received larger volumes of inbound post from various stakeholders which have needed to be dealt with. It is usual in insolvency situations for the volume of inbound queries to reduce but, in the circumstances of this case, the volumes have remained high and have increased as we attempted to bring the administration to a close, as stakeholders still maintain a high interest in the outcome of the administration. Time spent dealing with case filing has increased in line with the high volume of correspondence received. • We have needed to prepare an additional remuneration report in line with the requirements of IR16. • We have spent more time dealing with certain matters in order to ensure their conclusion prior to the automatic end of the administration on 21 March 2018 (in order to avoid the costs of seeking an extension of the administration and facilitating quicker return of funds to the secured creditor). • In particular, we have spent time chasing and obtaining closure clearances from third parties to enable us to bring the administration to an end in an orderly manner and importantly, before it's automatic end.
Tax & VAT	<ul style="list-style-type: none"> • We have undertaken detailed VAT reconciliations in order to ensure that all output VAT has been properly accounted for to HMRC and that input VAT recoverability is maximised. This work has been more time-consuming than expected due to complexity of the trading VAT returns and the volume of transactions that have been processed. • We have spent additional time liaising with landlords / managing agents in order to obtain VAT invoices where rent was paid on an 'application for payment' basis to ensure recoverability of this VAT. • Unfortunately, a number of landlords / managing agents were not co-operative which meant we had to spend time liaising with HMRC in order to successfully recover this VAT and avoid an irrecoverable VAT expense which would reduce the funds that were available for the secured creditor. • We did not anticipate that this work would be necessary at the outset as we considered that landlords would comply with the requirements in VAT legislation to provide a valid VAT invoice within 30 days of receipt of cash. • In order to obtain corporation tax clearance prior to the end of the administration, we have spent additional time liaising with HMRC in order to ensure clearance was provided faster than usual timescales, in order to avoid the need to extend the administration.
Administration	<ul style="list-style-type: none"> • In order to bring the administration to an efficient conclusion prior to its automatic end, we held additional, regular team meetings in order to ensure the efficient conclusion of remaining matters. • We have maintained our estimated outcome statement in order to enable us to make more regular and timely distributions to the secured creditor under their security entitlements (including the most recent £600k distribution which was paid in December 2017).

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

Our hours and average rates

Aspect of assignment	Hours incurred in the period 22-Sept-2017 to 14-Mar-2018	Time costs incurred in the period 22-Sept-2017 to 14-Mar-2018 £	Average hourly rate £	Cumulative hours	Cumulative time cost £	Average hourly rate £	Revised fee estimate hours	Revised fee estimate time cost £	Variance £
Assets	209.70	50,905.45	242.75	1,243.15	413,032.15	332.25	1,239.65	415,629.35	(2,597.20)
Creditors	427.70	119,416.20	279.21	877.60	276,402.75	314.95	865.60	272,255.00	4,147.75
Employees and pensions	31.70	9,769.95	308.20	829.70	237,809.15	286.62	829.70	237,809.15	-
Trading	203.85	41,543.90	203.80	1,998.00	520,124.55	260.32	1,988.60	518,353.40	1,771.15
Investigations	-	-	-	18.30	4,761.00	260.16	18.30	4,761.00	-
Statutory and compliance	190.50	41,617.35	218.46	599.10	176,632.20	294.83	671.00	193,891.25	(17,259.05)
Tax and VAT	132.00	51,684.40	391.55	231.45	97,395.30	420.80	229.15	94,250.55	3,144.75
Administration	237.45	126,620.40	533.25	391.05	126,774.00	324.19	355.30	114,018.70	12,755.30
Total	1,432.90	441,557.65	308.16	6,188.35	1,852,931.10	299.42	6,197.30	1,850,968.40	1,962.70

Our time charging policy and hourly rates

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

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

Specialist departments with our firm, such as Tax, VAT, Property and Pensions were also used where their expert advice and services were required. Such specialist rates do vary but the figures below provide an indication of the maximum rate per hour.

We set out below the maximum charge-out rates per hour for the grades of our staff who worked on the administration.

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

Grade	Insolvency Rates		Specialist rates (maximum rates)	
	To 1 July 2017	To 1 July 2018	To 1 July 2017	To 1 July 2018
	£	£	£	£
Partner	600 (840)	620 (865)	1,250	1,315
Director	500 (740)	525 (760)	1,175	1,210
Senior Manager	435 (560)	450 (575)	1,170	1,230
Manager	345 (480)	355 (495)	700	735
Senior Associate	260 (400)	268 (412)	515	545
Associate	170 (250)	175 (258)	255	270
Support staff	89 (125)	92 (129)	150	160

Please note that the charge out rates in brackets represent the rates applicable to staff based in London or central functions.

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:

Category of work	General description	Work undertaken and why this work was required
Assets	Sale of business / properties	<ul style="list-style-type: none"> Completing property assignments and dealing with payment of rent prior to the assignment (including making formal applications where necessary) Liaising with purchasers, solicitors and landlords
	Property management	<ul style="list-style-type: none"> Monitoring and recording progress of lease surrenders for each site Issuing informal surrender letters to landlords once vacated Liaising with valuers, agents and landlords

Category of work	General description	Work undertaken and why this work was required
	Debtors	<ul style="list-style-type: none"> • Issuing chaser correspondence to landlords in order to agree surrender of those remaining leases • Corresponding with debtors • Liaising with debt collectors and solicitors as appropriate
	Other assets	<ul style="list-style-type: none"> • Liaising with valuers and interested parties • Liaising with leasing company to arrange collection of vehicles
	Retention of title claims	<ul style="list-style-type: none"> • Maintaining retention of title file • Overseeing the adjudication of retention of title claims • Liaising with solicitors regarding certain claims received • Where necessary corresponding with claimants regarding outcome of adjudication • Negotiating potential settlements and making payments where appropriate
	Insurance	<ul style="list-style-type: none"> • Reviewing insurance policies • Corresponding with insurer regarding ongoing insurance requirements • Agreeing final premium charges and concluding cover <p>This work was necessary to preserve the value of the Company's assets and realise those assets for the benefit of creditors.</p>
Creditors	Creditor enquiries	<ul style="list-style-type: none"> • Receiving and following up creditor enquiries via telephone, email and post • Reviewing and preparing correspondence to creditors and their representatives • Receiving and filing statement of claim forms
	Secured creditors	<ul style="list-style-type: none"> • Preparing reports to secured creditor • Liaising with the secured creditor and answering queries • Making distributions in accordance with security entitlements
	Unsecured claims	<ul style="list-style-type: none"> • Preparing correspondence to potential creditors inviting submission of proof of debt • Receiving proofs of debt and maintaining register • Dealing with proofs of debt for dividend purposes • Adjudicating claims, including requesting further information from claimants • Preparing correspondence to claimants advising of outcome of adjudication and advising of intention to declare dividend • Advertising intention to declare dividend • Calculating dividend rate and preparing dividend file • Preparing correspondence to creditors announcing declaration of dividend • Preparing and paying the dividend from the prescribed part • Responding to creditor queries following payment of the dividend • Paying uncashed dividend cheques to the Insolvency Services Account <p>This work was necessary in order to keep creditors (who have an interest in the outcome of the administration) up to date with case progression and estimated outcome and to make a distribution of the prescribed part funds to them.</p>
Employees and pensions	Communications with employees	<ul style="list-style-type: none"> • Receiving and following up employee enquiries via telephone, post and email • Dealing with inbound post, emails and telephone queries from other stakeholders (such as the Job Centre and Department for Work & Pensions) <p>This work was necessary to ensure compliance with statutory responsibilities towards former employees.</p>

Category of work	General description	Work undertaken and why this work was required
Trading	Trading management	<ul style="list-style-type: none"> • Liaising with suppliers in order to finalise trading accounts • Holding meetings to discuss trading position • Approval and discussion regarding ROT settlements • Liaising with local authorities for each site in order to agree and pay business rates • Agreeing rent and commission payments in respect of concession stores
	Processing receipts and payments	<ul style="list-style-type: none"> • Processing payments for trading costs in accordance with our processes and procedures • Entering receipts and payments into accounting system <p>This work was necessary to crystallise the final trading position of the business, ultimately with a view to enhanced asset realisations for the benefit of creditors.</p>
Statutory and compliance	Progress reports and extensions	<ul style="list-style-type: none"> • Preparing and circulating our first and second / final progress report to creditors and the Registrar
	Case reviews	<ul style="list-style-type: none"> • Conducting case reviews every six months and upon closure of the administration
	Books and records	<ul style="list-style-type: none"> • Dealing with records in storage • Sending job files to storage
	Other meetings / resolutions	<ul style="list-style-type: none"> • Preparing and sending our revised remuneration report including revised fee estimate
	Other statutory and compliance	<ul style="list-style-type: none"> • Filing of documents • Updating checklists and diary management system <p>This work was necessary for compliance with statutory requirements.</p>
Tax & VAT	Tax	<ul style="list-style-type: none"> • Drafting and submitting the tax return for the trading period • Drafting and submitting the first and final corporation tax return • Liaising with HMRC • Requesting and obtaining tax clearance • <p>This work was necessary for compliance with statutory and regulatory responsibilities.</p>
	VAT	<ul style="list-style-type: none"> • Drafting and submitting quarterly VAT returns • Detailed reconciliations of the VAT position in order to ensure correct accounting of output VAT and maximise input VAT recoveries • Liaising with landlords in order to obtain VAT invoices (where payment was made on an application for payment basis) to minimise irrecoverable VAT • Liaison with HMRC to agree the basis of recoverability of VAT where payment was made on an application for payment basis and VAT invoices were not provided by landlords • De-registering the Company from VAT on completion of asset realisations and seeking clearance prior to closure • Submitting a final VAT 426 reclaim <p>This work was necessary for compliance with statutory and regulatory responsibilities.</p>
Administration	Strategy and planning	<ul style="list-style-type: none"> • Holding team meetings not relating to trading and discussions regarding status of administration • Monitoring progression of the administration against key targets for areas of the administration, such as key asset realisations, dealing with leases/landlords, dealing with key claims, employee matters and statutory requirements • Regular team meetings to progress outstanding matters to facilitate closure of the administration prior to its automatic end on 21 March 2018

Category of work	General description	Work undertaken and why this work was required
		This work was necessary for efficient progression of case matters and cost management.
	Closure procedures	<ul style="list-style-type: none"> • Obtaining clearances from agents, suppliers and other third parties • Completing checklists and diary management system • Closing down internal systems
		This was work necessary to facilitate the orderly closure of the administration.
	Accounting and treasury	<ul style="list-style-type: none"> • Dealing with receipts, payments and journals not relating to trading • Carrying out bank reconciliations and managing investment of funds • Corresponding with the bank and other financial services providers regarding specific transfers
		This work was necessary to ensure proper and effective stewardship of estate funds.

Payments to associates

We have made no payments to associates during the period of this report.

Disbursements

We didn't need to get approval to draw expenses or disbursements unless they were 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 allowed for all properly incurred expenses to be recharged to the administration and has been approved by the secured creditor where required.

Photocopying At 5 pence per sheet copied, only charged for circulars to creditors and other bulk copying.

Mileage At a maximum of 71 pence per mile (up to 2,000cc) or 93 pence per mile (over 2,000cc).

The following disbursements arose in the period of this report.

Category	Disbursement	Incurring 22 September 2017 to 9 March 2018 £
2	Photocopying	111.79
2	Mileage	113.50
1	Postage	3,880.21
1	Insurance	-
1	Taxi fares	-
1	Rail fares	-
1	Hotel accommodation	-
1	Other (e.g. courier charges, car park charges and miscellaneous expenses)	424.15
1	Total	4,529.65

Our relationships

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

Professionals and subcontractors

We set out in the table below the professionals and subcontractors that we have instructed on this case.

We require all third party professionals to submit appropriate information in support of invoices rendered. This may be time cost analyses and a narrative or schedule of realisations achieved. We reviewed this information to assess whether the costs were reasonable in the circumstances of the case.

In order to review the appropriateness of professional costs we considered:

- comparison with upfront budgets;
- review of time cost analysis;
- review of disbursements claimed; and
- ongoing dialogue with regards to the work being performed.

Service provided	Name of firm	Reason selected	Basis of fees
Legal advice, including: <ul style="list-style-type: none"> • General advice on the administration appointment • Drafting the sale and purchase agreement (in respect of eight stores) • Ad hoc trading advice (e.g. regarding ROT) • Lease assignments / surrenders • General advice regarding matters arising in the administration as required 	Eversheds Sutherland (International) LLP	Insolvency expertise	Time costs and disbursements
Property agents, including: <ul style="list-style-type: none"> • Review of Company's property portfolio in order to establish any premium value in its leases • Provision of advice on interest and offers received for the Company's property assets • Liaising with interested parties and their advisers, on our behalf 	GVA Grimley Limited	Industry knowledge and insolvency expertise	Fixed fee plus 10 % of realisations for lease premiums obtained
Asset valuation, including <ul style="list-style-type: none"> • Valuation of the Company's stock prior to our appointment 	Hilco Valuation Services	Industry knowledge and expertise	Fixed fee
Utilities agent, including: <ul style="list-style-type: none"> • Management of utility portfolio • Liaising with utility suppliers • Verification of post-appointment utility bills 	Energy Cost Advisors Group	Incumbent utilities agent for the Company, with existing relationships/points of contact with the Company's various suppliers	Fixed fee
Business rates review agent, including: <ul style="list-style-type: none"> • Review of Company's property portfolio and identifying stores where a refund may exist • Liaison with the relevant rates authorities to pursue recoveries 	The Coupers Partnership	Industry and historic knowledge as to the Company's property interests, with regard to business rates	20% of realisations

<i>Service provided</i>	<i>Name of firm</i>	<i>Reason selected</i>	<i>Basis of fees</i>
Intellectual Property agent, including <ul style="list-style-type: none"> • Marketing and sale of the Company's intellectual property 	Metis Partnership Limited	Industry knowledge	Fixed fee plus 20% of realisations
Payroll contractor, including <ul style="list-style-type: none"> • Calculation and payment of employees' wages 	ADP	Incumbent payroll contractor, with existing and necessary knowledge, skills and resource to process wages payments to Company staff	Fixed fee
	Numerus Payroll Services Limited	Payroll contractor with necessary skills and resource to deal with minor miscellaneous queries arising following the cessation of trade	
Trading agent, including <ul style="list-style-type: none"> • Overall management of store portfolio (including assessing and proposing appropriate discounting strategies) • Obtaining required store information upon appointment, such as utility readings • Assistance with establishing the location of, and securing the Company's books and records • Provision of trading sales data • Supervision of store closures 	European Retail Solutions Limited	Relevant prior experience of trading Company stores. Had the necessary knowledge, skills and resource to support the Administrators trading the business on a day-to-day basis	Time costs and disbursements

Appendix E: Pre-administration costs

The following costs incurred before our appointment with a view to the Company going into administration, were approved for payment on 31 August 2017.

Nature of costs	Amount (£)
Fees charged by the administrators	86,918
Expenses incurred by the administrators:	
1 Legal fees (Eversheds)	3,250
2 Agents' fees (Hilco)	7,000
Total	97,168

During the period of this report, we have settled the pre-administration costs in full.

Appendix F: Other information

Court details for the administration:	High Court, Chancery Division, Business and Property Courts in Birmingham, Insolvency & Company List (ChD)
Company's registered name:	Brantano Retail Limited
Trading name:	Brantano
Registered number:	09988846
Registered address:	Central Square, 8 th Floor, 29 Wellington Street, Leeds, LS1 4DL
Date of the joint administrators' appointment:	22 March 2017
Joint administrators' names, addresses and contact details:	Anthony Steven Barrell of PwC, Donington Court, Pegasus Business Park, Castle Donington, East Midlands, DE74 2UZ Michael John Andrew Jervis of PwC, 7 More London Riverside, London, SE 1 2RT Email: pollock.mags@uk.pwc.com Tel: 0113 289 4739
Extensions to the initial period of appointment:	Not applicable
