
Joint administrators' progress report
from 21 July 2016 to 9 December
2016

BUK (Realisations) Limited
(formerly Brantano (UK)
Limited)
(in administration)

21 December 2016

High Court of Justice, Chancery Division, Birmingham
District Registry

Case no. 8012 of 2016

PricewaterhouseCoopers LLP
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D420NV2

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Abbreviations and definitions

The following table shows the abbreviations and insolvency terms that are used during this report:

Abbreviation or definition	Meaning
Administrators, our, we	Anthony Steven Barrell, Michael John Andrew Jervis and until 8 November 2016, Robert Jonathan Hunt
CAPA	Consultiam Property Limited
Company	BUK (Realisations) Limited (formerly Brantano (UK) Limited) – in administration
Eversheds	Eversheds LLP
GCW	Gooch Cunliffe Whale LLP
GLH	G L Hearn Limited
Hilco	Hilco Valuation Services
HMRC	HM Revenue & Customs
IA86	Insolvency Act 1986
IR86	Insolvency Rules 1986
Lender	Alteri Europe, L.P.
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 proposals to creditors dated 15 March 2016 and approved at a meeting of creditors held on 30 March 2016
Purchaser	Brantano Retail Limited (formerly Lifebelles Limited)
PwC	PricewaterhouseCoopers LLP
ROT claims	Claims to retention of title over goods supplied to the Company but not paid for before the Administrators' appointment
RPS	Redundancy Payments Service, an executive agency sponsored by the Department for Business, Innovation & Skills, 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 creditor	Creditors with security in respect of their debt, in accordance with section 248 IA86
SoA	The directors' Statement of Affairs
TUPE	The 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 writing to update you on the progress of the administration of the Company since our last report dated 19 August 2016 which covered the period 21 January 2016 to 20 July 2016. This report has been prepared to support our request for a 12 month extension of the administration by consent of the general body of creditors.

You can still view our earlier report and Proposals on our website at www.pwc.co.uk/brantano. Please get in touch with Madeline Finkill on 0113 289 4075 or at madeline.finkill@uk.pwc.com if you need any of the passwords to access the reports.

How much creditors may receive

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

Class of creditor	Current estimate (p in £)	Previous estimate (p in £)
Secured creditors	Paid in full	100
Preferential creditors	Paid in full	100
Unsecured creditors	2 - 4	2 - 4

**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.*

Secured creditor

As previously advised, the Lender held fixed and floating charges over the Company's assets and since our appointment has recovered its indebtedness in full.

Preferential creditors

By selling the majority of the Company's business and assets, we were able to secure the jobs of 1,372 employees that transferred to the Purchaser under TUPE. Therefore, there were no preferential claims in respect of these employees.

Due to the closure of 57 stores and one concession, 533 redundancies had to be made. These employees' preferential claims (c.£22k per the SoA) were discharged in full via payroll during the course of trading.

Unsecured creditors

As previously advised, there are currently major uncertainties regarding the level of unsecured creditor claims (e.g landlord claims). The amount of any dividend will be affected by the ultimate value of claims we receive, therefore currently we are unable to estimate the dividend range other than for indicative purposes (as set out above).

We've started asking creditors for outstanding claims so that we can agree them in principle. This should help us pay a dividend to creditors as soon as possible once we are in a position to do so.

What you need to do

If you haven't already done so, please send your claim and supporting evidence to us so that we can agree it in principle. A claim form can be downloaded from our website at www.pwc.co.uk/brantano or you can get one by telephoning Madeline Finkill on 0113 289 4075.

Extension of the Administration – Meeting by correspondence

As mentioned above, we are seeking to extend the Administration by 12 months by the consent of the general body of creditors. In order to do this, we are holding a meeting of creditors by correspondence and request that creditors return the attached proxy form indicating their agreement or otherwise.

If you want to vote, please make sure:

- You lodge your claim with us using the claim form on the above website, no later than **12 noon on 13 January 2017**. If you've already done this, you don't need to resend your claim; and
- We receive your proxy form by **12 noon on 13 January 2017**, if you want to vote by proxy.

Your claim form and/or proxy form can be submitted by email to **madeline.finkill@uk.pwc.com** or by post to **PwC LLP, Central Square, 29 Wellington Street, Leeds, LS1 4DL**. If you are sending the above forms by post, please allow sufficient time for postage.

Your claim or any dividend you might get will not be affected should you choose not to vote.

Overview of what we've done to date

As previously advised:

- We completed a sale of the majority of the Company's business and assets on 15 February 2016. This sale included 81 stores and 59 concessions, and saved 1,372 jobs. Unfortunately the remaining 57 stores and one concession had to be closed, resulting in 533 redundancies; and
- We are pursuing objective (b) of the statutory purpose of administration, i.e. to achieve a better result for creditors as a whole than would be likely if the Company were wound up (without first being in administration). This has been achieved through trading the Company in administration and disposing of the majority of the Company's assets and business as a going concern; thereby obtaining higher values for the Company's assets and mitigating creditor claims.

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

1. Finalising the administration trading account, including ensuring any outstanding liabilities and ROT settlement agreements were paid;
2. Completing property assignments to the Purchaser and dealing with the payment of rent prior to the assignment;
3. Negotiating the surrender of leasehold properties not included in the sale of business;
4. Pursuing other asset realisations such as rates refunds, legal claims etc;
5. Drafting and submitting tax computations and requesting tax clearance;
6. Complying with quarterly VAT return requirements;
7. Dealing with employee unsecured claims and liaising with Redundancy Payments Service; and
8. Dealing with creditor enquires and/or statement of claim forms.

We remain in office because we are:

1. Continuing to support the Purchaser in the assignment of a small proportion of remaining leases that were included within the sale;
2. Agreeing and paying final trading liabilities, including ROT settlement agreements;
3. Seeking the surrender of leasehold properties not included in the sale of business;
4. Pursuing other asset realisations such as rates refunds, legal claims etc; and
5. Concluding the tax and VAT positions of the Company.

We are also considering the most appropriate process to agree claims and pay an unsecured dividend (i.e. in the administration, or by moving the Company to creditors' voluntary liquidation). This decision will depend on the outcome of the above points.

Progress since we last reported

Trading

As previously advised, the strategy was to continue to trade and maintain ‘business as usual’ whilst a sale of the Company’s business and assets was pursued and completed.

Following the sale to the Purchaser on 15 February 2016 the remaining 57 stores and one concession continued to trade for a short period of time, with the final stores closing on 24 March 2016.

As at 9 December 2016, the net trading receipts generated during the administration period totalled c.£2.4m (trading sales of c.£10.4m and trading costs paid to date of c.£8m). The trading account is close to being finalised and we currently estimate a final trading surplus of c.£1.7m.

The remaining costs to be finalised include:

- Those where valid invoices have not yet been received for suppliers, rental, rates and utilities; and
- Amounts payable to the Purchaser in respect of certain ROT claims where a commercial settlement has been reached on the Company’s behalf. We expect these to be settled by the end of the year.

Lease assignments and surrenders

As previously advised, contracts were exchanged to dispose of the Company’s interest in 17 properties and surrender two leases for premium value. 14 of the 17 property assignments completed, together with the two lease surrenders. The funds relating to these transactions have now been received from Eversheds’ client account and total £490,000.

In order to minimise the level of unsecured creditor claims, we continue to pursue both formal and informal surrenders of the Company’s remaining leasehold properties. To date, we have successfully negotiated the surrender of 15 leases which will substantially reduce the unsecured claims associated with these properties and therefore improve the position for the remaining creditors.

Other assets

On appointment, we instructed CAPA and GLH to review potential refunds due to the Company relating to business rates and rateable value respectively. To date, we have received a total of £344,265. Based on current information, future realisations are likely to be minimal.

In our last report we told you about potential legal claims relating to pre-appointment matters. We are continuing to pursue these claims but given the commercial sensitivities we cannot release further details at present. The recovery prospects from these claims remain uncertain and we are continually assessing the cost of pursuing them versus the likely level of realisations.

Tax and VAT

We are currently concluding the tax position of the Company and will be submitting our tax returns for the trading period shortly.

Changes of administrator

Robert Hunt, one of the previous joint administrators, is retiring from PwC. As such, an application was made to the Court to remove him as joint administrator which was granted with effect from 8 November 2016. He will be released from all liability in respect of his conduct as administrator 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.

Michael Jervis and I, the remaining administrators of the Company, do not think it is necessary for a third administrator to be appointed to replace Robert Hunt.

Changes to our proposals

Our Statement of Proposals dated 16 March 2016 have changed following the retirement of Robert Hunt. If and when the Company moves from administration to creditors' voluntary liquidation, Robert Hunt will no longer take up the position as Joint Liquidator and Michael Jervis and I will be the Joint Liquidators. This amendment was approved by order of the Court dated 8 November 2016.

Investigations and actions

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

Our receipts and payments account

We set out in Appendix A an account of our receipts and payments in the administration from 21 July 2016 to 9 December 2016.

Our expenses

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

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

Our fees

We set out in Appendix C an update on our remuneration which covers our fees, disbursements and other related matters in this case. Also in Appendix C we set out the future work that we anticipate to carry out. The estimated total administrators' costs is in line with the fee estimate and remuneration report that was approved at a meeting by correspondence held on 8 September 2016.

Pre-administration costs

The following costs, incurred before our appointment with a view to the Company going into administration, were approved for payment on 30 March 2016. All amounts have been paid except the administrators' disbursements.

Nature of costs	Amount (£)
Fees charged by the administrators	75,795.75
Expenses incurred by the administrators	
• Administrators' disbursements	92.91
• Mayer Brown LLP	13,746.00
• Eversheds LLP	2,160.00
Total	91,794.66

Creditors' rights

Creditors have the right to ask for more information within 21 days of receiving this report as set out in Rule 2.48A IR86. 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 2.109 IR86. This information can also be found in the guide to fees at: http://www.icaew.com/~media/corporate/files/technical/insolvency/creditors%20guides/2015/guide_to_administrators_fees_oct_2015.ashx

You can also get a copy free of charge by telephoning Madeline Finkill on 0113 289 4075.

Next steps

We are currently seeking to extend the period of administration by 12 months in order to conclude the remaining matters relating to the sale to the Purchaser. Following this, and in conjunction with the other ongoing issues mentioned within this report, we will then consider the most appropriate strategy in order to affect a distribution to unsecured creditors. We will provide an update on this in our next report which we expect to send to creditors at the end of the administration, or in about six months, whichever is the sooner.

If you have any questions, please contact Madeline Finkill, on 0113 289 4075.

Yours faithfully
For and on behalf of the Company



A.S. Barrell

Joint Administrator

Anthony Steven Barrell and Michael John Andrew Jervis were appointed as Joint Administrators of BUK (Realisations) Limited (formerly Brantano (UK) Limited) on 21 January 2016 to manage its affairs, business and property as its agents and without personal liability. Anthony Steven Barrell and Michael John Andrew Jervis are licensed in the United Kingdom to act as insolvency practitioners by the Institute of Chartered Accountants in England and Wales.

The Joint Administrators are bound by the Insolvency Code of Ethics which can be found at:
<https://www.gov.uk/government/publications/insolvency-practitioner-code-of-ethics>

The Joint Administrators 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: Receipts and payments

Statement of Affairs		From 21 January 2016 to 20 July 2016	From 21 July 2016 to 9 December 2016	Total
£		£	£	£
	Fixed Charge			
	Receipts			
2,071,559	Cash at bank	2,071,558.89	-	2,071,558.89
6	Sale of business - goodwill	4.00	-	4.00
100,000	Sale of business - leases	100,000.00	-	100,000.00
	Sale of business - Other leasehold premiums	-	490,000.00	490,000.00
2,171,565.00	Total fixed charge receipts	2,171,562.89	490,000.00	2,661,562.89
	Payments			
	Property agent fees	19,875.00	24,375.00	44,250.00
	Total fixed charge payments	19,875.00	24,375.00	44,250.00
	Distribution to secured creditor under fixed charge	2,071,558.89	-	2,071,558.89
	Net fixed charge realisations	80,129.00	465,625.00	545,754.00
	Floating Charge			
	Receipts			
199,994	Sale of business - plant and machinery	199,994.00	-	199,994.00
6,927,317	Sale of business - stock	5,870,001.00	-	5,870,001.00
800,000	Sale of business - book debts	800,000.00	-	800,000.00
	Sale of business - capital allowances and group relief	1.00	-	1.00
30,000	Sale of business - cash floats	30,000.00	-	30,000.00
73,235	Other cash floats	29,990.00	-	29,990.00
2,548,053	Cash at bank and in transit	2,574,567.50	16,429.00	2,590,996.50
	Bank interest	6,436.94	2,382.01	8,818.95
	Misc receipts / refunds (primarily rates)	408,481.88	39,408.75	447,890.63
	Funding from purchaser and associated company for payroll	1,885,473.95	2,986.93	1,888,460.88
	Funding from purchasers for rent	5,050,682.58	2,166,561.73	7,217,244.31
	Recharge from purchaser for costs associated with lease assignments	-	169,323.70	169,323.70
	Third party funds held	55,286.22	60,220.00	115,506.22
	Net trading receipts	3,154,515.25	(714,484.34)	2,440,030.91
	VAT payable	235,180.90	583,065.62	818,246.52
10,578,599.00	Total floating charge receipts	20,300,611.22	2,325,893.40	22,626,504.62
	Payments			
	Finance / bank interest and charges	54,957.47	735.00	55,692.47
	Administrators' pre-appointment fees	75,795.75	-	75,795.75
	Administrators' remuneration (time cost basis subject to discount)	924,204.25	278,747.10	1,202,951.35
	Legal fees and expenses	109,984.76	289,072.25	399,057.01
	Insurance	22,569.05	6,889.99	29,459.04
	Statutory advertising	140.44	-	140.44
	Property agent fees	71,804.82	2,922.98	74,727.80
	Payroll paid in relation to purchaser and associated company	1,885,473.95	2,986.93	1,888,460.88
	Rent paid in relation to purchasers	3,739,990.38	2,240,089.21	5,980,079.59
	Creditors meeting costs	-	166.67	166.67
	VAT receivable	404,424.33	543,994.22	948,418.55
	Total floating charge payments	7,289,345.20	3,365,604.35	10,654,949.55
	Distribution to secured creditor under floating charge	8,805,995.91	-	8,805,995.91
	Net floating charge realisations	4,205,270.11	(1,039,710.95)	3,165,559.16

Trading	From 21 January 2016 to 20 July 2016 £	From 21 July 2016 to 9 December 2016 £	Total £
Receipts			
Trading sales	10,159,274.43	203,868.34	10,363,142.77
Recharge of shared costs from associated company	77,570.44	40,725.01	118,295.45
Total receipts	10,236,844.87	244,593.35	10,481,438.22
Payments			
Customer refunds	3,511.20	104.10	3,615.30
Non-stock store purchases	53,282.86	-	53,282.86
Direct labour	2,157,678.02	8,470.11	2,166,148.13
Direct expenses	27,941.40	17,940.32	45,881.72
Rents	516,773.82	99,068.80	615,842.62
Utilities (heat and light, telephone etc.)	153,083.27	6,891.14	159,974.41
Rates	443,464.35	362,526.69	805,991.04
Logistics costs	142,478.35	-	142,478.35
IT costs	100,810.35	-	100,810.35
Repairs and maintenance	14,252.88	828.34	15,081.22
Sundry expenses (including marketing costs)	24,374.41	3,951.27	28,325.68
Trading agent costs and expenses	1,639,604.97	-	1,639,604.97
Retention of title	1,303,681.00	338,398.03	1,642,079.03
Duress	204,387.30	-	204,387.30
Office costs, stationery and postage	5,328.11	113.90	5,442.01
Insurance	-	73,354.77	73,354.77
Professional fees	-	5,472.45	5,472.45
Third party funds	-	872.15	872.15
PAYE/NIC and pension deductions	243,421.36	1,051.00	244,472.36
Irrecoverable VAT	48,255.97	40,034.62	88,290.59
Total payments	7,082,329.62	959,077.69	8,041,407.31
Net trading receipts	3,154,515.25	(714,484.34)	2,440,030.91

Total net fixed charge realisations	80,129.00	465,625.00	545,754.00
Total net floating charge realisations	4,205,270.11	(1,039,710.95)	3,165,559.16
Cash at bank in an interest bearing account	4,285,399.11	(574,085.95)	3,711,313.16

Notes

- ① The directors' statement of affairs included a duplicate amount of £30,000 in respect of cash floats on appointment.
- ② The Prescribed Part (Section 176A of the Act and the Insolvency Act 1986 (Prescribed Part) Order 2003) applies to the Company as the charges were created and registered at Companies House subsequent to the order coming into force on 15 September 2003. The Company's Net Property totals over £3m and so the prescribed part is calculated at the maximum of £600k.

Appendix B: Expenses

The following table provides details of our expenses. Expenses are amounts properly payable by us as administrators from the estate and includes our fees, but excludes distributions to creditors. The table also excludes any potential tax liabilities that we may need to pay as an administration expense because amounts becoming due will depend on the position at the end of the tax accounting period. We explained to you in our last report that the expenses incurred or anticipated to be incurred exceed the initial estimate in our Proposals. In summary, the total increase comprises of an increase to Office Holders' fees of £0.5m and trading costs of £0.5m which was offset by rates refunds of £0.3m and increased trading sales. There has been no change since the expenses estimate provided in our last report dated 19 August 2016. Please refer to our last report for further detail in this regard.

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.

£'000	Brought forward from preceding period £'000	Incurred in the period under review £'000	Cumulative £'000	Paid in the period under review £'000	Estimated future to pay £'000	Anticipated total £'000	Initial estimate per our Proposals £'000	Variance £'000
Trading expenses								
Wages and salaries	2,429	-	2,429	-	-	2,429	2,292	137
Rents, rates and utilities	1,113	-	1,113	468	311	1,892	1,592	300
Trading agents costs and expenses	1,640	-	1,640	-	-	1,640	1,615	25
Logistics costs	142	-	142	-	4	146	104	42
Duress payments	204	-	204	-	-	204	265	(61)
Other trading costs	1,553	-	1,553	450	261	2,264	2,207	57
Other expenses								
Pre-administration costs and expenses	92	-	92	-	-	92	92	-
Office holders' fees and disbursements	1,380 ^①	290	1,670	279	531	1,734 ^②	1,264	470
Lawyers and agents costs	186	146 ^③	332	146 ^③	73	405	393	12
Total	8,739	436	9,175	1,343	1,180	10,806	9,824	982

^① We previously reported this figure to you as £924k, as this was the figure we had billed in the period. The figure quoted above reflects the time actually accrued as at 20 July 2016

^② The anticipated total is shown net of the discount agreed at the meeting of creditors on 30 March 2016

^③ Lawyers and agents costs are net of the contribution received from the Purchaser in relation to contested landlords and lease assignments

Appendix C: Remuneration update

Our fees were approved on a time costs basis at a meeting of creditors held on 30 March 2016 subject to a deduction of 15% on post appointment time in excess of £792,000. We subsequently issued a revised fee budget dated 19 August 2016 which amounted to £1,876,348 (before the 15% deduction, this equates to £1,713,696 net of the 15% deduction); this was approved at a meeting of creditors held by correspondence on 8 September 2016.

Total time costs to date amount to £1,670,347 (which equates to £1,583,595 net of the 15% deduction), of which £290,138 was incurred in the period covered by this report (both stated before the 15% deduction). Based on current information, our total time costs will be in line with the revised fee budget as set out in our previous report dated 19 August 2016, i.e. future total time costs are estimated to be c.£206,000 (before the 15% deduction, which equates to £175,000 net of the 15% deduction).

To date we have drawn fees of £1,202,951 in line with the approval given, as shown on the enclosed receipts and payments accounts. We set out later in this Appendix details of our work to date, anticipated future work, disbursements, subcontracted work and payments to associates.

Our hours and average rates (SIP 9)

		HOURS							TIME COSTS (£)	AVERAGE HOURLY RATE (£)	
Category of work	General description	Partner	Director	Senior Manager	Manager	Senior Associate	Associate	Support			Total
Assets		30.00	21.00	66.55	99.25	28.40	154.55	-	399.75	123,360.00	308.59
	Sale of business	12.00	5.00	8.10	0.90	-	-	-	26.00	13,534.00	520.54
	Property	18.00	10.00	53.10	67.00	18.70	151.10	-	317.90	91,253.50	287.05
	Other assets	-	6.00	2.00	29.05	3.40	1.15	-	41.60	14,733.75	354.18
	Retention of title	-	-	2.25	0.40	2.50	1.50	-	6.65	1,846.75	277.71
	Insurance	-	-	1.10	1.90	3.80	0.80	-	7.60	1,992.00	262.11
Creditors		-	-	3.90	1.40	4.50	23.00	3.80	36.60	7,282.70	198.98
	Creditor enquiries	-	-	0.55	0.20	0.50	18.75	0.30	20.30	3,617.45	178.20
	Unsecured creditors	-	-	3.35	1.00	4.00	4.25	3.50	16.10	3,596.25	223.37
	Secured creditors	-	-	-	0.20	-	-	-	0.20	69.00	345.00
Employees and pensions		-	-	0.10	3.30	5.40	0.55	-	9.35	2,319.50	248.07
	Communications with employees	-	-	-	-	-	-	-	-	-	-
	Payroll	-	-	0.10	1.20	3.70	-	-	5.00	1,160.50	232.10
	Redundancy related work	-	-	-	-	1.70	-	-	1.70	323.00	190.00
	Other employee matters	-	-	-	2.00	-	0.40	-	2.40	758.00	315.83
	Pensions	-	-	-	0.10	-	0.15	-	0.25	78.00	312.00
Trading		-	2.00	1.10	13.65	14.00	109.95	-	140.70	27,566.25	195.92
	Trading management	-	-	0.90	5.40	0.95	17.05	-	24.30	5,333.50	219.49
	Trading payments and receipts	-	2.00	0.20	8.25	13.05	92.90	-	116.40	22,232.75	191.00
Investigations		-	-	-	-	-	-	-	-	-	-
	Conducting investigations	-	-	-	-	-	-	-	-	-	-
Statutory and compliance		3.00	16.00	55.15	28.25	34.85	47.30	18.05	202.60	59,880.95	295.56
	Initial letters and notifications	-	-	-	-	-	-	-	-	-	-
	Remuneration report	-	-	22.25	4.70	23.90	6.15	-	57.00	16,886.75	-
	Case reviews	1.00	5.00	0.40	1.50	-	2.00	-	9.90	4,131.50	-
	Proposals	-	-	-	-	-	-	-	-	-	-
	Progress reports and extensions	-	3.50	28.95	19.75	8.35	26.25	-	86.80	27,241.00	-
	Books and records	-	-	-	-	0.35	-	-	0.35	66.50	190.00
	Other statutory and compliance	2.00	7.50	3.55	2.30	2.25	12.90	18.05	48.55	11,555.20	238.01
Tax and VAT		-	-	18.60	11.75	18.75	55.00	-	104.10	34,478.25	331.20
	Tax	-	-	0.30	11.65	-	48.75	-	60.70	16,982.00	279.77
	VAT	-	-	18.30	0.10	18.75	6.25	-	43.40	17,496.25	403.14
Administration		1.50	2.00	30.85	22.60	17.40	49.90	-	124.25	35,250.75	283.71
	Closure procedures	-	-	-	-	-	-	-	-	-	-
	Strategy & planning	1.50	2.00	18.85	13.10	9.30	13.90	-	58.65	18,749.25	319.68
	Accounting and treasury	-	-	12.00	9.50	8.10	36.00	-	65.60	16,501.50	251.55
		-	-	-	-	-	-	-	-	-	-
		34.50	41.00	176.25	180.20	123.30	440.25	21.85	1,017.35	290,138.40	285.19

Brought forward at 20 July 2016

4,392.24 1,380,208.35

Total

5,409.59 1,670,346.75

The table below shows a comparison of total time costs to date (before the 15% deduction) compared to the revised budget provided in our last report dated 19 August 2016.

	Aspect of assignment	Total hours	Total time cost £	Average hourly rate £	Latest estimate £	Outstanding budget £
1	Assets	1,640	586,370	358	646,941	60,571
2	Creditors	317	87,909	277	122,409	34,500
3	Employees and Pensions	485	159,555	329	160,993	1,439
4	Trading	1,416	381,512	269	411,824	30,312
5	Investigations	19	6,532	340	6,532	-
6	Statutory & compliance	726	197,595	272	248,343	50,748
7	Tax and VAT	310	116,942	378	133,080	16,138
8	Administration	498	133,932	269	146,226	12,294
Total for the case		5,410	1,670,347	309	1,876,348	206,001
After 15% deduction			1,538,595		1,713,696	175,100

Our time charging policy and hourly rates

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

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

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

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

Grade	<u>Insolvency rates</u>		<u>Specialist rates (maximum rates)</u>	
	From 1 July 2015 £	From 1 July 2016 £	From 1 July 2015 £	From 1 July 2016 £
Partner	590	600	1,190	1,250
Director	490	500	1,095	1,150
Senior manager	425	435	1,010	1,170
Manager	340	345	605	700
Senior associate – qualified	255	260	445	515
Senior associate – unqualified	185	190	280	295
Associate	165	170	240	255
Support staff	87	89	n/a	n/a

In common with all professional firms, hourly rates increase from time to time over the period of the administration (for example to cover annual inflationary cost increases). Any material amendments to these rates will be advised to creditors in our next statutory report.

Payments to associates

We have not made any payments to associates 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
Trading	<ul style="list-style-type: none"> Preparing and authorising receipt and payment vouchers Actively pursuing suppliers, rating authorities and utility companies to finalise accounts with the Company 	<ul style="list-style-type: none"> To finalise the trading account and confirm the future outcome for creditors 	<ul style="list-style-type: none"> Required as part of the nature of the administration To establish the level of funds available to distribute to creditors
Assets	<ul style="list-style-type: none"> Requesting regular updates from the Purchaser and their solicitors to the progress of lease assignments Paying outstanding post appointment rent to support the Purchaser in the assignment process Requesting rental funds from the Purchaser on a monthly basis under the licenses to occupy Dealing with key claims from landlords regarding surrenders and reviewing validity with our solicitors Reaching the final settlement with the Purchaser regarding trading recharges and concluding outstanding monies reconciliation Liaising with the insurer and paying trading insurance costs Paying Retention of Title settlements Supporting the Purchaser with novation agreements 	<ul style="list-style-type: none"> To comply with the licenses to occupy and the Sale and Purchase Agreement between the Company and the Purchaser To reduce the value of landlord claims 	<ul style="list-style-type: none"> Required under the licenses to occupy and Sale and Purchase Agreement To efficiently finalise aspects of the sale of the business and to establish funds available to distribute to creditors
Creditors	<ul style="list-style-type: none"> Receiving and following up creditors enquiries via telephone, email and post 	<ul style="list-style-type: none"> To provide all creditors with the 	<ul style="list-style-type: none"> To ensure any dividend will

	<ul style="list-style-type: none"> Dealing with statement of claims forms 	<ul style="list-style-type: none"> relevant information To make sure all potential claims are received and dealt with as per our claims policy 	correctly reflect the creditors' claims
Administration	<ul style="list-style-type: none"> Monitoring costs on a monthly basis Holding team meetings to discuss the progress and strategy of the administration Dealing with receipts, payments and journals relating to non-trading matters Carrying out bank reconciliations and reviewing the management of funds Following internal security procedures involved in verifying payees and payments 	<ul style="list-style-type: none"> To progress the case efficiently and assess the best outcome for creditors Required in order to effectively and securely make payments To ensure all funds are correctly managed 	<ul style="list-style-type: none"> Contributes to efficient and proper management of the case To ensure any funds that will become available to creditors have been managed effectively Internal procedures involved in cash management
Statutory & Compliance	<ul style="list-style-type: none"> Preparation and review of the revised remuneration report Preparation and review of the first progress report Distribution of first progress report and revised remuneration report to all creditors Holding the meeting by correspondence relating to the revised remuneration report and notification to the creditors of the outcome Regular case reviews Discussions regarding the exit route and extension of administration Initial drafting in relation to the second progress report Dealing with creditors queries arising from the revised budget Filing documents in line with internal policy 	<ul style="list-style-type: none"> To provide creditors with an update of the administration To meet all statutory reporting duties 	Statutory duties of the administrators

Tax & VAT	<ul style="list-style-type: none"> • Preparation and submission of quarterly VAT returns • Preparation and review of draft tax returns • Providing tax and VAT treatment advice when settling the accounts with the Purchaser 	<ul style="list-style-type: none"> • To ensure all recoverable amounts are realised and that we can maximise future realisations 	<ul style="list-style-type: none"> • Statutory duties of the administrators
Employees & Pensions	<ul style="list-style-type: none"> • Liaising with the Redundancy Payments Office regarding unsecured employee claims • Corresponding with the Purchaser to retrieve necessary employee information 	<ul style="list-style-type: none"> • To ensure all claims are admitted correctly 	<ul style="list-style-type: none"> • Statutory duties of the administrators

Our future work

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

Area of work	Work we need to do	Estimated cost	Whether or not the work will provide a financial benefit to creditors
Administration	<ul style="list-style-type: none"> • Strategy meetings to consider case progression • Monitoring costs on a monthly basis • Continued management of funds and dealing with non-trading receipts, payments and journals • Monitoring the progression of the administration against key target areas such as asset realisations, dealing with leases and landlords, dealing with key claims and other statutory requirements • Closure process in relation to internal file maintenance and systems 	<ul style="list-style-type: none"> • £12,000 	<ul style="list-style-type: none"> • To efficiently manage and progress the case • Effective management of funds to benefit creditors • To make sure the key factors within the administration are dealt with effectively to impact the creditors positively
Trading	<ul style="list-style-type: none"> • Conclude the final trading position and pay outstanding invoices from suppliers, utilities and rates 	<ul style="list-style-type: none"> • £30,000 	<ul style="list-style-type: none"> • To establish all funds available to creditors

Tax & VAT	<ul style="list-style-type: none"> • Preparation and submission of quarterly VAT returns and dealing with the deregistration process • Taxation advice on final trading costs • Preparation and submission of final tax return and requesting tax clearance from HMRC 	• £16,000	• Ensures all potential realisations associated with taxation are recovered
Statutory & compliance	<ul style="list-style-type: none"> • Preparation of second progress report • Convening a meeting of creditors to extend the period of the administration • Consideration of exit route and statutory requirement in this regard, for example to move to Creditors Voluntary Liquidation • Necessary notifications to creditors • Preparation of final progress report • Regular case reviews • Statutory reporting under the administration and notifications to creditors • Meeting internal compliance regulations • Continued filing of documents and management of files 	• £51,000	• Statutory duties of the administrators
Assets	<ul style="list-style-type: none"> • Support and assist the Purchaser with the lease assignment process • Liaise with landlords regarding their claims and outstanding post appointment sums due • Paying relevant invoices to progress the assignment process • Paying final Retention of Title settlements • Pursuing remaining rates refunds 	• £61,000	• To finalise the sale of the trading aspect of the administration to establish funds available to creditors

Employees and pensions	<ul style="list-style-type: none"> Finalise employee claims and ensure all correct information is held 	£1,000	<ul style="list-style-type: none"> Ensures all claims are recorded correctly within the administration
Creditors	<ul style="list-style-type: none"> Liaising with creditors regularly to ensure all claims are received under the administration and all queries are dealt with Deal with and respond to creditor queries Prepare the files for the claims agreement process 	£35,000	<ul style="list-style-type: none"> To provide creditors with regular updates of their claim and future dividend prospects
Total		206,000	

Disbursements

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

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

The following disbursements arose in the period of this report.

Category	Policy	Costs incurred £
2	Photocopying - at 5 pence per sheet copied, only charged for circulars to creditors and other bulk copying.	232.26
2	Mileage - At a maximum of 67 pence per mile (up to 2,000cc) or 92 pence per mile (over 2,000cc)	68.53
1	Postage	1,201.50
1	Rail fares	169.80
1	Other	31.07
	Total for the period	1,703.16
	Brought forward from previous periods	9,752.79
	Total	11,455.95

Our relationships

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

Details of subcontracted work

No work which we or our staff would normally do has been subcontracted during the period of this report and we do not anticipate subcontracting such work in the future.

Legal and other professional firms

We've instructed the following professionals on this case:

Service provided	Name of firm / organisation	Reason selected	Basis of fees
Legal services	Eversheds LLP	Expertise	Time costs
Legal services	Mayer Brown International LLP	Expertise	Time costs
Legal services	Freeths LLP	Expertise	Fixed fee
Property advice	Gooch Cunliffe Whale LLP	Industry knowledge and expertise	Fixed weekly fee until sale of business and % of realisations thereafter
Property agents	CAPA	Expertise	% of realisations
Property agents	GLH	Expertise	% of realisations

Please note that:

- Prior to payment being made, invoices are reviewed to the terms agreed at the outset; and
- Where fees are charged on a time costs basis, a breakdown of such costs is requested and reviewed prior to payment being made.

Appendix D: Other information

Court details for the administration:	High Court of Justice, Chancery Division, Birmingham District Registry (No. 8012 of 2016)
Company's registered name:	BUK (Realisations) Limited (formerly Brantano (UK) Limited)
Trading name:	Brantano
Registered number:	03472784
Registered address:	Central Square, 29 Wellington Street, Leeds, LS1 4DL
Date of the joint administrators' appointment:	21 January 2016
Joint administrators' names and addresses:	Anthony Steven Barrell of PricewaterhouseCoopers LLP, Donington Court, Pegasus Business Park, Herald Way, East Midlands, DE74 2UZ Michael John Andrew Jervis of PricewaterhouseCoopers LLP, 7 More London, Riverside, London, SE1 2RT Robert Jonathan Hunt removed from office on 8 November 2016
Extension(s) to the initial period of appointment:	Application in progress for 12 month extension by consent of the general body of creditors
Appointor's / applicant's name and address:	The directors of the Company, c/o Interlink Way West, Interlink Business Park, Bardon, Coalville, Leicestershire, LE67 1LD
Split of the joint administrators' responsibilities:	For the duration that the company is in administration, any of the functions to be exercised by the Administrators may be carried out by any or all of the Administrators
The European Regulation on Insolvency Proceeding (Council Regulations (EC) No. 1346/2000 of 29 May 2000)	The European Regulation on Insolvency Proceedings applies to the administration and the proceeding are main territorial proceedings
Net property and prescribed part	Under s176A IA86 and the Insolvency Act 1986 (Prescribed Part) Order 2003, proceeds must be set aside from realising assets covered by a floating charge to be distributed to unsecured creditors. This is calculated as 50% of the first £10,000 of net floating charge realisations plus 20% of anything thereafter, subject to a cap of £600,000. We currently estimate the net property to total over £3m and so the prescribed part is calculated as the maximum of £600k