
Joint administrators' progress report from 22 March 2017 to 21 September 2017

Brantano Retail Limited **(in administration)**

17 October 2017

In the 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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Section 1: Abbreviations and definitions

The following table shows the abbreviations and insolvency terms that may be used in this report:

Abbreviation or definition	Meaning
BUK	BUK (Realisations) Limited (formerly known as Brantano (UK) Limited) which entered administration on 21 January 2016. Company number 03472784
ERS	European Retail Solutions Limited
Firm, PwC	PricewaterhouseCoopers LLP
IA86	Insolvency Act 1986
IR16	Insolvency (England and Wales) Rules 2016
Jones	JTB Realisations Limited – in administration (formerly A. Jones & Sons Limited)
Preferential creditors	<p>Creditors with claims for:</p> <ol style="list-style-type: none"> 1. unpaid wages for the whole or any part of the period of four months before 22 March 2017 (up to a maximum of £800); 2. accrued holiday pay for any period before 22 March 2017; and 3. 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 believe it will be achieved
ROT	Claims to retention of title over goods supplied to the Company but not paid for by the time of the Administrators' appointment
RPS	Redundancy Payments Service (part of the Insolvency Service, an executive agency of the Department for Business, Energy & Industrial Strategy)
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 Administrators / we / our / us	Anthony Steven Barrell and Michael John Andrew Jervis
The Company	Brantano Retail Limited – in administration (formerly Lifebelles Limited)
The Lender	Alteri Europe L.P.
Unsecured creditors	Creditors who are neither secured nor preferential

Section 2: Key messages

Why we've sent you this report

We are writing to update you on the progress of the administration of the Company since our appointment on 22 March 2017. This report covers the six month period to 21 September 2017.

How much creditors may receive

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

Class of creditor	Forecast return	Timing
Secured creditors	c. 80p / £*	3-6 months
Preferential creditors	Not applicable	Not applicable
Unsecured creditors (prescribed part capped at £600k)	up to 3p / £	6 months

** Before default interest and fees and in respect of the Company's indebtedness only (i.e. does not give consideration to any potential realisations under the secured creditor's cross guarantee with Jones)*

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.

The secured creditor will not be fully repaid its lending of £14.4m* out of its security over the Company's assets.

Based on current information we think the Company's unsecured creditors will get a dividend of up to 3p in the £ from the prescribed part. However, the amount of any dividend and is dependent on the level of claims submitted.

We have started asking for outstanding claims from unsecured creditors so that we can agree them for dividend purposes. We anticipate issuing formal notice of our intention to declare a dividend in November 2017 with a view to distributing the prescribed part in January 2018. It is then our intention to move the Company to dissolution ahead of the anniversary of our appointment (on 22 March 2018). This will avoid the unnecessary costs of seeking an extension to the period of the administration.

What you need to do

If you haven't already done so, please send your claim to us so that we can agree it. A claim form can be downloaded from our website at www.pwc.co.uk/bri or you can get one by telephoning Mags Pollock on 0113 289 4739.

Creditors who are owed £1,000 or less by the Company as recorded on the Statement of Affairs are not required to submit claim documentation (unless specifically requested to) in order to take part in the anticipated dividend.

The Statement of Affairs has been filed at Companies House and is available to download at:
<https://beta.companieshouse.gov.uk/company/09988846>

Section 3: Background and overview of what we've done to date

You may remember from our Proposals that we gave the background to the Company and reasons for our appointment. We summarise these below.

- 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 were 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.

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 explain in Section 4 the progress we have made in the administration since the date of our appointment.

Whilst trading has now ceased, we remain in office mainly for the following reasons (further details are set out in Section 4):

- Finalising the various trading accounts;
- Realisation of remaining assets (primarily book debts, property transactions and intellectual property);
- Finalising a small number of retention of title claims;
- Finalising the Company's tax and VAT affairs;
- Agreement of creditor claims and distribution of the prescribed part fund to unsecured creditors; and
- Distribution of residual funds to the secured creditor.

Section 4: Progress since our appointment

Trading

Our initial strategy

As the sale process shortly prior to our 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. These assets included a portfolio of leasehold property interests, fixtures and fittings, stock, IT equipment, book debts, intellectual property and the Company's workforce.

Supervision and control

Given the number of stores/concessions and in order to oversee the day-to-day trading operations as efficiently as possible, we appointed ERS (a specialist in trading retail businesses in distressed situations) as trading agents. ERS is connected to Alteri Investors and the Lender by way of a common shareholding. Fee arrangements were benchmarked and negotiated in line with our experience of dealing with similar retail situations.

We held regular discussions with ERS for the purpose of:

- Reviewing management information;
- Continually assessing the viability and benefit of our ongoing trading strategy; and
- Adapting our strategy as required, to improve the outcome for creditors.

Our flexible closure plan to collapse the network in an effective manner allowed us to extend trading at those locations where trading performance was better than expected (and purchase more stock where beneficial to do so); and quickly close stores where we had sold all existing stock and which were not viable to continue further.

We provide more details below on our work, however please note that this is only a summary of some of the key issues and not an exhaustive list of all the tasks performed. Further detail of our work on the supervision and control of trading, is set out in Appendix C.

Sale and closure

We received expressions of interest from five parties for parts of the Company's business and assets, and we ultimately completed one transaction in respect of eight of the Company's leasehold premises and made other realisations on a piecemeal basis, as described further below.

As a sale of the business and assets as a whole could not be achieved, unfortunately it was necessary for all remaining stores and all concessions to close. Closures were phased throughout the period from appointment 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.

Property management

Set out below is a summary of our work directly in relation to the large number of properties and concessions. The work was necessary in order to allow the business to continue trading from these locations and with minimal disruption.

- Rent* 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).
- To ensure payments were made to landlords on a timely basis, we adopted a uniform and proactive approach in calculating and periodically paying liabilities based on daily rates, rather than awaiting the (often delayed) submission of invoices.
- There remain a small number of invoices to pay for the period of occupation and we continue to chase a number of invoices for VAT purposes.
- Concessions* Payments for the concession outlets were more complicated, due to the different bases upon which rent was calculated (for example, on turnover or a flat rate). We have corresponded with the population of concession outlets in order to proactively seek to settle the trading expenses owing and requested that they provide us with final invoices, so that we can bring this matter to a close.
- Rates* We have liaised with 70 rating authorities and obtained and settled bills for in excess of 60 authorities to date. We are in correspondence with the remaining few authorities and expect to conclude these accounts in the near future.
- Utilities* In order to save costs, we instructed the Company's incumbent agent to liaise with the various suppliers on our behalf. This included ensuring that opening and closing meter readings were obtained and processed, and that invoices for the period of our occupation were validated in accordance with the terms of the Company's existing contracts.
- A large number of these accounts have been concluded but there remain a number of outstanding payments, in particular with regard to water rates (due to the geographical spread of locations and consequently the number of water authorities which supplied the Company).

Shared resources

The Company's head office was shared with its sister company, Jones. Services and staff at head office were historically shared between the two companies and recharges made as appropriate. As part of our initial trading strategy, we reviewed the shared services and liaised with Jones (and subsequently its administrators), in order to agree the ongoing basis upon which this arrangement would proceed.

The business and assets of Jones were sold to a third party by its administrators. As a result, some of the contracts and services which were historically in the Company's name, but shared between the two companies, were required to be novated to Jones. We therefore liaised with the various suppliers in order to agree the continuation of services throughout our trading period and also liaised with Jones in order to reconcile and agree the value of recharges to them, and the novation of contracts. This process is continuing.

Other key issues

Other notable areas of work connected with our trading period included:

- *Insurance* - liaising with our brokers in order to ensure that our stock and property interests were adequately insured, and the necessary notifications made in respect of vehicles, operated by the Company and Jones staff; and
- *VAT* - Establishing and monitoring an effective temporary system for VAT accounting on sales (in particular with regard to the sale of children's shoes) within the management information provided by our trading agents and subsequently in our own receipts and payments account. Periodic VAT returns continue to be required.

Outcome of trading

We have included at Appendix A, a statement of the receipts and payments relating to the trading business. This shows cash from sales of £16.9m and payments of £7.2m (including those related to ROT), giving a present surplus balance of £9.7m. As this has been prepared on a cash basis, it does not necessarily reflect the final position.

Although trading has ceased, we are continuing to finalise various accounts to ensure that all duly authorised liabilities and obligations which arose as part of our trading period have been agreed and settled. Estimates for the unpaid invoices relating to our trading period are included in our expenses statement in Appendix B. We currently estimate that the final surplus will be in the region of £9.2m.

Sale of business and assets

As set out in our Proposal and earlier in this report, a sale of the business was explored prior to the administration but the value of the offers were 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 detailed below and in more detail in Appendix C.

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 of the stores) transferring to the purchaser. A further eight individual leases were surrendered for positive premiums. Total realisations amount to £0.6m, this includes funds held in our solicitor's client account that is being transferred to the administration.

We have sent surrender letters to all remaining landlords, however the majority of landlords have not yet accepted surrender of the leases.

Realisation of other assets

Other realisations not mentioned above include:

- A total of £5.5m from cash at bank on appointment.
- Debtor and credit card receipts relating to pre-appointment sales, totalling £0.2m.
- Various owned fixtures, fittings and IT equipment which have realised £86k; and
- A transaction was completed in respect of the Company's intellectual property, realising £50k. In addition approximately a further £90K is currently held in our solicitors client account.

We continue to pursue the realisation of other residual assets, including deposits paid by the Company prior to our appointment and amounts held back by PayPal, in the event of customers returning goods, which should now be paid over to the Company. We will provide an update on these in our next report.

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.

Retention of title

Stock was the Company's key asset and there were a number of ROT claims made by creditors following our appointment. Where deemed appropriate, commercial settlements were reached with these creditors resulting in payments totalling around £1.1m in the period.

Dealing with ROT has been a complex work stream and has involved:

- Liaising with ROT creditors;
- Facilitating and attending at stock counts; and
- Adjudicating on claims in conjunction with our legal advisors (as appropriate).

A small number of claims remain to be resolved and a further update will be provided in our next report. We anticipate these matters to be resolved shortly in order for any adjustments to any unsecured claims to be made.

Approval of our proposals

We issued our Proposals for achieving the purpose of administration to creditors on 6 April 2017. We advised that we did not think the Company had 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 our Proposals and our Proposals would be deemed approved if creditors did not request a decision in the required manner. As creditors did not request a decision be sought, our Proposals were deemed approved on 24 April 2017.

There have been no subsequent modifications to our Proposals.

Investigations and actions

Under insolvency legislation, we have an obligation to review the conduct of everyone who has acted as a director of the Company within three years prior to our appointment and file a confidential report on our findings with the Department for Business, Energy & Industrial Strategy.

We can confirm that we have complied with the requirement. However, for confidentiality reasons and in accordance with normal practice, we are unable to give any further information.

Our receipts and payments account

We set out in Appendix A an account of our receipts and payments in the administration from 22 March 2017 to 21 September 2017.

Our expenses

We set out in Appendix B a statement of the expenses we've incurred to the date covered by this report and an estimate of our future expenses. The statement excludes any potential tax liabilities that we may need to pay as an administration expense in due course because amounts due will depend on the position at the end of the tax accounting period.

Our fees

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

Pre-administration costs

You can find in Appendix D, information about the approval of the unpaid pre-administration costs previously detailed in our Proposals.

Creditors' rights

Creditors have the right to ask for more information within 21 days of receiving this report as set out in Rule 18.9 IR16. Any request must be in writing. Creditors can also challenge fees and expenses within eight weeks of receiving this report as set out in Rule 18.34. This information can also be found in the guide to fees at:

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

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

What we still need to do

As explained earlier, before the administration can be brought to an end we need to:

- Agree and settle the final liabilities arising from the trading period (primarily rent, rates and utilities);
- Realise the remaining assets to the extent possible (primarily book debts, property transactions and intellectual property);
- Finalising a small number of retention of title claims;
- Agree unsecured creditor claims and distribute the prescribed part;
- Distribute residual funds to the secured creditor;
- Prepare and submit corporation tax and VAT returns; and
- Obtain clearances from HMRC in respect of corporation tax and VAT.

There will also be ongoing statutory and regulatory duties with which we have to comply.

Next steps

The administration will automatically come to an end on 21 March 2018 unless extended by the secured creditor (given the circumstances of this case) or the court. However, it is not anticipated that an extension will be required, but if this changes, we will seek approval from the secured creditor as appropriate. We will provide an update on this in our next report.

We expect to send our next report to creditors at the end of the administration or in about six months, whichever is the sooner. In the meantime and likely to be late November 2017, creditors should expect to receive a notice confirming our intention to declare a dividend from the prescribed part fund. We ask that creditors submit their claim without further delay (if not done so already), to allow sufficient time for any further information that we may request, to be provided.

If you've got any questions, 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 for 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

Trading statement	£
Receipts	
Sales	16,908,139.18
Total receipts	16,908,139.18
Payments	
Agents' fees and disbursements	4,750.00
Customer refunds	196.71
Employee costs and expenses	17,685.36
Gross wages and salaries	2,040,906.18
Heat and light	158,573.14
Insurance	231.81
IT costs	76,570.14
Logistic costs	263,511.88
Non stock store purchases	78,129.00
PAYE / NIC and pension deductions	504,272.92
Purchases	147,443.44
Rates	463,522.32
Repairs and maintenance	18,788.95
ROT settlement	1,095,697.36
Standalone store and concession rents	1,629,829.86
Sub contractors	81,800.16
Telephone	8,561.43
Trading agents costs	584,635.05
Total payments	7,175,105.71
Trading surplus/(loss)	9,733,033.47

Statement of affairs		22 March 2017 to 21 September 2017
Fixed charge		£
Receipts		
4,614,775.00	Cash in hand	4,614,774.67
	Intangible assets	50,000.00
387,500.00	Leasehold property	282,500.00
	Total receipts	4,947,274.67
Payments		
	Agents' fees and disbursements	57,538.50
	Bank charges	2,875.33
	Total payments	60,413.83
Amount available to fixed charge holder		4,886,860.84
23,200,000.00	Distribution to fixed charge holder	4,506,757.53
Net fixed charge realisations		380,103.31
Floating charge		£
Receipts		
	Bank interest gross	2,068.76
217,008.00	Book debts	233,856.77
	Business rates refunds	12,179.34
	Business rates refund received on behalf of third parties	12,080.14
	Cash floats	31,826.30
1,467,959.00	Cash in hand	887,428.29
20,000.00	Fixtures and fittings	86,278.58
	Foreign currency gains	63,519.25
	Motor vehicles	1,500.00
	Plant and machinery	10,000.00
7,054,009.00	Stock	920.00
	Sundry debts and refunds	48,914.35
	Trading surplus	9,733,033.47
	Total receipts	11,123,605.25
Payments		
	Bank charges	113,846.14
	Duress payments	96,062.52
	Irrecoverable VAT	110,435.64
	Office costs, stationery and postage	660.48
	Statement of affairs costs	5,005.60
	Statutory advertising	73.00
	Storage costs	28,667.86
	Total payments	354,751.24
Amount available to floating charge holder		10,768,854.01
18,585,225.00	Distribution to floating charge holder	6,314,313.00
Net floating charge realisations		4,454,541.01
	VAT control account	(304,397.30)
Balance held in interest bearing current account		4,530,247.02
Represented by:		
	Held in Barclays	4,530,247.02
		4,530,247.02

Receipts and payments are shown net of VAT.

In addition to the above, net funds of c £350k are currently held in our solicitor's client account. These primarily relate to leasehold property transactions and intellectual property and are in the process of being transferred to the administrators account.

Appendix B: Expenses

The following table provides details of our expenses. Expenses are amounts properly payable by us as administrators from the estate and include our fees, but exclude distributions to creditors. The table also excludes any potential tax liabilities that we may need to pay as an administration expense because amounts becoming due will depend on the position at the end of the tax accounting period.

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

<i>Nature of expenses</i>	<i>Receipts and payments category</i>	<i>Incurred as at 21 September 2017 (£k)</i>	<i>Estimate of future expenses (£k)</i>	<i>Total estimated expenses (£k)</i>
Trading expenses				
Costs of sales	ROT settlement and purchases	1,339	474	1,813
Finance / bank & interest charges	Bank charges	114	10	124
Logistics	Logistic costs	264	-	264
Other / miscellaneous	IT costs; non stock store purchases; office costs, stationery and postage; repairs and maintenance; telephone	105	10	115
PAYE and NIC contributions	PAYE / NIC and pension deductions	504	-	504
Property costs	Standalone store and concession rents; rates	2,762	-	2,762
Staff costs	Employee costs and expenses; gross wages and salaries; sub contractors	2,160	18	2,179
Trading agents costs	Trading agents costs	585	-	585
Non-store stock purchases	Non-store stock purchases	78	-	78
Utilities	Heat and light	159	-	159
Contingency	N/A	-	100	100
Other expenses				
Agents' fees and disbursements:				
GVA	Agents' fees	38	-	38
ECA	Agents' fees	4	-	4
The Coupers Partnership	Agents' fees	-	Contingent	Contingent
Metis Partners Limited	Agents' fees	10	Contingent	10
Agent's pre appointment costs (Hilco)	Agents' fees	17	-	17
Insurance	Insurance	78	47	125
Irrecoverable VAT	Irrecoverable VAT	110	40	150
Legal fees – post appointment (Eversheds)	N/A - not yet paid	85	-	85
Legal fees – pre appointment (Eversheds)	N/A - not yet paid	3	-	3
Office holders' disbursements	N/A - not yet paid	12	1	13
Other / miscellaneous	Bank charges (fixed charge account); statutory advertising; storage costs; statement of affairs costs	37	32	68
Pre-administration costs	N/A - not yet paid	86	-	86
Total expenses		8,549	731	9,280

Appendix C: Remuneration update

Our fees were approved on a time cost basis by the secured creditor, as required by insolvency legislation in the circumstances of this case. No fees have been drawn during the period to 21 September 2017, but we intend draw fees in line with the approval obtained in due course.

The time cost charges incurred in the period covered by this report are £1,464,838.

We think that our time costs will exceed our initial fees estimate of £1,575,000, which has been approved by the secured creditor as fee approving body. We will be seeking approval to exceed the fees estimate.

The reasons why the administration has exceeded the fees estimate include:

- Ongoing delays and complications with a property transaction;
- Realisation of the Company's intellectual property that benefitted the estate by approximately £140,000 before costs;
- Complex retention of title negotiations that have taken longer than anticipated;
- Additional time spent liaising with the secured creditor regarding their claim and cross guarantee; and
- Final rent, rates and concession commissions taking longer than anticipated given the large number of third parties involved and varying degrees of co-operation.

We will communicate with the secured creditor separately in order to seek approval to exceed the initial fees estimate.

We set out later in this section more details on our work to date, anticipated future work, disbursements, subcontracted work and payments to associates.

Costs to date and our fees estimate

The following table shows the hours worked on this assignment by the various grades of staff, the cost and average hourly rate for that work. It also shows our current revised estimate of the total number of hours and cost this represents (£1.7m).

Aspect of assignment	Total hours	Time cost £	Average hourly rate £	Current fee estimate (hrs)	Current fee estimate £	Initial fee estimate £	Variance £
Assets	1,033.45	362,126.70	350.41	1,155.79	405,000.00	374,841.20	30,158.80
Creditors	449.90	156,986.55	348.94	687.80	240,000.00	236,466.50	3,533.50
Employees and pensions	798.00	228,039.20	285.76	815.37	233,000.00	219,241.60	13,758.40
Trading	1,794.15	478,580.65	266.75	1,926.90	514,000.00	465,172.70	48,827.30
Investigations	18.30	4,761.00	260.16	18.30	4,761.00	4,699.80	61.20
Statutory and compliance	408.60	135,014.85	330.43	499.22	164,958.75	135,741.70	29,217.05
Tax and VAT	99.45	45,710.90	459.64	141.42	65,000.00	56,332.20	8,667.80
Administration	153.60	53,618.30	349.08	209.92	73,280.25	83,280.30	(10,000.05)
Total	4,755.45	1,464,838.15	308.03	5,454.72	1,700,000.00	1,575,776.00	124,224.00

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.

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.

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.

In common with many professional firms, our scale rates may rise 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.

Payments to associates

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

Our work in the period

Earlier in this section we 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"> Marketing the remaining portfolio of leasehold properties for sale Instructing property agents and providing information Contacting potential interested parties and referring those not being dealt with by the administrators to the property agents Coordinating / providing access to information to interested parties Meeting property agents and holding internal meetings to discuss/ review offers received Negotiating with interested parties Liaising with purchasers and solicitors Completing sale and purchase agreement Completing property assignments and dealing with payment of rent prior to the assignment (including making formal applications where necessary)
	Property management	<ul style="list-style-type: none"> Carrying out title searches and securing relevant property records Liaising with valuers, agents and landlords Issuing informal surrender letters to landlords once vacated Monitoring and recording progress of lease surrenders for each site
	Debtors	<ul style="list-style-type: none"> Corresponding with debtors Reviewing and assessing debtors ledgers Liaising with debt collectors and solicitors as appropriate
	Stock	<ul style="list-style-type: none"> Reviewing stock records and values Establishing stock on water and held at port and liaising with suppliers accordingly
	Other assets	<ul style="list-style-type: none"> Liaising with valuers and interested parties Reviewing asset listings and valuations Reviewing leasing documents regarding third party assets Liaising with leasing company to arrange collection of vehicles Liaising with owners/lessors
	Retention of title claims	<ul style="list-style-type: none"> Maintaining retention of title file Supervising stock counts by retention of title creditors Overseeing the adjudication of retention of title claims Liaising with solicitors regarding claims received as required Where necessary corresponding with claimants regarding outcome of adjudication Negotiating potential settlements and making payments where appropriate
	Intangible assets	<ul style="list-style-type: none"> Instructing intellectual property agent to market the Company's intangible assets for sale Coordinating/providing access to information to interested parties Meeting agents and holding internal meetings to discuss/review offers received Liaising with purchasers and solicitors Completing sale and purchase agreements
	Insurance	<ul style="list-style-type: none"> Identifying potential issues requiring attention of insurance specialists Reviewing insurance policies Corresponding with insurer regarding initial and ongoing insurance requirements Realising any value within policies Agreeing final premium charges and concluding cover
		This work was necessary to preserve the value of the Company's assets and realise those assets for the benefit of creditors.

Category of work	General description	Work undertaken and why this work was required
Creditors	Creditor enquiries	<ul style="list-style-type: none"> • Setting up a dedicated website for delivery of initial and ongoing communications and reports • Receiving and following up creditor enquiries via telephone, email and post • Reviewing and preparing correspondence to creditors and their representatives • Receipting and filing statement of claim forms
	Secured creditors	<ul style="list-style-type: none"> • Notifying secured creditors of appointment • 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 <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.</p>
Employees and pensions	Communications with employees	<ul style="list-style-type: none"> • Drafting, issuing and delivering initial communications and announcements • Preparing letters to employees advising of their entitlements and options available • Appointing employee representatives and holding regular meetings • Receiving and following up employee enquiries via telephone, post and email
	Payroll	<ul style="list-style-type: none"> • Reviewing employee files and Company's books and records • Reviewing payroll and liaising with Company staff and payroll bureaux as appropriate • Calculating and paying periodic payroll • Deducting and paying over PAYE/NIC to HMRC and other deductions to relevant agencies and third parties • Completing final payroll reconciliations
	Redundancy related work	<ul style="list-style-type: none"> • Commencing / continuing a consultation process • Selecting and making redundancies • Liaising with the RPS and external agencies
	Other employee matters	<ul style="list-style-type: none"> • General HR matters • Liaising with the purchaser of eight stores regarding the transfer of 45 employees
	Pensions	<ul style="list-style-type: none"> • Reviewing life policies • Gathering initial pensions and employee benefits information • Issuing statutory notices • Dealing with general pension scheme issues • Calculating contributions and requesting payments to the relevant scheme or policy <p>This work was necessary to ensure compliance with statutory responsibilities towards retained and former employees.</p>
Trading	Trading management	<ul style="list-style-type: none"> • Liaising with suppliers • Liaising with Company management, staff and trading agents in relation to ongoing trading matters • Working with our trading agents to oversee trading and the stock discounting strategy (including attendance at regular trading meetings, reviewing Key Performance Indicators (KPIs) and dealing with potential stock augment opportunities) • Working with our trading agents regarding the closure of stores

Category of work	General description	Work undertaken and why this work was required
	Processing receipts and payments	<ul style="list-style-type: none"> • Attending on site where necessary • Authorising purchase orders and other commitments • Maintaining purchase order registry • Preparing and authorising receipt and payment vouchers • Reviewing Company's budgets and financial statements • Negotiating with the merchant services providers to continue their service • Negotiating with the cash collections provider to continue their service • Reviewing the cash collection/credit card/sales reconciliations • Preparing budgets and financial reports • 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 <ul style="list-style-type: none"> • Processing payments for wages, salaries, landlords and other trading costs in accordance with our processes and procedures • Liaising with the pre appointment bank to facilitate critical payments, largely in respect of wages and salaries • Entering receipts and payments into accounting system <p>This work is necessary for the ongoing profitable trading of the business and enabled us to monitor trading activities, ultimately with a view to enhanced asset realisations for the benefit of creditors.</p>
Investigations	Conducting investigations	<ul style="list-style-type: none"> • Collecting Company's books and records where related to investigatory work • Reviewing Company's books and records • Reviewing directors' questionnaires • Preparing investigation file and lodging findings with the Department for Business, Energy & Industrial Strategy <p>This work was necessary to comply with statutory requirements.</p>
Statutory and compliance	Initial letters and notifications	<ul style="list-style-type: none"> • Preparing and issuing all necessary initial letters and notices regarding the administration and our appointment
	Remuneration report	<ul style="list-style-type: none"> • Preparing and circulating to creditors a report giving details of the work we expect to carry out during the case, our fees estimate and the expenses that are likely to be incurred
	Case reviews	<ul style="list-style-type: none"> • Conducting case reviews
	Proposals	<ul style="list-style-type: none"> • Drafting and reviewing a statement of proposals to creditors including preparing receipts and payments accounts and statutory information • Circulating notice of the Proposals to creditors, members and the Registrar of Companies and notice of deemed approval
	Other meetings / resolutions	<ul style="list-style-type: none"> • Preparing documents and information for the purpose of obtaining approval to fees, Category 2 disbursements and other matters in the administration
	Books and records	<ul style="list-style-type: none"> • Collecting Company books and records where not related to investigatory work • Dealing with records in storage • Sending job files to storage
	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>

Category of work	General description	Work undertaken and why this work was required
Tax & VAT	Tax	<ul style="list-style-type: none"> Gathering information for the initial tax review Carrying out tax review and subsequent enquiries
	VAT	<ul style="list-style-type: none"> Gathering information for the initial VAT review Advising on pre appointment VAT returns Advising in respect of lease assignments/surrenders Completing the first post-appointment VAT return
This work was necessary for compliance with statutory and regulatory responsibilities.		
Administration	Strategy and planning	<ul style="list-style-type: none"> Completing tasks relating to job acceptance Setting the key strategy for the administration; monitoring progress against this and adjusting strategy where necessary Preparing fee budgets & monitoring cost 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
	Accounting and treasury	<ul style="list-style-type: none"> Opening and closing bank accounts and arranging facilities 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 for efficient progression of case matters and cost management.		
This work was necessary to ensure proper and effective stewardship of estate funds.		

Our future work

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

Area of work and estimated costs	Work we need to do and why it is required
Assets £43k	<ul style="list-style-type: none"> Completing property assignments with payment of rent prior to the assignments (including making formal applications where necessary) Correspondence with debtors Negotiating the surrender of leasehold properties Monitoring and recording progress of lease surrenders for each site The adjudication of remaining retention of title claims and correspondence with the claimants (including negotiating potential settlements and making payments where appropriate) Correspondence with insurers regarding ongoing insurance requirements <p>This work will increase and maximise asset realisations for the benefit of creditors but will be performed only to the extent that it is expected to do so.</p>
Creditors £83k	<ul style="list-style-type: none"> Receiving proof of debt forms and maintaining register Adjudicate claims, including requesting further information from claimants where necessary Preparing correspondence to claimant advising outcome of adjudication and advising of intention to declare dividend Advertising intention to declare dividend Calculating dividend rate and preparing dividend file

Area of work and estimated costs	Work we need to do and why it is required
Employees and pensions £5k	<ul style="list-style-type: none"> • Preparing correspondence to creditors announcing declaration of dividend • Prepare and pay prescribed part distribution • Receiving and following creditor enquiries via telephone, email and post • Reviewing and preparing correspondence to creditors and their representatives • Liaising with secured creditor and answering queries • Making distributions in accordance with security entitlements • Dealing with any shareholder queries <p>Distributing the prescribed part fund to creditors is the principal issue to be completed.</p>
Trading £35k	<ul style="list-style-type: none"> • Receiving and following up employee enquiries via telephone, post and email • Liaising with RPS and external agencies • Devise cost effective strategy for dealing with employee unsecured claims • Employee unsecured claims agreement • Dealing with general pension scheme issues <p>These are statutory and regulatory responsibilities but also connected to the agreement of claims for dividend purposes.</p>
Statutory and compliance £30k	<ul style="list-style-type: none"> • Finalise and settle accounts with trading suppliers • Liaising with local authorities for sites where business rate settlements have not been agreed and making payments where appropriate • Agreeing remaining rent and commission payments in respect of concession stores • Entering receipts and payments into accounting system <p>Incidental to the conclusion of trading activities.</p>
Tax and VAT £19k	<ul style="list-style-type: none"> • Ongoing statutory six monthly case reviews • Preparation and statutory progress reports to creditors and Registrar • Preparation and circulation of final report to creditors and Registrar • Dealing with records in storage <p>These are statutory and regulatory responsibilities.</p>
Administration £20k	<ul style="list-style-type: none"> • Liaising with HMRC • Preparation and submission of corporation tax and VAT returns until closure • Deregistration for VAT purposes • Obtaining clearances from HMRC <p>These are statutory and regulatory responsibilities.</p>
	<ul style="list-style-type: none"> • Team meetings to assist progression of ongoing matters • Preparing fee budgets and monitoring costs • Carrying out bank reconciliations and managing investment of funds • Correspondence with the bank and other financial service providers regarding specific transfers • Withdrawing undertakings not relating to trading and obtaining clearances from third parties • Processing future receipts, payments and journals not related to trading. <p>Ensures efficient progression of case matters and stewardship of the Company's funds.</p>

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 secured creditor where required. In this case, Category 2 disbursements are:

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	Incurred to 21 September 2017 £
2	Photocopying	47.69
2	Mileage	4,135.63
1	Postage	1,239.38
1	Insurance	225.00
1	Taxi fares	488.70
1	Rail fares	1,917.41
1	Hotel accommodation	2,851.07
1	Other (e.g. courier charges, car park charges and miscellaneous expenses)	1,022.63
1	Total	11,927.51

These disbursements were paid shortly after the period end of this report.

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.

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 review this information to assess whether the costs are reasonable in the circumstances of the case.

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

- 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
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 	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

<i>Service provided</i>	<i>Name of firm</i>	<i>Reason selected</i>	<i>Basis of fees</i>
<ul style="list-style-type: none"> • Assistance with establishing the location of, and securing the Company's books and records • Provision of trading sales data • Supervision of store closures 			

Appendix D: 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

Agents' fees of £7,000 were paid during the period of this report. The balance remains unpaid but will be settled in due course.

Appendix E: Other information

Court details for the administration:	High Court, Chancery Division, Business and Property Courts in Birmingham Insolvency & Company List
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)
Extensions to the initial period of appointment:	Not applicable