

The Insolvency Act 1986

**Administrator's progress report**

<b>Name of Company</b>  AR Realisations 2016 Limited (Formerly Austin Reed Limited)	<b>Company number</b>  00399575
<b>In the</b> High Court of Justice, Chancery Division, Leeds District Registry <small>(full name of court)</small>	<b>Court case number</b> 362 of 2016

(a) Insert full name(s) and address(es) of administrator(s)

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administrators of the above company attach a progress report for the period

(b) Insert date

From

(b) 26 April 2016

To

(b) 25 October 2016

Signed

  
 Administrator

Dated

25.11.16

**Contact Details:**

You do not have to give any contact information in the box opposite but if you do, it will help Companies House to contact you if there is a query on the form

The contact information that you give will be visible to searchers of the public record

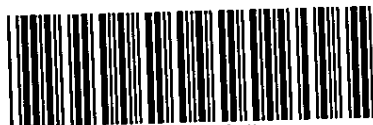
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When you have completed and signed this form, please send it to the Registrar of Companies at -  
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# Administrators' Progress Report for the period 26 April 2016 to 25 October 2016

ARG Realisations 2016 Limited,  
AR Realisations 2016 Limited,  
ARG Property Limited,  
CC Realisations 2016 Limited,  
CCH Realisations 2016 Limited,  
Darius Capital Limited and  
ARCS Realisations 2016 Limited  
All in Administration

25 November 2016

ARG Realisations 2016 Limited (**ARGL**), AR Realisations 2016 Limited (**ARL**), ARG (Property) Limited (**ARGP**), CC Realisations 2016 Limited (**CCL**), CCH Realisations 2016 Limited (**CCHL**), Darius Capital Limited (**DCL**) and ARCS Realisations 2016 Limited (**ARCS**) – all in Administration (together the **Companies**)

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## 1. Why this report has been prepared

1.1 As you will be aware Peter Saville, Kevin Coates and Catherine Williamson (the **Administrators**) were appointed over all of the Companies with the exception of ARCS on 26 April 2016. The Administrators were appointed over ARCS on 5 May 2016.

1.2 Please note that since the appointment, the majority of the Companies have changed their name as detailed below. The reason for this change is discussed at section 3.14.

Name on appointment	Current name
Austin Reed Group Limited	ARG Realisations 2016 Limited
Austin Reed Limited	AR Realisations 2016 Limited
Country Casuals Limited	CC Realisations 2016 Limited
Country Casuals Holdings Limited	CCH Realisations 2016 Limited
Austin Reed Credit Services Limited	ARCS Realisations 2016 Limited

1.3 In accordance with UK insolvency legislation, an administrator is required to provide a progress report covering the period of six months commencing on the date on which a company enters into administration and every subsequent period of six months. This progress report covers the period 26 April 2016 to 25 October 2016 for all of the Companies other than ARCS, and 5 May 2016 to 4 November 2016 for ARCS (the **Period**).

1.4 This report has been prepared in accordance with rules 2.47 and 2.112 of the Insolvency Rules 1986, and should be read in conjunction with the Administrators' Statement of Proposals dated 17 June 2016 (the **Proposals**).

1.5 The purpose of this report is to provide statutory and financial information about the Companies and to provide an update on the progress of the Administrations, including details of assets realised during the Period, details regarding the Administrators' fees and the expected outcome for each class of creditor

1.6 As a reminder an administrator of a company must perform their functions with a view to achieving one of the following statutory objectives:

Objective 1· rescuing a company as a going concern;

Objective 2· achieving a better result for a company's creditors as a whole than would be likely if a company were wound up (without first being in administration); or

Objective 3· realising property in order to make a distribution to one or more secured or preferential creditors.

1.7 In respect of ARGL, ARL, ARGP, CCL the Administrators are pursuing the second statutory objective. The third objective is being pursued for the remaining entities, namely ARCS, CCHL and DCL. Further details on the actions taken to achieve these objectives can be found in section 3 of this report.

1.8 Details of the Administrators' fees and disbursements Incurred are detailed at Appendices E to G.

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- 1.9 More information relating to the Administration process, Administrators' fees and creditors' rights can be found on AlixPartners' creditor portal (<http://www.alixpartnersinfoportal.com>) Log-in details to access this information can be found within the covering letter you have received
- 1.10 If you require a hard copy of this report or have any queries in relation to its contents or the Administrations generally, please contact Conor Kelly on 0161 838 4518 by email at [creditorreports@alixpartners.com](mailto:creditorreports@alixpartners.com), or write to AlixPartners' office at The Zenith Building, 26 Spring Gardens, Manchester, M2 1AB.

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## 2. Summary of information for creditors

### Estimated dividend for creditors

#### ARG Realisations 2016 Limited

Description	Estimated debt £	Likely level of return £ or pence/£
Secured creditor – Wells Fargo Capital Finance (UK) Limited ( <b>Wells Fargo</b> )	7.18 million	6.88 million
Secured creditor – Alteri Luxembourg 2 SARL and Alteri Europe L.P (together <b>Alteri</b> )	18.24 million	4.19 million
Preferential creditors	31,178	100 pence in the pound
Unsecured creditors	30.26 million	2 pence in the pound

#### AR Realisations 2016 Limited

Description	Estimated debt £	Likely level of return £ or pence/£
Secured creditor – Wells Fargo	7.18 million	Nil
Secured creditor – Alteri	18.24 million	2.82 million
Preferential creditors	10,000	100 pence in the pound
Unsecured creditors	17.36 million	Less than 1 pence in the pound

#### ARG (Property) Limited

Description	Estimated debt £	Likely level of return £ or pence/£
Secured creditor – Wells Fargo	7.18 million	Nil
Secured creditor – Alteri	18.24 million	Nil
Unsecured creditors	1.02 million	Nil

#### CC Realisations 2016 Limited

Description	Estimated debt £	Likely level of return £ or pence/£
Secured creditor – Wells Fargo	7.18 million	Nil
Secured creditor – Alteri	18.24 million	540,000
Preferential creditors	10,000	Nil
Unsecured creditors	14.62 million	Nil

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## CCH Realisations 2016 Limited

Description	Estimated debt £	Likely level of return £ or pence/£
Secured creditor – Wells Fargo	7.18 million	Nil
Secured creditor – Alteri	18.24 million	Nil
Unsecured creditors	Nil	Nil

## Darius Capital Limited

Description	Estimated debt £	Likely level of return £ or pence/£
Secured creditor – Wells Fargo	7.18 million	Nil
Secured creditor – Alteri	18.24 million	Nil
Unsecured creditors	40.81 million	Nil

## ARCS Realisations 2016 Limited

Description	Estimated debt £	Likely level of return £ or pence/£
Secured creditor – Wells Fargo	7.18 million	Nil
Secured creditor – Alteri	18.24 million	60,000
Unsecured creditors	1.08 million	Less than 1 pence in the pound

### Notes:

#### Secured creditors

Full details of the security granted by the Companies were provided in the Proposals

The secured creditors hold cross-guarantees between all of the Companies and as such, each company is jointly and severally liable for the debts under the terms of the guarantees

Wells Fargo holds first ranking charges and was owed £7.18 million at the date of appointment and has been repaid in full. Please note that the return shown above from ARGL includes payments made to Wells Fargo directly from the Administration account only. Further monies were obtained by Wells Fargo from the invoice discounting facility (**ID facility**) it holds, further details of which are provided at sections 3.29 to 3.31.

Alteri holds second and third ranking charges and is owed a total of approximately £18.24 million. It is estimated that approximately £7.61 million will be available to Alteri.

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## Preferential creditors

On appointment there were a total of 1,155 staff employed by ARGL, ARL and CCL, and therefore only these entities will have preferential claims.

As previously reported, 29 employees transferred to the purchaser of the concessions at Boundary Mill stores in accordance with the Transfer of Undertakings (Protection of Employment) Regulations 2006 (**TUPE**) and do not have any claims against the above entities.

The remaining 1,126 employees were made redundant on a phased basis as the individual stores ceased trading and final redundancies were made on 2 August 2016. The employees' claims are yet to be finalised, therefore the estimated debts have been taken from the directors' Statements of Affairs (**SoAs**).

## Unsecured creditors

The estimated debts have been taken from the SoAs and are detailed below:

Company	Estimated unsecured debt £	Likely level of return £ or pence/£
ARGL	30.26 million	2 pence in the pound
ARL	17.36 million	Less than 1 pence in the pound
ARGP	1.02 million	Nil
CCL	14.62 million	Nil
CCHL	Nil	Nil
DCL	40.81 million	Nil
ARCS	1.08 million	Less than 1 pence in the pound

Funds available for distribution and dividend rates are detailed before taking into account the estimated costs of making the distributions. Please note that the likely levels of returns are based upon estimates and are subject to change.

Where a dividend is expected to be paid, creditors are invited to complete and return a Proof of Debt form, together with documentary evidence to substantiate their claim, to the Administrators at the address detailed in section 1.10. Forms are available on AlixPartners' creditor portal and a separate claim must be lodged for each company. If a claim has already been submitted, no further action is required at this time.

With regards to ARCS, as advised previously, the residual store card balances as at 31 May 2016 have been automatically added as unsecured claims against the Company. There is therefore no requirement for account holders to submit a claim form.

For cases where dividends are not expected to be paid, creditors are welcome to submit a claim if they wish to do so; however, no acknowledgement will be provided.



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In respect of preferential or unsecured creditors, UK Insolvency legislation stipulates that creditors of the same class should be treated equally. Hence the funds available for distribution are split on a pro-rata basis amongst all creditors of each class, regardless of the size of their claims.

For further information please refer to section 5 of this report

### **3. Progress of the Administrations**

#### **Objectives and strategy summary**

- 3.1 As noted in the Proposals, the trading companies were ARGL, ARL, CCL and ARGP (the **Trading Companies**). The Administrators pursued the second statutory objective for the Trading Companies. The strategy to achieve this was to continue to trade for a short period whilst sales of the businesses and assets were pursued. This was necessary to protect the value of the Trading Companies' brands and intellectual property and to also protect the value of the stock, which was owned solely by ARGL. Had trading ceased immediately upon appointment, this would have had a detrimental impact on the realisations achievable for these assets
- 3.2 Whilst going concern sales were not achieved for the businesses, a sale of the concessions at five Boundary Mills outlets enabled 29 employees to transfer to the purchaser under the TUPE regulations, thereby reducing claims from employees who would have otherwise had preferential and unsecured claims in the Administrations of ARGL and ARL. Further details of the sale and asset realisations to date are provided below.

#### **ARCS**

- 3.3 ARCS operated a store card facility which, as well as a credit facility, enabled customers to make payments into their accounts to fund purchases at a later date. According to the SoA, credit balances totalled approximately £1.08 million. It was agreed that these customers could continue to use the balances remaining to purchase goods in store for a period of one month following the appointment. It was anticipated that this would protect the value of the goodwill and intellectual property owned by ARGL, ARL and CCL. Approximately £788,000 was used in store during the Period.

#### **DCL and CCHL**

- 3.4 DCL and CCHL are holding companies with no physical assets. The Administrators are pursuing the third statutory objective for these entities and are currently assessing the tax position to assess whether any value can be achieved from losses. Following this, the Administrators will finalise all administrative and statutory duties and proceed to close these cases.
- 3.5 In addition to their statutory objective, the Administrators have duties imposed by insolvency and other legislation and their regulating professional bodies. The Administrators have set out information in respect of the progress of these duties, in addition to that of the realisation of assets and distribution of available funds. The detail provided is intended to provide users of this report with information to allow them to understand how the Administrators' fees and expenses as set out in Appendices E and F have been incurred, as well as the sensitivities that might be applicable to the Administrators' anticipated fees and expenses over the remainder of the Administrations.

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## Sale of business

- 3.6 The Trading Companies operated as clothing retailers and tailors and traded under the brand names Austin Reed, Country Casuals and Viyella. The Austin Reed intellectual property (**IP**) and brand was owned by ARL and the Country Casuals IP and brand was owned by CCL. ARGP held a licence from a connected third party to use the Viyella brand but did not own it. ARL also held the IP rights to Stephens Brothers, a producer of bespoke men's socks, however did not produce any Stephens Brothers merchandise at the date of the Administrators' appointment.
- 3.7 Please note that whilst ARGL did not own any of the brands, it purchased all stock for the group (which was then sold to other group entities), employed the majority of the staff and held the lease for the flagship store on Regent Street, in addition to a small number of other leases.
- 3.8 On appointment, the Trading Companies employed 1,155 staff and operated from 89 stores and 65 concessions throughout the UK, as well as one store in Jersey and one store and one concession in the Republic of Ireland. The Trading Companies also operated transactional websites.
- 3.9 As detailed in the Proposals, the Administrators continued to trade whilst pursuing going concern sales of the businesses. A formal marketing campaign was initiated which resulted in a total of 64 parties being contacted or making contact with the Administrators, of which 45 signed and returned non-disclosure agreements.
- 3.10 Despite the initial level of interest, by 27 May 2016 substantially all offers fell away as parties moved through the due diligence process and the extent of the Companies' financial position became clear, such that only one viable offer remained for certain assets of the Companies and the concessions based in the Boundary Mills outlets.
- 3.11 The above concessions, along with part of the Trading Companies' stock, was sold to AR Operations Limited (**AROL**), an unrelated third party, on 28 May 2016 realising a total of £3.3 million. Substantially all of the consideration received was from the sale of the stock, all of which was owned by ARGL. Only nominal sums were paid for the Boundary Mills concessions and the books and records that relate to these concessions.
- 3.12 Additionally, the Austin Reed, Country Casuals and Stephens Brothers IP rights and domain names were sold to Border IP Limited (**Border**) on 27 May 2016 for a total consideration of £3.0 million split as follows.

Assets/£	ARL	ARGP	CCL	Total
Intellectual property	2,375,000	-	475,000	2,850,000
Domain names and shareholding	75,000	37,500	37,500	150,000
<b>Total</b>	<b>2,450,000</b>	<b>37,500</b>	<b>512,500</b>	<b>3,000,000</b>

- 3.13 This sale also included ARGP's 10% minority shareholding in Lascari Holdings, which owns the Viyella brand

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- 3.14 Following the completion of the sale to Border, steps were taken to change the names of the Companies to remove any reference to the brand names. The name changes, as detailed in section 1 2, completed on 27 June 2016.

## **Trading**

- 3.15 The actions taken by the Administrators to enable them to trade the businesses with minimal disruption following their appointments up to the completion of the above sales are detailed in the Proposals and will not be repeated in this report.
- 3 16 Upon conclusion of the above sales, the Administrators were left with no option but to commence an orderly winding down of the businesses to maximise realisations from the sale of the remaining stock and assets within the stores and to minimise costs.
- 3.17 Store closures were completed on a phased basis as stock levels reduced. The remaining 1,126 employees that did not transfer to AROL were made redundant as the individual stores ceased trading and the warehouse and head office function were no longer required. Final redundancies were made on 2 August 2016.
- 3 18 The Administrators appointed ERA Solutions Limited (**ERAS**), a firm of employee specialists, to assist the affected employees in submitting their claims to the Redundancy Payments Service for monies owed to them ERAS advise that claims are still being received at present and therefore the Administrators are unable to confirm the total value of claims (in particular preferential claims) at this time.
- 3.19 ARL operated licence agreements with a number of overseas companies enabling these partners to use the 'Austin Reed' trademark and distribute licensed goods in consideration for an annual royalty charge. To date, approximately £150,000 has been received from these partners, albeit approximately £100,000 of this was received after the Period and is therefore not included in the attached Receipts and Payments Account. A further £500,000 remains outstanding and dialogue is ongoing with a number of the license holders to obtain payment
- 3.20 Additionally, the Administrators are now in receipt of approximately £588,000 which had been withheld by Worldpay to protect against their chargeback risk. As this was received after the Period, it is not reflected in the attached Receipts and Payments Accounts. Approximately £482,000 of the above balance relates to cash due to ARGL at the date of the appointment and will therefore be reflected in this entity. The remaining balance of approximately £106,000 related to credit card receipts from sales by the Trading Companies and the funds will be allocated to each of the Trading Companies accordingly.
- 3 21 Following the cessation of trade, the Administrators have spent a significant amount of time dealing with customer queries in respect of orders, returns, gift vouchers and their ARCS accounts Goods can no longer be returned and any monies still outstanding or vouchers which have not been redeemed will rank as an unsecured claim in the relevant Administration.

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3.22 The Trading Receipts and Payments Accounts are prepared on a cash basis. The Administrators are continuing to finalise all trading costs, including rent, rates, utilities and supplier payments and an estimate of costs incurred but not yet paid is provided at Appendix F. It is expected that both ARGL and ARL will make profits for the Administration period. The final trading position of both ARGP and CCL is expected to be a loss; however, Alteri has agreed to fund the losses therefore this will have no impact on any other creditors. Funds totalling £850,000 have been provided by Alteri to date.

3.23 The estimated final trading outcomes are detailed below. The actual outcomes will be confirmed in the next report.

£	ARGL	ARL	ARGP	CCL
Current trading surplus/(deficit)	2.39 million	679,399	(454,145)	(338,734)
Costs to discharge	(184,000)	(15,000)	(133,000)	(21,000)
Anticipated final surplus/(deficit)	2.21 million	664,399	(587,145)	(359,734)

3.24 As above, it is anticipated that ARGL will have a surplus after trading costs. Stock valued at £7.6 million on appointment has been utilised to achieve this result. The Administrators took the view that the use of this stock was justified as, had the stores been closed and the stock disposed of on a wholesale basis, the realisations achieved would have been significantly less than full cost price. As the Prescribed Part (as defined in section 5.6) will be maximised in ARGL (which owns the stock), the only creditor to potentially have been impacted by continuing to trade was Alteri, as the second ranking chargeholder. Alteri supported the decision to continue trading while a buyer for the business was sought.

## Realisation of assets – fixed charge

### Property

3.25 A summary of all sites that the Companies operated from was provided at Appendix C of the Proposals.

3.26 Following the cessation of trade, the Administrators evaluated the value of the leases with their property agent, Gooch Cunliffe Whale LLP (**GCW**), and have pursued sales of individual leases where appropriate.

3.27 ARGL held the lease for the flagship store on Regent Street. The landlord offered £7.0 million for the surrender of the store which included the landlord writing off arrears of £1.1 million, which was accepted by the Administrators following GCW's recommendation. Contracts were exchanged on 3 June 2016 and completion took place on 23 June 2016.

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- 3.28 There have been 12 lease assignments completed during the Period realising a total of £507,500 gross (ie before payment of arrears and landlord lease assignment costs). A breakdown of this is provided below.

Site name	Company	Gross consideration £
Bristol	ARL	30,000
Kingston	ARL	50,000
Stratford	ARL	150,000
Marlborough	ARGP	35,000
St Andrews	ARGP	70,000
Thame	CCL	25,000
Banbury	CCL	10,000
Gerrard's Cross	CCL	17,500
Harrogate	CCL	30,000
Ludlow	CCL	50,000
Newark	CCL	20,000
Oakham	CCL	20,000
<b>Total</b>		<b>507,500</b>

- 3.29 Realisations after arrears totalled approximately £422,000, as disclosed in the Receipts and Payments Accounts. The remaining leases are deemed to hold no value, and therefore the Administrators have written to the landlords to request a formal surrender of the leases and continue to liaise with a number of landlords in this regard.

#### Book debts subject to an invoice discounting (**ID**) facility

- 3.30 The debtor ledgers of ARL, ARGP and CCL are subject to an ID facility with Wells Fargo and had a gross outstanding balance of £2.0 million on appointment, relating to monies due from concession holders.
- 3.31 To date, balances totalling £1.8 million gross (£1.2 million after deduction at source of sales commission by the concessionaires) have been collected. The Administrators continue to pursue the remaining debtors; however, due to the cessation of trade and early withdrawal from the sites, a number of debtors have disputed the balances and are claiming for losses caused by the disruption to their businesses and failure to achieve minimum sales targets. The Administrators are in negotiations with these debtors to finalise the accounts and future recoveries are therefore uncertain but not expected to be significant.
- 3.32 Please note that as Wells Fargo was repaid in full on 5 July 2016. As a result, the balances available after this date and all future collections will rank as floating charge assets and have been allocated accordingly in the Receipts and Payments Accounts.

## **Realisation of assets – floating charge**

### **Stock**

- 3.33 The value of stock held by ARGL on appointment at cost totalled approximately £8.0 million.
- 3.34 Stock with a value of £7.60 million was utilised in the ordinary course of business during the Administrators' trading period. Additionally, approximately £2.80 million of stock was purchased during trading.
- 3.35 As detailed in section 3.11, £3.30 million at cost value of ARGL's stock was sold to AROL. All remaining stock was sold in the stores until trading ceased.
- 3.36 Retention of title claims totalling £4.40 million have been received in the Period from 29 suppliers. All claims have been reviewed and dealt with and settlements totalling £1.12 million have been made.

### **Fixtures, fittings, office equipment and furniture**

- 3.37 During the store closure process the Administrators' agents oversaw a sale of stores fixtures and fittings which realised a total of £38,957 in ARGL.
- 3.38 In addition, further monies were realised in respect of fixtures and fittings in the Companies' Thirsk head office. These funds are in the process of being reconciled and remitted by the Administrators' agents.

### **ARCS debtor balances**

- 3.39 As detailed in section 3.3, ARCS provided a credit facility which enabled customers to buy goods online and instore and pay the balance in instalments and at a later date. According to ARCS company records, a total of £325,000 was outstanding from customers on appointment and to date, £100,416 has been collected.
- 3.40 On 3 October 2016, the Administrators engaged Credetb Limited (**Credetb**), a debt recovery specialist, to collect all remaining debts. Credetb has advised that £27,690 has been collected to date. This sum was transferred by Credetb to the Administration account after the Period end and is therefore not reflected in the Receipts and Payments Account of ARCS at Appendix C. Given the high volume, low value nature of these debts it is not possible to assess the likely future level of realisations at this stage.

### **Cash at bank**

- 3.41 As detailed in the Proposals, all cash was held on a consolidated basis in an account in the name of ARGL and then utilised by the group as required. ARGL was therefore the only entity with cash at bank on appointment and £47,401 was recovered during the Period.

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- 3.42 Please note the monies held by Worldpay totalling approximately £482,000 detailed in section 3.20 which were received after the Period end date and are not reflected on the Receipts and Payments Account. The total cash balance received is therefore £529,000.
- 3.43 The Administrators have also recovered £330,954 in respect of a duty deferment bond paid by ARGL

#### Concession monies and chargebacks

- 3.44 Concession commissions totalling £7,576 have been received to date. There are funds to be recovered from nine concession hosts in relation to both the pre-appointment and post-appointment period and these amounts total approximately £960,000. The Administrators have demanded payment from all parties and a further update will be provided in the next report.
- 3.45 In addition, funds totalling £41,500 have been withheld by American Express for potential chargebacks that may be claimed by customers for goods purchased that were not delivered or were faulty and could not be replaced. It is expected that these funds will be received in January 2017 when the chargeback period ends.
- 3.46 An allocation across the Trading Companies will be made upon receipt of the above funds

#### Refunds and sundry realisations

- 3.47 The following sums have been received during the Period by the Companies.

Assets\£	ARGL	ARL	ARGP	CCL	ARCS
Tax refunds	-	34	8	-	-
Rates refunds	946	4,539	1,007	7,874	-
Retentions	1,782	-	-	-	-
Utility refunds	-	493	-	-	-
Insurance refunds	8,361	-	-	-	-
Sundry refunds	8,807	-	4,237	-	-
Bank interest	2,242	1,948	249	385	11
Court compensation	5,524	-	-	-	-
<b>Total</b>	<b>27,302</b>	<b>7,014</b>	<b>5,501</b>	<b>8,259</b>	<b>11</b>

- 3.48 As reported in the Proposals, ARL and CCL were subject to company voluntary arrangements (**CVAs**) which commenced on 16 January 2016. Unclaimed CVA distributions of £24,188 in ARL and £5,695 in CCL have been received from the CVA supervisors.



ARG Realisations 2016 Limited (**ARGL**), AR Realisations 2016 Limited (**ARL**), ARG (Property) Limited (**ARGP**), CC Realisations 2016 Limited (**CCL**), CCH Realisations 2016 Limited (**CCHL**), Darius Capital Limited (**DCL**) and ARCS Realisations 2016 Limited (**ARCS**) – all in Administration (together the **Companies**)

### Inter-company loans

- 3.49 In order to facilitate payments within the agreed payment terms with suppliers and professional advisors, monies have been loaned between the entities during the Period. All monies will be repaid to ensure the correct allocation of cash; this will therefore have no impact on the expected returns to creditors.

ARG Realisations 2016 Limited (**ARGL**), AR Realisations 2016 Limited (**ARL**), ARG (Property) Limited (**ARGP**), CC Realisations 2016 Limited (**CCL**), CCH Realisations 2016 Limited (**CCHL**), Darius Capital Limited (**DCL**) and ARCS Realisations 2016 Limited (**ARCS**) – all in Administration (together the **Companies**)

### **Administration (including statutory reporting)**

- 3.50 In addition to their duties relating to realising and distributing the assets of the Companies, the Administrators must comply with certain statutory compliance matters in accordance with the Insolvency Act 1986. These include notifying the stakeholders of the appointment, preparing bi-annual reports to creditors advising of the progress of the Administration, providing regular updates and formal reports to the secured creditors and liaising with employees. The Administrators are responsible for liaising with HMRC to determine the final position in respect of corporation tax, PAYE, VAT and other taxes that may be owed by or to the Companies, and for filing tax returns for the duration of the Administrations.
- 3.51 In order to ensure the Administrations are being progressed sufficiently, the Administrators have a duty to conduct periodic case reviews and complete case checklists. In addition, the Administrators' treasury function will also comply with cash accounting requirements including raising payments, processing journal vouchers and posting receipts, preparing bank reconciliations and statutory returns.
- 3.52 The time taken for statutory tasks is largely fixed, insofar as the cost of preparing a report to creditors or filing an annual return is similar for most cases, except where cases are very large or complex. Where the costs of statutory compliance and reporting to creditors exceeds the initial estimate, it will generally be because the duration of the case has been longer than expected, due to for example protracted realisation of assets, and therefore additional periodic reports have had to be prepared and distributed to stakeholders.

### **Creditors (claims and distribution)**

- 3.53 Details of the estimated outcome for creditors can be found in section 5.
- 3.54 During the Period, time has been spent dealing with creditor correspondence and queries, lodging claims and updating records. Time has also been spent dealing with the redundancies of all employees who did not transfer to AROL.
- 3.55 Based on current information, it is anticipated that there will only be a preferential distribution from ARGL and ARL and a dividend to the unsecured creditors will only be made from ARGL, ARL and ARCS.
- 3.56 Until all assets have been realised and the associated costs discharged, the Administrators will not be able to confirm the exact timing or quantum of the dividends; however, based on current information it is estimated that preferential creditors will be paid in full in both entities. The quantum of unsecured creditors is currently unknown but should claims be received in line with that detailed in the SoAs, the dividend rates will be approximately 2 pence in the pound on ARGL and less than one pence in the pound on ARL and ARCS.

ARG Realisations 2016 Limited (**ARGL**), AR Realisations 2016 Limited (**ARL**), ARG (Property) Limited (**ARGP**), CC Realisations 2016 Limited (**CCL**), CCH Realisations 2016 Limited (**CCHL**), Darius Capital Limited (**DCL**) and ARCS Realisations 2016 Limited (**ARCS**) – all in Administration (together the **Companies**)

## **4. Investigations**

- 4.1 The Administrators are conducting investigations into the conduct of the directors and transactions entered into prior to the Companies' insolvency, as required by the Company Directors Disqualification Act 1986, and Statement of Insolvency Practice 2 – Investigations by Office Holders in Administrations and Insolvent Liquidations
- 4.2 The Administrators have filed a report for each company with the Insolvency Service based on the information available to date. The Insolvency Service will use this information to assess whether there are matters that require them to take action against the directors to prevent them from controlling other companies. The reports provided to the Insolvency Service are confidential and their content is not available to creditors
- 4.3 The Administrators are continuing to investigate a number of matters to ascertain whether there is a realistic prospect of recovering assets for the benefit of the creditors.

ARG Realisations 2016 Limited (**ARGL**), AR Realisations 2016 Limited (**ARL**), ARG (Property) Limited (**ARGP**), CC Realisations 2016 Limited (**CCL**), CCH Realisations 2016 Limited (**CCHL**), Darius Capital Limited (**DCL**) and ARCS Realisations 2016 Limited (**ARCS**) – all in Administration (together the **Companies**)

## **5. Estimated outcome for creditors**

### **Secured creditor – Wells Fargo Capital Finance (UK) Limited**

- 5.1 Wells Fargo was granted first ranking legal charges on 21 May 2014 by the Companies. It holds cross-guarantees between all of the Companies and as at the date of appointment was owed £7.18 million under its security. Wells Fargo has now been paid in full from debtor receipts pursuant to the invoice discounting facility (which are not reflected in the Receipts and Payments Accounts) and from fixed charge realisations of ARGL.

### **Secured creditor – Alteri Luxembourg 2 SARL and Alteri Europe L.P**

- 5.2 Alteri holds second and third ranking fixed and floating charges and also cross-guarantees from the Companies. A schedule of these charges was provided at Appendix B of the Proposals.
- 5.3 At the date of appointment, Alteri was owed approximately £18.24 million (excluding interest and charges) under its security. Distributions totalling £2.29 million have been paid to date from ARGL and based on current information it is estimated that Alteri is likely to suffer a shortfall.

### **Preferential creditors**

- 5.4 ARGP, CCHL, DCL and ARCS had no employees therefore no preferential claims will be received in these entities.
- 5.5 There have been a total of 1,126 redundancies made by ARGL, ARL and CCL. Claims against these companies have not yet been finalised, however, based on the SoAs, preferential creditors are anticipated to be in the region of £51,000 in total. They are expected to receive a dividend of 100 pence in the pound in ARGL and ARL based on estimated realisations. It is currently expected that there will be insufficient realisations in CCL to pay a dividend to the preferential creditors.

### **Unsecured Creditors' Fund**

- 5.6 Where there is a floating charge which was created on or after 15 September 2003, the Administrators are required to create a fund from the Companies' net property available for the benefit of unsecured creditors (**Unsecured Creditors' Fund**), commonly known as the 'Prescribed Part'.
- 5.7 As all floating charges granted by the Companies post-date 15 September 2003, there is a requirement to create a fund in each case.
- 5.8 Based on present information, the Administrators estimate that there will be no floating charge surplus after costs in respect of ARGP, CCL, CCHL and DCL. On this basis, the value of the net floating charge property for these entities is estimated to be nil and the value of the Unsecured Creditors' Funds are also nil.

ARG Realisations 2016 Limited (**ARGL**), AR Realisations 2016 Limited (**ARL**), ARG (Property) Limited (**ARGP**), CC Realisations 2016 Limited (**CCL**), CCH Realisations 2016 Limited (**CCHL**), Darius Capital Limited (**DCL**) and ARCS Realisations 2016 Limited (**ARCS**) – all in Administration (together the **Companies**)

- 5.9 The net floating charge property, value of the Unsecured Creditors' Fund and estimated dividend rate for ARGL, ARL and ARCS is summarised in the table below. The returns are subject to change and the Administrators cannot guarantee the level of these funds or the rate of any unsecured dividend until the remaining assets are realised and all claims have been agreed.

£	ARGL	ARL	ARCS
Net property	4.65 million	700,000	78,000
Unsecured Creditors' Fund	600,000	143,000	18,600
Estimated dividend rate	Two pence in the pound	Less than one pence in the pound	Less than one pence in the pound

ARG Realisations 2016 Limited (**ARGL**), AR Realisations 2016 Limited (**ARL**), ARG (Property) Limited (**ARGP**), CC Realisations 2016 Limited (**CCL**), CCH Realisations 2016 Limited (**CCHL**), Darius Capital Limited (**DCL**) and ARCS Realisations 2016 Limited (**ARCS**) – all in Administration (together the **Companies**)

## **6. What happens next**

### **Creditors' rights**

- 6.1 Within 21 days of the receipt of this report, a secured creditor, or an unsecured creditor (with the agreement of at least 5% of the value of the unsecured creditors) may request in writing that the Administrators provide further information about their fees or expenses (other than pre-administration costs) which have been itemised in this progress report.
- 6.2 Any secured creditor, or an unsecured creditor (with the agreement of at least 10% of the value of unsecured creditors) may, within eight weeks of receipt of this report, make an application to court on the grounds that the basis fixed for the Administrators' fees is inappropriate, or that the fees charged or the expenses incurred by the Administrators during the period of this report are excessive.

### **Extensions and next reports**

#### **ARGL, ARL and ARCS**

- 6.3 This report has been prepared for creditors in support of the request to extend the Administrations by 12 months. In the event that the request to extend the Administrations is approved, a further report will be circulated to all creditors within one month of the next six month period ended 25 April 2017, or sooner if the Administrations have been finalised

#### **ARGP CCL, CCHL and DCL**

- 6.4 It is anticipated that all matters will be finalised for these cases within the next six months. As such, the Administrators intend to provide final progress reports by 25 April 2017, or earlier if the Administrations have been finalised. For details of the proposed exit route please see Appendix H.

For and on behalf of  
The Companies



**Catherine Williamson**  
Administrator

Encs

ARG Realisations 2016 Limited (**ARGL**), AR Realisations 2016 Limited (**ARL**), ARG (Property) Limited (**ARGP**), CC Realisations 2016 Limited (**CCL**), CCH Realisations 2016 Limited (**CCHL**), Darius Capital Limited (**DCL**) and ARCS Realisations 2016 Limited (**ARCS**) – all in Administration (together the **Companies**)

## Appendix A. Statutory information

### Company information

#### ARG Realisations 2016 Limited

Company name	ARG Realisations 2016 Limited (formerly Austin Reed Group Limited)
Registered number	00164291
Registered office	The Zenith Building, 26 Spring Gardens, Manchester, M2 1AB
Former registered office	Station Road, Thirsk, North Yorkshire, YO7 1QH
Trading addresses	Please refer to Appendix C of the Proposals
Trading name	Austin Reed
Court details	The High Court of Justice, Chancery Division, Leeds District Registry
Court reference	365 of 2016

#### AR Realisations 2016 Limited

Company name	AR Realisations 2016 Limited (formerly Austin Reed Limited)
Registered number	00399575
Registered office	The Zenith Building, 26 Spring Gardens, Manchester, M2 1AB
Former registered office	Station Road, Thirsk, North Yorkshire, YO7 1QH
Trading addresses	Please refer to Appendix C of the Proposals
Trading name	Austin Reed
Court details	The High Court of Justice, Chancery Division, Leeds District Registry
Court reference	362 of 2016

#### ARG (Property) Limited

Company name	ARG (Property) Limited
Registered number	01459151
Registered office	The Zenith Building, 26 Spring Gardens, Manchester, M2 1AB
Former registered office	Station Road, Thirsk, North Yorkshire, YO7 1QH
Trading addresses	Please refer to Appendix C of the Proposals
Trading name	Viyella
Court details	The High Court of Justice, Chancery Division, Leeds District Registry
Court reference	364 of 2016

ARG Realisations 2016 Limited (**ARGL**), AR Realisations 2016 Limited (**ARL**), ARG (Property) Limited (**ARGP**), CC Realisations 2016 Limited (**CCL**), CCH Realisations 2016 Limited (**CCHL**), Darius Capital Limited (**DCL**) and ARCS Realisations 2016 Limited (**ARCS**) – all in Administration (together the **Companies**)

## CC Realisations 2016 Limited

Company name	CC Realisations 2016 Limited (formerly Country Casuals Limited)
Registered number	00510900
Registered office	The Zenith Building, 26 Spring Gardens, Manchester, M2 1AB
Former registered office	Station Road, Thirsk, North Yorkshire, YO7 1QH
Trading addresses	Please refer to Appendix C of the Proposals
Trading name	Country Casuals
Court details	The High Court of Justice, Chancery Division, Leeds District Registry
Court reference	361 of 2016

## CCH Realisations 2016 Limited

Company name	CCH Realisations 2016 Limited (formerly Country Casuals Holdings Limited)
Registered number	02319160
Registered office	The Zenith Building, 26 Spring Gardens, Manchester, M2 1AB
Former registered office	Station Road, Thirsk, North Yorkshire, YO7 1QH
Court details	The High Court of Justice, Chancery Division, Leeds District Registry
Court reference	363 of 2016

## Darius Capital Limited

Company name	Darius Capital Limited
Registered number	05940388
Registered office	The Zenith Building, 26 Spring Gardens, Manchester, M2 1AB
Former registered office	Station Road, Thirsk, North Yorkshire, YO7 1QH
Court details	The High Court of Justice, Chancery Division, Leeds District Registry
Court reference	360 of 2016

## ARCS Realisations 2016 Limited

Company name	ARCS Realisations 2016 Limited (formerly Austin Reed Credit Services Limited)
Registered number	01529898
Registered office	The Zenith Building, 26 Spring Gardens, Manchester, M2 1AB
Former registered office	Station Road, Thirsk, North Yorkshire, YO7 1QH
Court details	The High Court of Justice, Chancery Division, Leeds District Registry
Court reference	402 of 2016



ARG Realisations 2016 Limited (**ARGL**), AR Realisations 2016 Limited (**ARL**), ARG (Property) Limited (**ARGP**), CC Realisations 2016 Limited (**CCL**), CCH Realisations 2016 Limited (**CCHL**), Darius Capital Limited (**DCL**) and ARCS Realisations 2016 Limited (**ARCS**) – all in Administration (together the **Companies**)

### **Appointors' information**

<b>Name</b>	<b>Address</b>	<b>Position</b>
Alan Charlton and Nicholas Hollingworth	c/o Station Road, Thirsk, North Yorkshire, YO7 1QH	Directors

### **Administrators' information**

<b>Name</b>	<b>Address</b>	<b>IP number</b>	<b>Name of authorising body</b>
Peter Mark Saville	6 New Street Square, London, EC4A 3BF	9029	Insolvency Practitioners Association
Kevin James Coates	6 New Street Square, London, EC4A 3BF	9261	Insolvency Practitioners Association
Catherine Mary Williamson	The Zenith Building, 26 Spring Gardens, Manchester, M2 1AB	15570	Insolvency Practitioners Association

In accordance with paragraph 100(2) of schedule B1 of the Insolvency Act 1986, all functions of the Administrators are to be exercised by any or all of the Administrators. All references to the Administrators should be read as the Joint Administrators

ARG Realisations 2016 Limited (**ARGL**), AR Realisations 2016 Limited (**ARL**), ARG (Property) Limited (**ARGP**), CC Realisations 2016 Limited (**CCL**), CCH Realisations 2016 Limited (**CCHL**), Darlus Capital Limited (**DCL**) and ARCS Realisations 2016 Limited (**ARCS**) – all in Administration (together the **Companies**)

## **Appendix B. Receipts and Payments Accounts for the period 26 April 2016 to 25 October 2016 for all entities excluding ARCS Realisations 2016 Limited**

Note: all of the following accounts are subject to rounding differences

### **ARG Realisations 2016 Limited**

Statement of Affairs £		£
	<b>Fixed charge assets</b>	
	Receipts	
4,818,182	Leasehold property	6,998,000
	Bank interest	1,374
		<b>6,999,374</b>
	Payments	
	Legal fees	3,031
	Bank charges	48
		<b>(3,079)</b>
	Distributions	
	Fixed chargeholder - Wells Fargo	6,881,500
		<b>(6,881,500)</b>
	<b>Balance of fixed charge assets</b>	<b>114,796</b>
	<b>Floating charge assets</b>	
	Receipts	
	Furniture and equipment	38,957
7,394,594	Stock	3,261,649
	Book debts	360
325,000	Duty deferment bond	330,954
18,545	PayPal	-
35,000	Credit card bond	-
	Insurance refund	8,361
29,208	Cash at bank	47,401
	Rates refund	946
	Retentions	1,782
	Bank interest	868
	Court compensation	5,524
	Sundry realisations	8,807
	Trading surplus	2,392,094
		<b>6,097,703</b>

ARG Realisations 2016 Limited (**ARGL**), AR Realisations 2016 Limited (**ARL**), ARG (Property) Limited (**ARGP**), CC Realisations 2016 Limited (**CCL**), CCH Realisations 2016 Limited (**CCHL**), Darius Capital Limited (**DCL**) and ARCS Realisations 2016 Limited (**ARCS**) – all in Administration (together the **Companies**)

Statement of Affairs £	£
Payments	
Preparation of Statement of Affairs	2,000
Category 1 disbursements	
Stationery and postage	9,326
Statutory advertising	254
Cost of consignment stock sold to AROL	1,307,454
Debt collection fees	555
Employee claim processing costs	27,315
Legal fees	51,136
Legal disbursements	318
Loans to group companies	1,226,184
Pre-appointment wages	158
Bank charges	2,489
	<b>(2,627,189)</b>
Distributions	
Floating chargeholder - Alteri	2,291,476
	<b>(2,291,476)</b>
<b>Balance of floating charge assets</b>	<b>1,179,038</b>
<b>Total balance</b>	<b>1,293,834</b>
<b>Represented by</b>	
Interest bearing accounts	3,930,881
VAT payable	(2,637,048)
	<b>1,293,834</b>

ARG Realisations 2016 Limited (**ARGL**), AR Realisations 2016 Limited (**ARL**), ARG (Property) Limited (**ARGP**), CC Realisations 2016 Limited (**CCL**), CCH Realisations 2016 Limited (**CCHL**), Darius Capital Limited (**DCL**) and ARCS Realisations 2016 Limited (**ARCS**) – all in Administration (together the **Companies**)

## AR Realisations 2016 Limited

Statement of Affairs £	£
<b>Fixed charge assets</b>	
Receipts	
Leasehold property	185,167
437,000 Intellectual property	2,450,000
627,158 Book debts	178,469
Concession receipts	2,436
Bank interest	286
	<b>2,816,359</b>
Payments	
Legal fees	3,031
Concession commission	66,104
Insurance of assets	241
	<b>(69,376)</b>
<b>Balance of fixed charge assets</b>	<b>2,746,983</b>
<b>Floating charge assets</b>	
Receipts	
17,497 Cash at bank	-
Loans from group companies	1,276,260
Book debts	209,544
Tax refund	34
Rates refund	4,539
Utility refund	493
Unclaimed dividends from the CVA	24,188
Bank interest	1,662
Trading surplus	679,399
	<b>2,196,119</b>
Payments	
Concession commission	81,306
Legal fees	50,326
Legal disbursements	303
Employee agent costs	1,000
Bank charges	60
	<b>(132,995)</b>
<b>Balance of floating charge assets</b>	<b>2,063,124</b>
<b>Total balance</b>	<b>4,810,107</b>
<b>Represented by</b>	
Interest bearing accounts	5,867,215
VAT payable	(1,057,108)
	<b>4,810,107</b>

ARG Realisations 2016 Limited (**ARGL**), AR Realisations 2016 Limited (**ARL**), ARG (Property) Limited (**ARGP**), CC Realisations 2016 Limited (**CCL**), CCH Realisations 2016 Limited (**CCHL**), Darius Capital Limited (**DCL**) and ARCS Realisations 2016 Limited (**ARCS**) – all in Administration (together the **Companies**)

## ARG (Property) Limited

Statement of Affairs £		£
	<b>Fixed charge assets</b>	
	Receipts	
	Leasehold property	105,000
715,703	Intellectual property	37,500
	Book debts	431,111
		<b>573,611</b>
	Payments	
	Legal fees	3,031
	Concession commission	155,388
	Sundry expenses	44
		<b>(158,463)</b>
	<b>Balance of fixed charge assets</b>	<b>415,148</b>
	<b>Floating charge assets</b>	
	Receipts	
	Funding from secured creditor	500,000
	Loans to group companies	55,955
12,546	Cash at bank	-
	Book debts	182,972
	Tax refund	8
	Rates refund	1,007
	Bank interest	249
	Sundry receipts	4,237
		<b>744,428</b>
	Payments	
	Trading deficit	454,145
	Concession commission	40,243
	Insurance	37
	Bank charges	29
		<b>(494,453)</b>
	<b>Balance of floating charge assets</b>	<b>249,975</b>
	<b>Total balance</b>	<b>665,124</b>
	<b>Represented by</b>	
	Interest bearing accounts	999,715
	VAT payable	(334,591)
		<b>665,124</b>

ARG Realisations 2016 Limited (ARGL), AR Realisations 2016 Limited (ARL), ARG (Property) Limited (ARGP), CC Realisations 2016 Limited (CCL), CCH Realisations 2016 Limited (CCHL), Darius Capital Limited (DCL) and ARCS Realisations 2016 Limited (ARCS) – all in Administration (together the **Companies**)

## CC Realisations 2016 Limited

Statement of Affairs £	£
<b>Fixed charge assets</b>	
Receipts	
Leasehold property	132,093
Intellectual property	512,500
620,588 Book debts	595,814
Concession receipts	5,140
	<b>1,245,547</b>
Payments	
Legal fees	3,031
Concession commission	211,527
	<b>(214,558)</b>
<b>Balance of fixed charge assets</b>	<b>1,030,989</b>
<b>Floating charge assets</b>	
Receipts	
Funding from secured creditor	350,000
Book debts	181,537
10,913 Cash at bank	-
Rates refund	7,874
Unclaimed dividends from the CVA	5,695
Bank interest	385
	<b>545,491</b>
Payments	
Trading deficit	338,734
Loan from group companies	106,031
Category 1 disbursements:	
Stationery and postage	162
Employee claim processing costs	4,700
Concession commission	58,246
Legal fees	50,551
Legal disbursements	281
Bank charges	86
	<b>(558,791)</b>
<b>Balance of floating charge assets</b>	<b>(13,300)</b>
<b>Total balance</b>	<b>1,017,688</b>
<b>Represented by</b>	
Interest bearing accounts	1,457,088
VAT payable	(439,400)
	<b>1,017,688</b>

ARG Realisations 2016 Limited (**ARGL**), AR Realisations 2016 Limited (**ARL**), ARG (Property) Limited (**ARGP**), CC Realisations 2016 Limited (**CCL**), CCH Realisations 2016 Limited (**CCHL**), Darius Capital Limited (**DCL**) and ARCS Realisations 2016 Limited (**ARCS**) – all in Administration (together the **Companies**)

## CCH Realisations 2016 Limited

Statement of Affairs £	£
<b>Receipts</b>	-
	-
<b>Payments</b>	-
	-
<b>Total balance</b>	-

## Darius Capital Limited

Statement of Affairs £	£
<b>Receipts</b>	-
	-
<b>Payments</b>	-
	-
<b>Total balance</b>	-

ARG Realisations 2016 Limited (ARGL), AR Realisations 2016 Limited (ARL), ARG (Property) Limited (ARGP), CC Realisations 2016 Limited (CCL), CCH Realisations 2016 Limited (CCHL), Danus Capital Limited (DCL) and ARCS Realisations 2016 Limited (ARCS) – all in Administration (together the Companies)

## Appendix C. Receipts and Payments Account for the period 5 May 2016 to 4 November 2016 for ARCS Realisations 2016 Limited

Statement of Affairs £		£
	<b>Floating charge assets</b>	
	Receipts	
180,966	Book debts	100,416
	Bank Interest	11
		<b>100,427</b>
	Payments	
	Category 1 disbursements:	
	Stationery and postage	12,180
	Statutory advertising	85
	Sundry payments	218
	Bank charges	140
		<b>(12,623)</b>
	<b>Balance of floating charge assets</b>	<b>87,804</b>
	<b>Represented by</b>	
	Interest bearing account	85,351
	VAT receivable	2,453
		<b>87,804</b>



ARG Realisations 2016 Limited (**ARGL**), AR Realisations 2016 Limited (**ARL**), ARG (Property) Limited (**ARGP**), CC Realisations 2016 Limited (**CCL**), CCH Realisations 2016 Limited (**CCHL**), Darius Capital Limited (**DCL**) and ARCS Realisations 2016 Limited (**ARCS**) – all in Administration (together the **Companies**)

## **Appendix D. Trading Receipts and Payments Accounts for the period 26 April 2016 to 25 October 2016 for the Trading Companies**

### **ARG Realisations 2016 Limited**

	£
Sales	
Sales	6,969,281
Concession sales	155,624
	<b>7,124,905</b>
Purchases	
Purchases	1,115,004
	<b>(1,115,004)</b>
Other direct costs	
Wages and salaries	879,538
PAYE and National Insurance	188,354
Sub-contractor payments	53,486
Direct expenses	5,162
	<b>(1,126,540)</b>
Trading expenditure	
Rent	548,785
Rates	143,262
Utilities	38,803
Telephone	8,811
Carriage	140,937
Insurance	415
Branch expenses	49,451
IT costs	89,377
Retention of title costs	669,675
Lease payments	9,846
Equipment hire	5,289
Repairs and maintenance	22,704
Advertising	749
Stationery and packaging	24,944
Postage	6,598
Ransom payments	110,354
Supplier deposits	33,000
Employee costs	15,686
Consultant costs	404,529
Indirect labour costs	31,051
Bank charges	137,000
	<b>(2,491,267)</b>
<b>Trading surplus</b>	<b>2,392,094</b>

ARG Realisations 2016 Limited (**ARGL**), AR Realisations 2016 Limited (**ARL**), ARG (Property) Limited (**ARGP**), CC Realisations 2016 Limited (**CCL**), CCH Realisations 2016 Limited (**CCHL**), Darius Capital Limited (**DCL**) and ARCS Realisations 2016 Limited (**ARCS**) – all in Administration (together the **Companies**)

## AR Realisations 2016 Limited

	£
Sales	
Sales	7,000,794
Licence income	47,416
	<b>7,048,210</b>
Purchases	
Purchases	3,525,474
	<b>(3,525,474)</b>
Other direct costs	
Wages and salaries	614,433
PAYE and National Insurance	131,581
Sub-contractor payments	11,044
Direct expenses	4,318
	<b>(761,376)</b>
Trading expenditure	
Sales commission	213,131
Rent	355,977
Rates	112,166
Utilities	25,170
Telephone	5,715
Carriage	83,303
Insurance	419
Branch expenses	32,077
Bespoke suits, hirewear and tailoring	205,124
IT costs	57,976
Retention of title costs	420,000
Lease payments	6,387
Equipment hire	3,431
Repairs and maintenance	14,727
Advertising	756
Stationery and packaging	16,180
Postage	4,280
Ransom payments	63,039
Jersey VAT payment	8,302
Employee costs	13,123
Consultant costs	330,118
Indirect labour costs	21,692
Bank charges	88,867
	<b>(2,081,961)</b>
<b>Trading surplus</b>	<b>679,399</b>

ARG Realisations 2016 Limited (**ARGL**), AR Realisations 2016 Limited (**ARL**), ARG (Property) Limited (**ARGP**), CC Realisations 2016 Limited (**CCL**), CCH Realisations 2016 Limited (**CCHL**), Darius Capital Limited (**DCL**) and ARCS Realisations 2016 Limited (**ARCS**) – all in Administration (together the **Companies**)

## ARG (Property) Limited

	<i>£</i>
Sales	
Sales	3,195,512
	<b>3,195,512</b>
Purchases	
Purchases	2,000,695
	<b>(2,000,695)</b>
Other direct costs	
Wages and salaries	409,208
PAYE and National Insurance	87,632
Sub-contractor payments	5,241
Direct expenses	2,049
	<b>(504,131)</b>
Trading expenditure	
Sales commission	420,436
Rent	237,083
Rates	67,277
Utilities	16,557
Telephone	3,760
Carriage	40,644
Insurance	204
Branch expenses	21,101
IT costs	38,137
Lease payments	4,201
Equipment hire	2,257
Repairs and maintenance	9,688
Advertising	369
Stationery and packaging	10,644
Postage	2,815
Ransom payments	29,917
Employee costs	6,228
Consultant costs	160,608
Indirect labour costs	14,447
Bank charges	58,458
	<b>(1,144,831)</b>
<b>Trading deficit</b>	<b>(454,145)</b>

ARG Realisations 2016 Limited (**ARGL**), AR Realisations 2016 Limited (**ARL**), ARG (Property) Limited (**ARGP**), CC Realisations 2016 Limited (**CCL**), CCH Realisations 2016 Limited (**CCHL**), Darius Capital Limited (**DCL**) and ARCS Realisations 2016 Limited (**ARCS**) – all in Administration (together the **Companies**)

## CC Realisations Limited

	£
Sales	
Sales	3,141,459
	<b>3,141,459</b>
Purchases	
Purchases	1,836,552
	<b>(1,836,552)</b>
Other direct costs	
Wages and salaries	427,921
PAYE and National Insurance	91,640
Sub-contractor payments	5,502
Direct expenses	2,151
	<b>(527,214)</b>
Trading expenditure	
Sales commission	451,220
Rent	200,136
Rates	58,074
Utilities	14,151
Telephone	3,213
Carriage	41,511
Insurance	209
Branch expenses	18,034
IT costs	32,595
Lease payments	3,591
Equipment hire	1,929
Repairs and maintenance	8,280
Advertising	377
Stationery and packaging	9,097
Postage	2,406
Ransom payments	31,405
Employee costs	6,537
Consultant costs	168,593
Indirect labour costs	15,107
Bank charges	49,963
	<b>(1,116,426)</b>
<b>Trading deficit</b>	<b>(338,734)</b>

ARG Realisations 2016 Limited (**ARGL**), AR Realisations 2016 Limited (**ARL**), ARG (Property) Limited (**ARGP**), CC Realisations 2016 Limited (**CCL**), CCH Realisations 2016 Limited (**CCHL**), Darius Capital Limited (**DCL**) and ARCS Realisations 2016 Limited (**ARCS**) – all in Administration (together the **Companies**)

## Appendix E. Administrators' fees and pre-administration costs

### Fees

A copy of 'A Creditors' Guide to Administrations' can be downloaded from AlixPartners' creditor portal (<http://www.alixpartnersinfoportal.com>). If you would prefer this to be sent to you in hard copy please contact the Administrators and they will forward a copy to you.

Approval of the Administrators' fees has been sought in accordance with rule 2.106 of the Insolvency Rules 1986. On 26 October 2016 the secured creditors and, where applicable, the preferential creditors approved that the basis of the Administrators' fees be fixed by reference to the time properly spent by the Administrators and their staff on matters arising in the Administrations.

Consent has been provided for the Administrators to draw the sum of £200,000 and this has now been drawn from available funds. As this was paid outside of the Period it is not reflected on the attached Receipts and Payments Accounts.

### Administrators' fee estimates

The fee estimates were originally provided in the Proposals. A copy of the estimates of the anticipated amount of work and the costs associated with it is set out below for each case.

#### ARG Realisations 2016 Limited

Activity category	Hours anticipated	Blended rate per hour £	Anticipated cost £
Trading	741	357	264,867
Realisation of assets	237	415	98,420
Administration (including statutory reporting)	293	463	135,569
Investigations	33	345	11,230
Creditors (claims and distribution)	222	367	81,416
<b>Total</b>	<b>1,526</b>	<b>388</b>	<b>591,502</b>

#### AR Realisations 2016 Limited

Activity category	Hours anticipated	Blended rate per hour £	Anticipated cost £
Trading	756	357	270,182
Realisation of assets	220	415	91,056
Administration (including statutory reporting)	261	463	120,693
Investigations	8	345	2,885
Creditors (claims and distribution)	57	367	20,917
<b>Total</b>	<b>1,302</b>	<b>388</b>	<b>505,733</b>

ARG Realisations 2016 Limited (**ARGL**), AR Realisations 2016 Limited (**ARL**), ARG (Property) Limited (**ARGP**), CC Realisations 2016 Limited (**CCL**), CCH Realisations 2016 Limited (**CCHL**), Darius Capital Limited (**DCL**) and ARCS Realisations 2016 Limited (**ARCS**) – all in Administration (together the **Companies**)

### ARG (Property) Limited

Activity category	Hours anticipated	Blended rate per hour £	Anticipated cost £
Trading	469	357	167,749
Realisation of assets	4	415	1,853
Administration (including statutory reporting)	73	463	33,916
Investigations	7	345	2,392
Creditors (claims and distribution)	47	367	17,345
<b>Total</b>	<b>601</b>	<b>371</b>	<b>223,256</b>

### CC Realisations 2016 Limited

Activity category	Hours anticipated	Blended rate per hour £	Anticipated cost £
Trading	420	357	150,091
Realisation of assets	61	415	25,323
Administration (including statutory reporting)	66	463	30,346
Investigations	8	345	2,791
Creditors (claims and distribution)	53	367	19,632
<b>Total</b>	<b>608</b>	<b>375</b>	<b>228,183</b>

### CCH Realisations 2016 Limited

Activity category	Hours anticipated	Blended rate per hour £	Anticipated cost £
Trading	11	357	4,090
Realisation of assets	4	415	1,520
Administration (including statutory reporting)	2	463	827
Investigations	0	345	89
Creditors (claims and distribution)	2	367	648
<b>Total</b>	<b>19</b>	<b>379</b>	<b>7,174</b>

### Darius Capital Limited

Activity category	Hours anticipated	Blended rate per hour £	Anticipated cost £
Trading	12	357	4,225
Realisation of assets	4	415	1,570
Administration (including statutory reporting)	2	463	854
Investigations	0	345	92
Creditors (claims and distribution)	2	367	670
<b>Total</b>	<b>20</b>	<b>379</b>	<b>7,412</b>

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## ARCS Realisations 2016 Limited

Activity category	Hours anticipated	Blended rate per hour £	Anticipated cost £
Trading	67	357	23,796
Realisation of assets	21	415	8,842
Administration (including statutory reporting)	10	463	4,811
Investigations	2	345	520
Creditors (claims and distribution)	10	367	3,771
<b>Total</b>	<b>110</b>	<b>379</b>	<b>41,741</b>

The above estimates were based on information available to the Administrators at the time the approval of their fee basis was sought.

Please note that fees to be drawn in each case will not exceed the estimates detailed above. Where time costs exceed the fee estimates as a result of the change in strategy and wind down of the businesses, the additional time will be written off

ARG Realisations 2016 Limited (**ARGL**), AR Realisations 2016 Limited (**ARL**), ARG (Property) Limited (**ARGP**), CC Realisations 2016 Limited (**CCL**), CCH Realisations 2016 Limited (**CCHL**), Darius Capital Limited (**DCL**) and ARCS Realisations 2016 Limited (**ARCS**) – all in Administration (together the **Companies**)

## Administrators' details of time spent to date

The Administrators' time costs for the Period for each of the Companies are summarised in the following Time Analyses, which provide details of the hours incurred by area of activity, the blended rate per hour and the time costs per activity category.

### ARG Realisations 2016 Limited

Activity category	Hours incurred	Blended rate per hour £	Time cost for the Period £
Trading	928	347	321,886
Realisation of assets	457	402	183,609
Administration (including statutory reporting)	622	416	258,825
Investigations	64	433	27,713
Creditors (claims and distribution)	33	251	8,289
<b>Total</b>	<b>2,104</b>	<b>380</b>	<b>800,322</b>

### AR Realisations 2016 Limited

Activity category	Hours incurred	Blended rate per hour £	Time cost for the Period £
Trading	571	344	196,434
Realisation of assets	59	429	25,289
Administration (including statutory reporting)	196	360	70,549
Investigations	7	420	2,938
Creditors (claims and distribution)	9	252	2,268
<b>Total</b>	<b>842</b>	<b>353</b>	<b>297,478</b>

### ARG (Property) Limited

Activity category	Hours incurred	Blended rate per hour £	Time cost for the Period £
Trading	436	353	153,693
Realisation of assets	58	418	24,241
Administration (including statutory reporting)	110	345	37,928
Investigations	6	381	2,291
Creditors (claims and distribution)	5	327	1,634
<b>Total</b>	<b>615</b>	<b>357</b>	<b>219,787</b>



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## CC Realisations 2016 Limited

Activity category	Hours incurred	Blended rate per hour £	Time cost for the Period £
Trading	462	350	161,798
Realisation of assets	86	400	34,394
Administration (including statutory reporting)	124	350	43,391
Investigations	6	359	2,151
Creditors (claims and distribution)	2	404	808
<b>Total</b>	<b>680</b>	<b>357</b>	<b>242,542</b>

## CCH Realisations 2016 Limited

Activity category	Hours incurred	Blended rate per hour £	Time cost for the Period £
Trading	1	190	190
Realisation of assets	5	210	1,052
Administration (including statutory reporting)	22	322	7,081
Investigations	2	398	795
Creditors (claims and distribution)	3	187	560
<b>Total</b>	<b>33</b>	<b>293</b>	<b>9,678</b>

## Darius Capital Limited

Activity category	Hours Incurred	Blended rate per hour £	Time cost for the Period £
Realisation of assets	1	253	253
Administration (including statutory reporting)	19	335	6,367
Investigations	2	310	620
<b>Total</b>	<b>22</b>	<b>329</b>	<b>7,240</b>

## ARCS Realisations 2016 Limited

Activity category	Hours incurred	Blended rate per hour £	Time cost for the Period £
Trading	27	206	5,565
Realisation of assets	109	243	26,512
Administration (including statutory reporting)	123	307	37,723
Investigations	6	322	1,930
Creditors (claims and distribution)	13	192	2,490
<b>Total</b>	<b>278</b>	<b>270</b>	<b>74,220</b>

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Details of the progress of the Administrations to date, and matters that are outstanding or partially complete, together with an explanation of why the work was undertaken are set out in section 3.

Based upon the current position, the Administrators believe that the fee estimate previously provided remains valid. This is because the Administrators have undertaken to restrict the time costs to be drawn from each estate to within the original estimates, and therefore any time costs incurred in excess of these estimates will not be borne by creditors.

### **Pre-administration costs of the Trading Companies**

The pre-administration costs were disclosed in the Proposals and approval has been sought from the secured and relevant preferential creditors to draw these. Approval from all parties was obtained on 26 October 2016. As this falls after the reporting period, no costs have been drawn to date.

As a reminder, the pre-administration fees charged and expenses incurred by the Administrators are set out below. For the avoidance of doubt, these costs are not included in the Administrators' details of time spent to date.

Name of recipient	Brief description of services provided	Total amount unpaid £
The Administrators	Working with the Companies' directors to understand the financial position and planning for the insolvency appointments	153,236
The Administrators	Disbursements	300
Alteri Agency Investments Limited	Pre-appointment planning to manage operational trading	129,000
Squire Patton Boggs UK LLP	Advice necessary to facilitate to appointments	40,000

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## Appendix F. Administrators' expenses and disbursements

### Expenses of the Administrations

The estimate of expenses anticipated to be incurred by the Administrators from third parties whilst dealing with the Administrations and trading on the businesses was provided to creditors in the Proposals. An updated estimate is provided below

Anticipated costs £	ARGL	ARL	ARGP	CCL	ARCS	CCHL	DCL
Squire Patton Boggs UK LLP	109,375	109,375	15,625	62,500	9,375	3,125	3,125
MBM Commercial	500	500	500	500	500	500	500
ERA Solutions Limited	37,000	5,000	-	6,500	-	-	-
Alteri Agency Investments Limited ( <b>AAIL</b> )*	405,000	340,000	161,000	170,000	-	-	-
Travers Smith LLP	750	750	750	750	-	-	-
Olswang LLP	255	255	255	255	-	-	-
Gooch Cunliffe Whale LLP	100,000	22,500	21,250	85,500	-	-	-
Willis Trowers Watson Limited	12,500	12,500	12,500	12,500	-	-	-
Credebt Limited**	-	-	-	-	TBC	-	-
Hilco Appraisal	15,000	2,000	2,000	1,000	-	-	-
<b>Total</b>	<b>680,380</b>	<b>492,880</b>	<b>213,880</b>	<b>339,505</b>	<b>9,875</b>	<b>3,625</b>	<b>3,625</b>

\* As a reminder, AAIL is the Administrators' retail agents and its role was to oversee trading across the Group. The anticipated costs of AAIL have exceeded original estimates due to the change in strategy which resulted in a wind down of the business. This required AAIL's engagement to continue for a longer period than initially expected as well as dealing with unforeseen issues resulting from the closure of the stores.

\*\*The fees due to the debt collection agent will be dependent upon the recoveries achieved. As the anticipated recoveries are uncertain at present, an accurate estimate of the fee cannot be provided.

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## Costs incurred not yet paid

An analysis of the costs Incurred but not paid as at the end of the Period is provided below.

	Incurring but not paid £
Legal costs	50,713
Agent's fees	220,000
Employee agent's fees	5,520
Insurance*	94,686
Trading costs**	353,000
Debtor collection costs	5,538
<b>Total</b>	<b>726,457</b>

\* Insurance costs are based on the premium information provided by Willis Towers Watson Limited (**Willis**), however, this does not take into account the phased closure of the stores and surrenders/sales of the leasehold properties. The Administrators are liaising with Willis to ensure they hold all relevant information to provide a revised accurate cost for the Period. As such, it is anticipated that this costs will be much lower once finalised.

\*\* Trading costs include rent, security, utilities, IT costs, consultant costs, business rates and repairs and maintenance and any other expected property costs.

With regards to the costs incurred not paid, please note that a reconciliation of the costs is being completed by the Administrators to ensure they are allocated to the correct entity. This requires the professional advisors to also review their allocation of costs. A breakdown per entity is therefore not provided and a full update will be provided in the next report.

ARG Realisations 2016 Limited (**ARGL**), AR Realisations 2016 Limited (**ARL**), ARG (Property) Limited (**ARGP**), CC Realisations 2016 Limited (**CCL**), CCH Realisations 2016 Limited (**CCHL**), Darius Capital Limited (**DCL**) and ARCS Realisations 2016 Limited (**ARCS**) – all in Administration (together the **Companies**)

## Administrators' disbursements

A copy of the analysis of anticipated disbursements previously provided is set out below. The actual disbursements paid to date may be found in the Receipts and Payments accounts at Appendix B.

£	ARGL	ARL	ARGP	CCL	ARCS	CCHL	DCL
Category 1 disbursements							
Specific penalty bond	225	225	225	225	225	225	225
Statutory advertising	170	170	170	170	170	85	85
Travel and subsistence	4,550	5,150	2,565	2,900	-	-	-
Storage	500	500	500	500	200	200	200
Stationery and postage	2,000	2,000	2,000	2,000	10,000	500	500
Telephone charges	50	50	50	50	100	25	24
Re-direction of mail	240	240	240	240	240	240	240
<b>Total</b>	<b>7,735</b>	<b>8,335</b>	<b>5,750</b>	<b>6,085</b>	<b>10,740</b>	<b>1,275</b>	<b>1,274</b>

Due to the significant number of creditors and debtors, stationery and postage costs have exceeded the initial estimate provided above. To date, costs of £21,668 have been discharged and further costs will be incurred issuing reports and correspondence. It is anticipated that a further £10,000 may be incurred.

Category 1 disbursements totalling £22,007 have been drawn across the cases to date. Approval to draw category 2 disbursements has been sought and received from the secured and, where applicable, the preferential creditors on 26 October 2016. No category 2 disbursements have been drawn to date.

ARG Realisations 2016 Limited (**ARGL**), AR Realisations 2016 Limited (**ARL**), ARG (Property) Limited (**ARGP**), CC Realisations 2016 Limited (**CCL**), CCH Realisations 2016 Limited (**CCHL**), Darius Capital Limited (**DCL**) and ARCS Realisations 2016 Limited (**ARCS**) – all in Administration (together the **Companies**)

## Appendix G. Additional information in relation to the Administrators' fees

### Policy

Detailed below is AlixPartners' policy in relation to:

- staff allocation and the use of sub-contractors;
- professional advisors; and
- disbursements.

### Staff allocation and the use of sub-contractors

The Administrators' general approach to resourcing their assignments is to allocate staff with the skills and experience to meet the specific requirements of the case.

The case team will usually consist of a managing director, a vice president, an associate and an analyst. The exact case team will depend on the anticipated size and complexity of the assignment and the experience requirements of the assignment. On larger, more complex cases, several staff at all grades may be allocated to meet the demands of the case. The Administrators' charge-out rate schedule overleaf provides details of all grades of staff.

With regard to support staff, time spent by treasury staff in relation to tasks such as recording transactions and dealing with bank accounts is charged but secretarial time is only recovered if a large block of time is incurred, eg report compilation and distribution.

The following services are being provided on these assignments by external sub-contractors. The costs shown are cumulative costs across the Companies and a breakdown per entity is providing in the Receipts and Payments Accounts.

Service type	Service provider	Basis of fee arrangement	Cost to date £
Employee claim processing	ERA Solutions Limited	Rate per employee	33,015
Debt collection	Credebt Limited	20% of collections	555

### Professional advisors

On these assignments the Administrators have used the professional advisors listed below. The Administrators have also indicated the basis of their fee arrangement with them, which is subject to review on a regular basis.

Name of professional advisor	Basis of fee arrangement
Squire Patton Boggs UK LLP (legal advice)	Hourly rate and disbursements
Willis Towers Watson Limited (Insurance)	Risk based premium
Gooch Cunliffe Whale LLP (property agent)	7.5% of realisations
Alteri Agency Investments Limited (retail agent)	Daily rate and element of fixed cost
Hilco Appraisal Limited (valuation and disposal advice)	Hourly rate and disbursements

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The Administrators' choice was based on their perception of the professional advisors' experience and ability to perform this type of work, the complexity and nature of the assignment and the basis of their fee arrangement with them

## Disbursements

Category 1 disbursements do not require approval by creditors. Category 1 disbursements may include external supplies of incidental services specifically identifiable to the case eg postage, case advertising, invoiced travel and external printing, room hire and document storage. Any properly reimbursed expenses incurred by the Administrators and their staff will also be chargeable.

Category 2 disbursements do require approval prior to being paid and will be drawn in accordance with the approval given, they may include:

- photocopying – charged at the rate of 10 pence per sheet for notifications and reports to creditors and other copying;
- printing – charged at the rate of 10 pence per sheet for black and white printing and 15 pence per sheet for colour, and
- business mileage for staff travel - charged at the rate of 45 pence per mile

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## Charge-out rates

A schedule of AlixPartners' charge-out rates for these assignments effective from 1 February 2016 is detailed below. Time is charged by managing directors and case staff in units of six minutes.

Description	£
Managing director	595-650
Director	570
Vice president	430-480
Associate	350-430
Analyst	200-350
Treasury and support	95-230

\* A project has been undertaken to consolidate the staffing grades of AlixPartners Services UK LLP with the wider AlixPartners firm, and the associate director grade has been retitled as vice president. No changes have been made to the rates charged per grade as a result of this project.



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## **Appendix H. Extension, exit route and discharge of liability**

### **Extensions**

The Administrations are due to end automatically on 25 April 2017, however, it will not be possible to conclude all outstanding matters in the Administrations of ARGL, ARL and ARCS prior to this date. The Administrators are therefore seeking the approval of the secured creditor, and where applicable the approval of the preferential creditors, for extensions to the Administrations for a period of 12 months in accordance with paragraph 76 of schedule B1 of the Insolvency Act 1986.

Based on current information, all matters in the Administrations of ARGP, CCL, CCHL and DCL will be finalised within the next six months, therefore there is no requirement to extend these Administrations.

### **Dissolution of the Companies**

The Companies have no property to permit a distribution to their unsecured creditors, other than by way of the Unsecured Creditors' Fund in the cases of ARGL, ARL and ARCS. The Administrators will therefore file notices, together with their final progress reports, at court and with the Registrar of Companies for dissolution of the Companies. The Administrators will send copies of these documents to each company and its creditors. The appointments will end following the registration of each notice by the Registrar of Companies.

### **Discharge from liability**

Subject to the approval of the secured and where applicable, the preferential creditors, the Administrators will be discharged from liability under paragraph 98 of schedule B1 to the Insolvency Act 1986 directly after their appointments as Administrators cease to have effect.