

AM10

Notice of administrator's progress report



Companies House

SATURDAY



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23/12/2017

#407

COMPANIES HOUSE

1 Company details

Company number 0 1 0 7 5 7 5 2

Company name in full Style Group Brands Limited

→ Filling in this form
Please complete in typescript or in
bold black capitals.

2 Administrator's name

Full forename(s) William James

Surname Wright

3 Administrator's address

Building name/number 15 Canada Square

Street Canary Wharf

Post town London

County/Region

Postcode E 1 4 5 G L

Country

4 Administrator's name

Full forename(s) Robert Andrew

Surname Croxen

① Other administrator
Use this section to tell us about
another administrator.

5 Administrator's address

Building name/number 15 Canada Square

Street Canary Wharf

Post town London

County/Region

Postcode E 1 4 5 G L

Country

② Other administrator
Use this section to tell us about
another administrator

AM10

Notice of administrator's progress report

6 Period of progress report

From date	d	0	d	2	m	0	m	6	y	2	y	0	y	1	y	7
To date	d	0	d	1	m	1	m	2	y	2	y	0	y	1	y	7

7 Progress report

☒ I attach a copy of the progress report

8 Sign and date

Administrator's
signature

Signature

X



X

Signature date

d	2	d	1	m	1	m	2	y	2	y	0	y	1	y	7
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Joint Administrators' progress report for the period 2 June 2017 to 1 December 2017

Style Group Brands Limited -
in Administration

21 December 2017

Notice to creditors

This progress report provides an update on the administration of the Company.

We have included (Appendix 2) an account of all amounts received and payments made since the date of our appointment.

We have also explained our future strategy for the administration and how likely it is that we will be able to pay each class of creditor.

You will find other important information in this progress report such as the costs which we have incurred to date.

A glossary of the abbreviations used throughout this document is attached (Appendix 7).

Finally, we have provided answers to frequently asked questions and a glossary of insolvency terms on the following website, <http://www.kpmg.co.uk/stylegroupbrands>. We hope this is helpful to you.

Please also note that an important legal notice about this progress report is attached (Appendix 8).

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1 Executive summary

- The Directors resolved on 26 May 2017 to appoint Rob Croxen and I as Joint Administrators of Style Group Brands Limited ("the Company"). The notice of appointment was lodged at High Court of Justice Chancery Division Companies Court on 2 June 2017 and we were duly appointed.
- This progress report covers the period from the date of our appointment to 1 December 2017.
- We delivered our statement of proposals ("proposals") to all known creditors on 16 June 2017. They were deemed approved without modification on 3 July 2017.
- Shortly after appointment we successfully completed a pre-packaged sale of the Company's business and the majority of its assets to the Purchaser. Total consideration of £11.1 million was paid upon completion. We continue to progress post-sale matters, including realising the remaining assets (Section 2 - Progress to date).
- The first ranking Secured creditor will have a shortfall of approximately £14 million. During the period covered by this report, distributions totalling £8.0 million have been paid to HSBC Bank plc ("the Bank") by way of a secured creditor distribution (Section 3 - Dividend prospects and dividends paid).
- Preferential creditors will be paid in full (Section 3 - Dividend prospects and dividends paid).
- Due to the substantial shortfall to the Bank, there will not be sufficient funds to enable a distribution to unsecured creditors. (Section 3 - Dividend prospects and dividends paid).
- Please note: you should read this progress report in conjunction with our proposals which were issued to the Company's creditors and can be found at <http://www.kpmg.co.uk/stylegroupbrands>. Unless stated otherwise, all amounts in this progress report and appendices are stated net of VAT.



Will Wright
Joint Administrator

2 Progress to date

This section updates you on our strategy for the administration and on our progress to date. It follows the information provided in our proposals.

2.1 Strategy and progress to date

Strategy

As set out in our proposals, we considered that a pre-packaged sale provided the best return for the Company's creditors as a whole.

The sale to Calvetron Brands Limited (formerly known as Styx Consulting Limited) ("the Purchaser") realised £11.1 million for the Company's business and assets and secured the employment of 1,719 employees who were transferred to the Purchaser under TUPE provisions.

Following the sale, we continue to realise the remaining assets as well as deal with a number of post-sale related and statutory matters.

Store closures and redundancies

Seven concessions in Belgium and 17 standalone stores in the UK were not part of the sale and were closed immediately upon appointment, resulting in 272 employees being made redundant. No Company staff were retained by us

Lease surrenders

A total of 24 formal lease surrenders have been offered by us, in addition to the surrender of any deemed interest in respect of sub-let properties and leases held by other group companies including properties in Glasgow, Harlow, Manchester and Sheffield.

There have been 15 surrenders accepted by landlords to date.

Ongoing liaison and support to the Purchaser

We have provided support to the Purchaser on several matters in order to assist in the transition of the business post-acquisition. This includes the novation of contracts with concession hosts, regular sweeping of funds received into the pre-administration bank account to the Purchaser and liaising with landlords under a licence to occupy provided to the Purchaser for certain properties.

Remaining assets

The Company's remaining assets include certain sundry debtors and refunds which were not included in the SPA. The level of any further realisations from these sources is uncertain. We will provide an update in our next report.

Since the period covered by this report, we have received £137,792 by way of an unutilised rent deposit relating to a former leasehold property. No further realisations are envisaged in this regard, apart from an associated VAT recovery of approximately £35,458. As this

transaction was after the period covered by this report it will show in the receipts and payments account included in our next report to creditors.

Encumbered assets

Encumbered assets, including assets subject to Retention of Title ("ROT") and hypothec, were excluded from the sale of business:

Retention of Title ("ROT")

To date, we have received 13 formal retention of title claims with a cumulative value of £2.4 million.

Following a detailed review and assessment of the claim documentation provided, we rejected 9 of these claims, while 4 claims with a cumulative value of £1.5 million were determined as being eligible for settlement. These 4 claims were subsequently settled by the Purchaser in accordance with the terms of the SPA, on the agreement that claimants will not re-assert their ROT claim against the Company. As such, there has been no cost to the estate from these claims.

Given the time that has elapsed since the date of the administration, the likelihood of new ROT claims being submitted has significantly reduced, however this possibility cannot be ruled out entirely.

Hypothec

The landlord of one of the Company's former stores asserted the right of hypothec over stock under the Bankruptcy and Diligence etc. (Scotland) Act 2007. Legal advice we obtained from Pinsent Masons concluded that this created a valid fixed security interest in favour of the landlord for the value of the unpaid rent at the property. Accordingly, we paid £12,500 (plus VAT) to the landlord and recovered this amount from the Purchaser in full, under the terms of the indemnity contained within the SPA. This issue is now closed.

Motor vehicles

In relation to leased motor vehicles, respective leasing companies were informed of seven vehicles which required collection. The Purchaser has confirmed that these collections have taken place.

Shares in subsidiaries

The Company continues to directly, or indirectly, own the share capital of 33 other non-trading subsidiary entities (*incorporated in multiple jurisdictions*).

Given their dormant status and that these entities formed part of the pre-appointment sales/marketing process detailed in our proposals, we do not consider that there is any realisable value from these shareholdings. We will confirm the position in our next report to creditors.

Non-assenting shareholder funds

On 7 March 2012, Minerva Bidco Limited compulsorily acquired the Company at a cash price of 21 pence per ordinary share (the Company was known as Jacques Vert Plc at that time),

however, not all former shareholders cashed their entitlements and these funds have been, and continue to be, held on trust by the Company in a designated trust bank account.

Following our appointment it is our responsibility to deal with these trust funds. We have arranged for the trust funds totalling £157,133 to be transferred to a new trust bank account under our control.

On 2 November 2017, we wrote to the relevant former shareholders inviting them to claim their outstanding entitlements to these non-assenting shareholder trust funds. We also advised that we will make arrangements to pay any trust funds that have not been claimed by 9 December 2017 to the Court Funds Office.

We shortly intend to settle the claims received and make the application to pay the remaining trust funds to the Court Funds Office. The Company, as trustee of the non-assenting shareholder funds, must remain in administration until the application has been accepted and the funds deposited with the Court Funds Office.

Our costs for dealing with the non-assenting shareholder funds will be drawn from the trust funds and will not be an expense of the administration. As such, these costs are not shown in our time costs analysis at Appendix 6.

2.2 Asset realisations

Realisations during the period are set out in the attached receipts and payments account (Appendix 2).

Summaries of the most significant realisations during the period are provided below.

Sale of business

The transaction to sell the trade and majority of assets of the Company and the share capital of Jacques Vert (Canada) Inc completed on 3 June 2017 for £11.1 million. For further detail regarding the sale of business, please refer to our proposals which includes a copy of the SIP 16 memorandum.

Cash

In addition to £100,000 received as part of the sale to the Purchaser, we have also realised £43,332 from cash previously held in stores and by merchant acquirers.

Unclaimed dividends

We have realised £10,596 from unclaimed shareholder dividends, relating to the public listing of the Company, known at that time as Jacques Vert Plc.

Sundry refunds

Certain limited debts were excluded from the sale of business and £14,076 has been realised in the reporting period.

Funds transferred to Calvetron

Following the sale of the Company's business and assets, a number of concessions and other debtors continued to make payments into the Company's pre-appointment bank accounts. We have subsequently transferred £3,448,095 received in the estate which, under the terms of the SPA, belong to the Purchaser.

We have additionally paid £684,345 due to the Purchaser relating to sales receipts for the three days prior to administration, again as provided for in the SPA. For completeness we advise that these funds were received by HSBC prior to the Company's administration, and were retained by them under the terms of their security.

Licence to occupy ("LtO")

We have received £518,600 from the Purchaser in respect of rent and service charge for five leasehold retail properties, two warehouses and a head office where licences to occupy were initially granted as a condition of the sale of business.

The leases for all these properties have now been surrendered or assigned to the Purchaser.

Investigations

We are reviewing the affairs of the Company to find out if there are any actions which can be taken against third parties to increase recoveries for creditors.

We have complied with the relevant statutory requirements by submitting the online director conduct assessment to the Department for Business, Energy and Industrial Strategy. The contents of our submission are confidential.

2.3 Costs

Payments made in this period are set out in the attached receipts and payments account (Appendix 2).

Summaries of the most significant payments made during the period are provided below.

Rent and service charge

As per the LtO agreements, we facilitated the payment of £418,010 of rent to the relevant landlords in the period covered by this report.

In addition, we paid £33,782 for service charges on these leasehold properties.

A reconciliation is in progress to ensure all necessary payments have been fully remitted to the landlords in accordance with the underlying lease agreements in place. We are awaiting responses from certain landlords and will return any surplus LtO funds to the Purchaser once the position has been determined.

Legal fees

We have accrued legal costs of £76,833 in the period, of which we have paid £71,056 to date.

£64,789 has been paid (and a balance of £5,777 is outstanding) to Pinsent Masons, solicitors engaged by us to provide advice in relation to ROT and hypothec issues, property matters regarding licence to occupy and lease assignments, novation of contracts to the Purchaser, employee matters (including ongoing advice relating to former employees in Belgium), and other legal matters arising during the course of the administration to date.

Pinsent Masons continue to assist us with ongoing matters including advice in relation to the claims of former Belgian employees, overseas litigation claims against the Company, personal injury claims received and other general matters as they arise during the course of the administration.

The above also includes payment of £3,915 to Bond Dickinson LLP who provided advice on the validity of our appointment and a security review and £2,352 to The Legal Director for legal support provided during the initial stages of the administration

Insurance

We have paid £3,029 to JLT Speciality Limited to insure leased motor vehicles until the confirmed date of collection and Company leasehold properties until the confirmed date of formal acceptance of surrender.

Agent's fees

We paid £3,000 to Watts Group Limited, a firm of property consultants, for their assistance with assessing dilapidations claims applied against the unutilised rent deposit recovered after the period covered by this report.

2.4 Schedule of expenses

We have detailed the costs incurred during the period, whether paid or unpaid, in the schedule of expenses attached (Appendix 3).

3 Dividend prospects and dividends paid

3.1 Secured creditors

Our proposals set out details of the security held by the Company's two secured creditors: HSBC Bank plc and Jacques Vert Holdings S.á.r.l. The validity of all security held was confirmed by Bond Dickinson.

On our appointment, the Company's indebtedness to HSBC is approximately £23 million. We anticipate making distributions to HSBC totalling £8.7 million during the administration, of which £8.0 million has been distributed to date.

Save £2 relating to fixed charge realisations, all distributions to HSBC will be from floating charge realisations.

As there will be a substantial shortfall to HSBC, there will not be sufficient funds to enable any return to Jacques Vert Holdings S.á.r.l

3.2 Preferential creditors

Claims from employees in respect of (1) arrears of wages up to a maximum of £800 per employee, (2) unlimited accrued holiday pay and (3) certain pension benefits, rank preferentially.

As part of the sale of business, 1,719 employees transferred to the Purchaser and no preferential claims will arise from these transferring employees.

272 employees were made redundant immediately on our appointment. The amount of preferential claims for arrears of wages and holiday pay is currently unknown but is not expected to exceed £300,000.

Preferential creditors will receive a dividend of 100p in the £.

Certain former Belgian and Irish employees are not eligible to claim from the Redundancy Payments Office in the United Kingdom. We have written to all these former employees regarding their preferential claim and have made payment, by way of a dividend of 100p in the £, where details have been provided by the former employee and this element of their claim agreed. These payments total £4,986 in the period of this report.

3.3 Unsecured creditors

As HSBC Bank Plc will suffer a shortfall and as their debenture pre-dates the prescribed part provisions introduced with the Enterprise Act and effective from 15 September 2003, there is no prospect of a dividend to the unsecured creditors.

4 Joint Administrators' remuneration, disbursements and pre-administration costs

4.1 Joint Administrators' remuneration and disbursements

During the period, we obtained approval from the Secured creditors and we are now seeking approval from the preferential creditors that:

- our remuneration will be drawn on the basis of time properly given by us and the various grades of our staff in accordance with the fees estimate provided in Appendix 4 and the charge-out rates included in Appendix 6.
- disbursements for services provided by KPMG (defined as Category 2 disbursements in Statement of Insolvency Practice 9) will be charged in accordance with KPMG's policy as set out in Appendix 6.

Time costs

From the date of our appointment to 1 December 2017, we have incurred time costs of £1,076,528. These represent 2,960 hours at an average rate of £364 per hour.

Remuneration

During the period, we have not drawn any remuneration

Disbursements

During the period, we have incurred disbursements of £2,681. None of these have yet been paid.

Additional information

We have attached a revised fees estimate at Appendix 4. Our overall estimated time costs have increased because of additional time spent corresponding with creditors and employees and in fulfilling the statutory requirements of our office (including ongoing work required to ensure we meet all tax and VAT requirements in the UK as well as overseas jurisdictions) and in providing ongoing post-sale related assistance to the Purchaser and other parties, such as ROT creditors.

We will be seeking total fees of £1.1 million based on the time costs shown in Appendix 4.

We have attached a revised expenses estimate at Appendix 5. Our estimated expenses have increased primarily due to funds received on behalf of the Purchaser and subsequently paid to them as explained in section 2.2.

We have attached (Appendix 6) an analysis of the time spent, the charge-out rates for each grade of staff and the expenses incurred directly by KPMG for the period from our appointment to 1 December 2017. We have also attached our charging and disbursements policy.

4.2 Pre-administration costs

In our proposals we disclosed the following pre-administration costs, which were unpaid at the date of our appointment:

Pre-administration costs				
	Unpaid costs disclosed in proposals (£)	Approved (£)	Paid in the period (£)	Outstanding (£)
KPMG fees	92,900.25	92,900.25	-	92,900.25
KPMG disbursements	41.40	41.40	-	41.40
Legal fees – Pinsent Masons	44,486.50	44,486.50	-	44,486.50
Legal disbursements – Pinsent Masons	354.58	354.58	-	354.58
Foreign legal counsel (Canada and Belgium)	12,107.35	12,107.35	-	12,107.35
Valuers fees – JLL	2,700.00	2,700.00	-	2,700.00
Valuers fees – SIA Group	7,827.50	7,827.50	-	7,827.50
Total	160,417.58	160,417.58	-	160,417.58

We have obtained approval from the Secured creditors and are now seeking approval from the preferential creditors to pay these pre-administration costs as an expense of the administration.

However, we have since been notified of previously undisclosed pre-administration legal expenses of £2,573. This relates to work which was necessarily carried out prior to our appointment with a view to placing the Company in administration by Blakes, Cassels & Graydon LLP, a firm of barristers and solicitors based in Canada engaged by Pinsent Masons to provide legal counsel on matters of Canadian law

We will seek further approval from the Secured creditors and approval from the preferential creditors that these additional unpaid pre-administration costs, which have not yet been approved, be paid as an expense of the administration.

5 Future strategy

5.1 Future conduct of the administration

We will continue to manage the affairs, the business and the property of the Company in order to achieve the purpose of the administration. This will include but not be limited to:

- realising the Company's remaining assets;
- providing requisite assistance with the non-assenting shareholders funds, including payment to the Court Funds Office;
- agreeing the remaining preferential creditors' claims and paying a dividend on their agreed claims;
- making further distributions to the Bank, as available funds allow;
- payment of the costs of the administration, including the Joint Administrators' remuneration and expenses;
- VAT and tax returns, including making necessary payments and obtaining tax clearance; and
- statutory and compliance matters.

5.2 Discharge from liability

The Secured creditors have granted approval that we be discharged from liability in respect of any actions as Joint Administrators, on filing their final progress report with the Registrar of Companies. We are now seeking the same approval from preferential creditors.

Discharge does not prevent the exercise of the Court's power in relation to any misfeasance action against us.

5.3 Future reporting

We will provide a further progress report within one month of 2 June 2018 or earlier if the administration has been completed prior to that time.

Appendix 1 Statutory information

Company information

Company name	Style Group Brands Limited
Date of incorporation	9 October 1972
Company registration number	01075752
Present registered office	15 Canada Square, London, E14 5GL

Administration information

Administration appointment	The administration appointment granted in High Court of Justice Chancery Division Companies Court, 3802 of 2017
Appointor	Directors
Date of appointment	2 June 2017
Joint Administrators' details	Will Wright and Rob Croxen
Functions	The functions of the Joint Administrators are being exercised by them individually or together in accordance with Paragraph 100(2)
Current administration expiry date	1 June 2018

Appendix 2 Joint Administrators' receipts and payments account

Style Group Brands Limited - in Administration			
Abstract of receipts & payments			
Statement of affairs (£)		From 02/06/2017 To 01/12/2017 (£)	From 02/06/2017 To 01/12/2017 (£)
FIXED CHARGE ASSETS			
	JV Inc shares	1.00	1 00
1.00	Intellectual property	0.83	0.83
1 00	Goodwill	NIL	NIL
1.00	Investments	NIL	NIL
1 00	Retained property	NIL	NIL
		<u>1 83</u>	<u>1.83</u>
FIXED CHARGE CREDITORS			
	Fixed charge creditor - HSBC	(1 83)	(1.83)
		<u>(1 83)</u>	<u>(1.83)</u>
ASSET REALISATIONS			
	Leasehold – licence to occupy funding	518,600 19	518,600 19
225,000 00	Plant & machinery	150,000 00	150,000 00
	Fixtures & Fittings	75,000 00	75,000 00
9,000,000 00	Stock	9,000,000 00	9,000,000 00
100,000 00	Cash (in tills and transit)	143,331 93	143,331 93
1,774,991.00	Trade debts	1,774,991 00	1,774,991 00
	Unclaimed JV PLC dividends	10,595 60	10,595 60
	Goodwill, records & contracts	6 83	6 83
	Funds received for Calvetron	3,448,094 73	3,448,094 73
		<u>15,120,620 28</u>	<u>15,120,620.28</u>
OTHER REALISATIONS			
	Bank interest, gross	3,918 08	3,918 08
	Indemnity for Encumbered Assets	15,816 00	15,816 00
	Business rates refunds	4,860 45	4,860 45
	Sundry refunds	9,215 72	9,215 72
5 00	Trading contracts	NIL	NIL
92,432.00	Prepayments	NIL	NIL
		<u>33,810 25</u>	<u>33,810 25</u>
COST OF REALISATIONS			
	Funds paid to Calvetron	(4,031,360 56)	(4,031,360.56)
	Agents'/Valuers' fees	(3,000 00)	(3,000.00)

Style Group Brands Limited - in Administration

Abstract of receipts & payments

Statement of affairs (£)	From 02/06/2017 To 01/12/2017 (£)	From 02/06/2017 To 01/12/2017 (£)
Legal fees	(71,056.35)	(71,056.35)
Overseas VAT-2 Jun 17	(6,657.69)	(6,657.69)
Statutory advertising	(69.00)	(69.00)
Rent	(418,010.05)	(418,010.05)
Service charge	(33,782.32)	(33,782.32)
Insurance of assets	(3,029.42)	(3,029.42)
Other property expenses	(3,010.00)	(3,010.00)
Hypothec payments	(12,500.00)	(12,500.00)
Bank charges	(446.50)	(446.50)
	<u>(4,582,921.89)</u>	<u>(4,582,921.89)</u>
PREFERENTIAL CREDITORS		
(111,926.00) Employees' wage arrears	(4,986.01)	(4,986.01)
	<u>(4,986.01)</u>	<u>(4,986.01)</u>
FLOATING CHARGE CREDITORS		
(21,882,950.00) Floating charge creditor- HSBC	(7,999,998.17)	(7,999,998.17)
	<u>(7,999,998.17)</u>	<u>(7,999,998.17)</u>
UNSECURED CREDITORS		
(89,261,045.00) Trade & expense	NIL	NIL
(1,500,633.00) Employees	NIL	NIL
	<u>NIL</u>	<u>NIL</u>
DISTRIBUTIONS		
19,338,430.00 Ordinary shareholders	NIL	NIL
	<u>NIL</u>	<u>NIL</u>
(82,225,692.00)	<u>2,566,524.46</u>	<u>2,566,524.46</u>
REPRESENTED BY		
Floating ch VAT rec'able		108,118.29
Floating charge current		2,561,188.05
Fixed charge VAT rec'able		2,500.00
Fixed charge VAT payable		(0.17)
Floating ch VAT payable		(105,281.71)
		<u>2,566,524.46</u>

Appendix 3 Schedule of expenses

Schedule of expenses (02/06/2017 to 01/12/2017)			
Expenses (£)	Incurred and paid in the period (£)	Incurred in the period not yet paid (£)	Total (£)
Cost of realisations			
Funds paid to Calvetron	4,031,020.84	22.47	4,031,043.31
Agents'/Valuers' fees	3,000.00	0.00	3,000.00
Legal fees	71,056.35	5,777.25	76,833.60
Overseas VAT-2 Jun 17	6,657.69	0.00	6,657.69
Statutory advertising	69.00	0.00	69.00
Rent	418,010.05	0.00	418,010.05
Service charge	33,782.32	0.00	33,782.32
Insurance of assets	3,029.42	0.00	3,029.42
Other property expenses	3,010.00	0.00	3,010.00
Sub contractors	339.72	0.00	339.72
Bank charges	446.50	0.00	446.50
Administrators' fees	0.00	1,076,527.75	1,076,527.75
Administrators' disbursements	0.00	2,681.45	2,681.45
TOTAL	4,570,421.89	1,085,008.92	5,655,430.81

Requests for further information and right to challenge our remuneration and expenses

Creditors' requests for further information

If you would like to request more information about our remuneration and expenses disclosed in this progress report, you must do so in writing within 21 days of receiving this progress report.

Requests from unsecured creditors must be made with the concurrence of at least 5% in value of unsecured creditors (including, the unsecured creditor making the request) or with the permission of the Court.

Creditors' right to challenge our remuneration and expenses

If you wish to challenge the basis of our remuneration, the remuneration charged, or the expenses incurred during the period covered by this progress report, you must do so by making an application to Court within eight weeks of receiving this progress report.

Applications by unsecured creditors must be made with concurrence of at least 10% in value of unsecured creditors (including the unsecured creditor making the challenge) or with the permission of the Court. The full text of the relevant rules can be provided on request by writing to James Rivers at 15 Canada Square, London, E14 5GL.

Appendix 4 Joint Administrators' revised time costs estimate

Style Group Brands Limited - in Administration								
	Notes	Previously disclosed estimated time costs for the engagement			Amendments to estimated time costs for the engagement			Estimated Total cost (£)
		Estimated Total hours	Estimated Time cost (£)	Estimated Average hourly rate (£)	Amendment to Estimated Total hours	Amendment to Estimated Time cost (£)	Estimated Average hourly rate (£)	
Administration & planning								
Transitional arrangements - cash sweeps, processing receipts and payments, contract notations	Note 1	370.00	147,600.00	398.92	35.00	11,900.00	340.00	159,500.00
General - books & records, fees & work in progress	Note 2	245.00	87,970.00	359.06	(36.00)	(18,980.00)	527.22	68,990.00
Statutory and compliance - appointment & related formalities, bonding checklist & reviews, reports to secured creditors, advertising, strategy	Note 3	472.00	186,470.00	395.06	187.00	62,945.00	336.60	249,415.00
Tax - VAT & Corporation tax, initial reviews, pre and post appointment tax	Note 4	43.00	20,610.00	479.30	150.00	58,120.00	387.47	78,730.00
Creditors								
Creditors and claims - general correspondence, notification of appointment, statutory reports	Note 5	697.00	287,295.00	412.19	162.00	49,200.00	303.70	336,495.00
Employees - correspondence	Note 6	482.00	196,250.00	407.16	93.00	29,610.00	318.39	225,860.00
Investigation								
Directors - correspondence, statement of affairs, questionnaires	Note 7	98.00	41,090.00	419.29	(22.00)	(11,690.00)	531.36	29,400.00
Investigations - director conduct and affairs of the Company	Note 8	151.00	54,460.00	360.66	(10.00)	(4,905.00)	490.50	49,555.00
Realisation of assets								
Asset Realisation - including identifying, realising and insuring of assets	Note 9	385.00	178,950.00	464.81	47.00	18,875.00	401.60	197,825.00
		2,943.00	1,200,695.00	407.98	606.00	195,075.00	321.91	1,395,770.00

We will be seeking total fees of £1.1 million based on the time costs shown above.

Note 1 – Transitional arrangements

Our estimated time costs for handling funds, cashiering and transitional arrangements to assist the Company with transferring the business to the Purchaser under the terms of the sale. This includes novation of contracts with concession hosts; regular sweeps of funds from trade to the Purchaser's bank accounts; store closures; closing the existing bank accounts; opening a separate administration account. Cashiering time to process receipts, payments and bank reconciliations.

Note 2 - General

We have reduced our anticipated fees for this aspect of our work by £18,980 on the basis that we have completed the majority of work in relation to the cataloguing of books and records from the Company. Our future costs relate mainly to managing the ongoing storage of the Company's books and records.

Note 3 – Statutory and compliance

Statutory and compliance related matters include ensuring we meet our ongoing reporting and statutory filing obligations to various stakeholders. These costs may increase above our estimate, particularly if we are unable to conclude all remaining matters prior to the current expiry of the administration and need to seek approval for an extension to the period of the administration.

Note 4 - Tax

We have increased our estimated time costs in relation to tax due to work we've undertaken to understand the Company's pre administration tax dealings and to review the tax position and obligations in overseas jurisdictions (UK, Ireland, Belgium and Canada).

Work in relation to the determination of the VAT liability on sales between the date of appointment (2nd June 2017) and the date of completion of the sale of business and assets (3rd June 2017) has also been undertaken. While the Administrators have settled the UK and Irish tax

liabilities, the Belgian and Canadian tax obligations continue to be progressed with the assistance of the overseas tax authorities.

Note 5 – Creditors and claims

Work in this area includes responding to general queries received from the body of creditors. Costs also includes time spent agreeing and paying a distribution to the secured and preferential creditors.

This includes time we have incurred in dealing with ROT claims received. As explained in the report these have required a detailed review and consultation with our lawyers. Certain claims have been rejected and we have corresponded with the Purchaser and applicable ROT creditors in relation to other claims.

Note 6 - Employees

We have increased our estimated time costs in relation to employees. Work in this area remains ongoing with future work in including concluding the claim position of the Company's overseas former employees (including consultation with our legal advisors).

Note 7 - Directors

We have now concluded the majority of work in this area

Note 8 - Investigations

We have now concluded the majority of work in this area.

Note 9 – Asset realisations

We have increased our estimated time costs in relation to asset realisations. As detailed in section 2.2, work in this area primarily includes dealing with the Company's leased motor vehicles and the leasehold properties (includes securing and the surrender of properties and the deposit recovery). Some realisations have been made from prepayments and sundry debtors. Further recovery avenues will be reviewed and considered to maximise the recoveries made for the estate.

Appendix 5 Joint Administrators' revised expenses estimate

Summary of expenses				
Expenses	Total for administration			
	Initial Estimate (£)	Paid to date (£)	Future costs (£)	Revised estimate (£)
Administrators' pre-administration fee	92,941 65	-	92,941 65	92,941 65
Pre-administration legal costs and expense	56,948 43	-	59,214 56 ^(a)	59,214 56
Pre-administration valuers' costs	10,527 50	-	10,527 50	10,527.50
Legal fees	150,000 00	71,056 35	32,818 25	103,874 60
Other costs	100,000 00	16,552 33	13,000 00	29,552 33
SUBTOTAL	410,417.58	87,608.68	208,501.96	296,110.64
Remittance expenses (funded by purchaser and debtors due to Purchaser)^(b)				
Funds paid to Calvetron	-	4,031,020 84	-	4,031,020 84
LtO (includes rent and service charge)	-	451,792 37	-	451,792 37
TOTAL	410,417.58	4,570,421.89	208,501.96	4,778,923.85

Notes:

(a) In addition to the pre-administration costs disclosed in our proposals, these include a further £2,752.22 representing Blake, Cassels & Graydon LLP overseas legal fees for which further approval from secured and preferential creditors will be requested.

(b) Overall our direct costs for this engagement are below those initially advised in our proposals. However, for completeness the table above now also shows funds we have paid to either the Purchaser or the landlords of LtO properties. In the case of funds paid to the Purchaser, as explained in section 2.2, these monies were received into the Company's pre-administration bank account and remitted to us by HSBC Bank plc for onward payment to the Purchaser under the terms of the SPA. The cost of payments we have made to landlords of LtO properties have been met by the Purchaser, with the receipt reflected in our receipts and payments account

Appendix 6 Joint Administrators' charging and disbursements policy

Joint Administrators' charging policy

The time charged to the administration is by reference to the time properly given by us and our staff in attending to matters arising in the administration. This includes work undertaken in respect of tax, VAT, employee, pensions and health and safety advice from KPMG in-house specialists

Our policy is to delegate tasks in the administration to appropriate members of staff considering their level of experience and requisite specialist knowledge, supervised accordingly, so as to maximise the cost effectiveness of the work performed. Matters of particular complexity or significance requiring more exceptional responsibility are dealt with by senior staff or us.

A copy of "A Creditors' Guide to Joint Administrators Fees" from Statement of Insolvency Practice 9 ('SIP 9') produced by the Association of Business Recovery Professionals is available at.

<https://www.r3.org.uk/what-we-do/publications/professional/fees/administrators-fees>

If you are unable to access this guide and would like a copy, please contact James Rivers on 020 73118091.

Hourly rates

Set out below are the relevant hourly charge-out rates for the grades of our staff actually or likely to be involved on this administration. Time is charged by reference to actual work carried out on the administration; using a minimum time unit of six minutes.

All staff who have worked on the administration, including cashiers and secretarial staff, have charged time directly to the administration and are included in the analysis of time spent. The cost of staff employed in central administration functions is not charged directly to the administration but is reflected in the general level of charge-out rates.

Charge-out rates (£) for Restructuring	
Grade	From 01 Nov 2016 £/hr
Partner	625
Director	560
Senior Manager	510
Manager	425
Senior Administrator	295
Administrator	215
Support	131

The charge-out rates used by us might periodically rise (for example to cover annual inflationary cost increases) over the period of the administration. In our next statutory report, we will inform creditors of any material amendments to these rates.

Policy for the recovery of disbursements

Where funds permit the officeholders will seek to recover both Category 1 and Category 2 disbursements from the estate. For the avoidance of doubt, such expenses are defined within SIP 9 as follows:

Category 1 disbursements: These are costs where there is specific expenditure directly referable to both the appointment in question and a payment to an independent third party. These may include, for example, advertising, room hire, storage, postage, telephone charges, travel expenses, and equivalent costs reimbursed to the officeholder or his or her staff.

Category 2 disbursements: These are costs that are directly referable to the appointment in question but not to a payment to an independent third party. They may include shared or allocated costs that can be allocated to the appointment on a proper and reasonable basis, for example, business mileage.

Category 2 disbursements charged by KPMG Restructuring include mileage. This is calculated as follows:

Mileage claims fall into three categories:

- Use of privately-owned vehicle or car cash alternative – 45p per mile.
- Use of company car – 60p per mile.
- Use of partner's car – 60p per mile.

For all of the above car types, when carrying KPMG passengers an additional 5p per mile per passenger will also be charged where appropriate.

We have incurred the following disbursements from the date of our appointment to 1 December 2017.

SIP 9 - Disbursements					
Disbursements	Category 1		Category 2		Totals (£)
	Paid (£)	Unpaid (£)	Paid (£)	Unpaid (£)	
Courier & delivery costs		86 17		NIL	86.17
External printing		201 22		NIL	201.22
Meals		396 09		NIL	396.09
Mileage		NIL		677 45	677.45
Sundry		73 63		NIL	73.63
Postage		850 33		NIL	850.33
Professional and legal fees		170 00		NIL	170.00
Travel		226.56		NIL	226.56
Total		2,004 00		677.45	2,681.45

We have the authority to pay Category 1 disbursements without the need for any prior approval from the creditors of the Company.

Category 2 disbursements have been approved in the same manner as our remuneration.

Narrative of work carried out for the period 2 June 2017 to 1 December 2017

The key areas of work have been:

Statutory and compliance	<ul style="list-style-type: none"> ■ collating initial information to enable us to carry out our statutory duties, including creditor information, details of assets and information relating to the licences, ■ providing initial statutory notifications of our appointment to the Registrar of Companies, creditors and other stakeholders, and advertising our appointment, ■ issuing press releases and posting information on a dedicated web page, ■ preparing statutory receipts and payments accounts, ■ arranging bonding and complying with statutory requirements; ■ ensuring compliance with all statutory obligations within the relevant timescales.
Strategy documents, Checklist and reviews	<ul style="list-style-type: none"> ■ formulating, monitoring and reviewing the administration strategy, including meetings with internal and external parties to agree the same; ■ briefing of our staff on the administration strategy and matters in relation to various work-streams, ■ regular case management and reviewing of progress, including regular team update meetings and strategy calls; ■ reviewing and authorising junior staff correspondence and other work, ■ dealing with queries arising during the appointment, ■ reviewing matters affecting the outcome of the administration, ■ allocating and managing staff/case resourcing and budgeting exercises and reviews, ■ liaising with legal advisors regarding the various instructions, including agreeing content of engagement letters; ■ complying with internal filing and information recording practices, including documenting strategy decisions.
Reports to debenture holders	<ul style="list-style-type: none"> ■ providing written and oral updates to representatives of HSBC and Jacques Vert Holdings S à r l regarding the progress of the administration and case strategy
Cashiering	<ul style="list-style-type: none"> ■ setting up administration bank accounts and dealing with the Company's pre-appointment accounts; ■ preparing and processing vouchers for the payment of post-appointment invoices, ■ reconciling post-appointment bank accounts to internal systems, ■ ensuring compliance with appropriate risk management procedures in respect of receipts and payments
Tax	<ul style="list-style-type: none"> ■ gathering initial information from the Company's records in relation to the taxation position of the Company, ■ submitting relevant initial notifications to HM Revenue and Customs; ■ reviewing the Company's pre-appointment corporation tax and VAT position, ■ analysing and considering the tax effects of various sale options, tax planning for efficient use of tax assets and to maximise realisations, ■ working initially on tax returns relating to the periods affected by the administration, ■ analysing VAT related transactions (UK and overseas), ■ dealing with post appointment tax compliance.
Shareholders	<ul style="list-style-type: none"> ■ providing notification of our appointment, ■ responding to enquiries from shareholders regarding the administration; ■ providing copies of statutory reports to the shareholders
General	<ul style="list-style-type: none"> ■ reviewing time costs data and producing analysis of time incurred which is compliant with Statement of Insolvency Practice 9, ■ locating relevant Company books and records, arranging for their collection and dealing with the ongoing storage
Property matters	<ul style="list-style-type: none"> ■ reviewing the Company's leasehold properties, including review of leases; ■ communicating with landlords regarding rent, property occupation and other issues, ■ agreeing and dealing with property matters connected with the licences to occupy granted to the Purchaser, ■ performing land registry searches
Sale of business	<ul style="list-style-type: none"> ■ seeking legal advice regarding sale of business, including regarding non-disclosure agreements, ■ dealing with queries from interested parties and managing the information flow to potential purchasers; ■ carrying out sale negotiations with interested parties; ■ dealing with matters arising post the sale of the Company's business and assets to include the reconciliation of funds due to the Purchaser under the terms of the SPA

Health and safety	<ul style="list-style-type: none"> ■ liaising with health and safety specialists in order to manage all health and safety issues and environmental issues, including ensuring that legal and licensing obligations are complied with, ■ liaising with the Health and Safety Executive regarding the administration and ongoing health and safety compliance
Open cover insurance	<ul style="list-style-type: none"> ■ arranging ongoing insurance cover for the Company's business and assets; ■ liaising with the post-appointment insurance brokers to provide information, assess risks and ensure appropriate cover in place, ■ assessing the level of insurance premiums.
Employees	<ul style="list-style-type: none"> ■ dealing with queries from employees regarding various matters relating to the administration and their employment (including overseas employees); ■ dealing with statutory employment related matters, including statutory notices to employees and making statutory submissions to the relevant government departments, ■ communicating and corresponding with HM Revenue and Customs, ■ dealing with issues arising from employee redundancies, including statutory notifications and liaising with the Redundancy Payments Office, ■ managing claims from employees; ■ ensuring security of assets held by employees
Pensions	<ul style="list-style-type: none"> ■ collating information and reviewing the Company's pension schemes; ■ calculating employee pension contributions and review of pre-appointment unpaid contributions, ■ ensuring compliance with our duties to issue statutory notices, ■ liaising with the trustees of the defined benefit pension scheme, the Pensions Regulator and the Pensions Protection Fund concerning the changes caused to the pension scheme as a result of our appointment, ■ ensuring death-in-service cover for employees remains in place; ■ communicating with employees representatives concerning the effect of the administration on pensions and dealing with employee queries.
Creditors and claims	<ul style="list-style-type: none"> ■ drafting and circulating our proposals, ■ creating and updating the list of unsecured creditors, ■ responding to enquiries from creditors regarding the administration and submission of their claims, ■ dealing with suppliers with retention of title claims, including reviewing supporting documentation and arranging and carrying out stock inspection visits, ■ agreeing preferential claims, ■ arranging distributions to the secured and preferential creditors, ■ drafting our progress report
Investigations/directors	<ul style="list-style-type: none"> ■ reviewing Company and directorship searches and advising the directors of the effect of the administration, ■ liaising with management to produce the Statement of Affairs and filing this document with the Registrar of Companies, ■ reviewing the questionnaires submitted by the Directors of the Company, ■ reviewing pre-appointment transactions, ■ submitting the online director conduct assessment to the relevant authority.

Time costs

SIP 9 –Time costs analysis (02/06/2017 to 01/12/2017)

	Hours	Time Cost (£)	Average Hourly Rate (£)
Administration & planning			
Director/Member			
General correspondence	7.90	4,693 50	594.11
Notification of appointment	2.00	1,250 00	625.00
Share Registrars	0.90	382 50	425.00
Statutory reports	3.20	1,180 00	368 75
Cashiering			

SIP 9 –Time costs analysis (02/06/2017 to 01/12/2017)

	Hours	Time Cost (£)	Average Hourly Rate (£)
General (Cashiering)	54.20	22,584.50	416.69
Reconciliations (& IPS accounting reviews)	11.20	4,218.00	376.61
Reconciliation and remittance of pre-appointment bank account receipts to Purchaser	170.10	63,703.00	374.50
General			
Books and records	99.05	27,231.25	274.92
Fees and WIP	13.90	5,567.50	400.54
Purchases and trading costs	3.00	1,670.00	556.67
Statutory and compliance			
Appointment and related formalities	133.45	42,293.75	316.93
Bonding & Cover Schedule	0.80	290.00	362.50
Budgets & Estimated outcome statements	16.60	6,676.00	402.17
Checklist & reviews	149.00	53,422.00	358.54
Pre-administration checks	8.00	3,271.00	408.88
Reports to debenture holders	64.55	29,969.25	464.28
Statutory receipts and payments accounts	40.00	13,205.00	330.13
Strategy documents	95.60	41,015.00	429.03
Tax			
Initial reviews - CT and VAT	5.00	2,380.00	476.00
Post appointment corporation tax	38.10	19,331.00	507.38
Post appointment overseas tax	16.15	6,863.75	425.00
Post appointment VAT	56.35	20,461.75	363.12
Creditors			
Creditors and claims			
Agreement of preferential claims	5.25	2,341.25	445.95
General correspondence	429.25	132,415.25	308.80
Legal claims	5.75	2,844.25	494.65
Notification of appointment	12.10	3,521.50	291.03
Payment of dividends	12.70	5,258.00	414.02
Pre-appointment VAT / PAYE / CT	1.50	722.50	481.67
ROT Claims	123.00	50,666.00	411.92
Secured creditors	63.90	25,997.00	406.84
Statutory reports	124.30	47,558.00	382.61
Employees			
Correspondence	361.80	120,096.75	331.94
DTI redundancy payments service	27.60	8,142.00	295.00

SIP 9 –Time costs analysis (02/06/2017 to 01/12/2017)

	Hours	Time Cost (£)	Average Hourly Rate (£)
Pension funds	18.00	8,514.25	473.01
Pensions reviews	10.80	4,770.50	441.71
Employee Matters / PAYE	13.25	4,800.75	362.32
General analysis			
Other			
Purchaser post-completion liaison	93.25	39,355.25	422.04
Store Closures	172.05	55,957.75	325.24
Investigation			
Directors			
Correspondence with directors	8.85	3,350.75	378.62
D form drafting and submission	18.15	7,832.75	431.56
Directors' questionnaire / checklist	1.50	470.00	313.33
Statement of affairs	10.10	4,654.50	460.84
Investigations			
Correspondence re investigations	98.25	29,657.75	301.86
Mail redirection	0.50	107.50	215.00
Review of pre-appt transactions	5.20	2,713.00	521.73
Realisation of assets			
Asset Realisation			
Cash and investments	15.90	8,452.00	531.57
Debtors	30.40	11,878.00	390.72
Health & safety	0.10	51.00	510.00
Insurance	15.75	5,868.75	372.62
Leasehold property	253.00	98,863.50	390.76
Office equipment, fixtures & fittings	0.50	147.50	295.00
Other assets	5.10	2,720.50	533.43
Pre-appointment tax & VAT refunds	1.40	663.00	473.57
Rent	5.30	1,139.50	215.00
Sale of business	14.80	8,600.50	581.11
Vehicles	11.20	4,737.50	422.99
Total in period	2,959.55	1,076,527.75	363.75

Brought forward time (appointment date to SIP 9 period start date)	0.00	0.00
SIP 9 period time (SIP 9 period start date to SIP 9 period end date)	2,959.55	1,076,527.75
Carry forward time (appointment date to SIP 9 period end date)	2,959.55	1,076,527.75

All staff who have worked on this assignment, including cashiers and secretarial staff, have charged time directly to the assignment and are included in the analysis of time spent. The cost of staff employed in central administration functions is not charged directly to the assignment but is reflected in the general level of charge out rates.

All time shown in the above analysis is charged in units of six minutes

Appendix 7 Glossary

Bank or HSBC	HSBC Bank Plc
Bond Dickinson	Bond Dickinson LLP
Company	Style Group Brands Limited – in Administration
Joint Administrators/we/our/us	Will Wright and Rob Croxen
KPMG	KPMG LLP
LtO	Licence to Occupy
Pinsent Masons	Pinsent Masons LLP
Purchaser	Calvetron Brands Limited (formerly known as Styx Consulting Limited)
ROT	Retention of title
Secured creditors	HSBC Bank Plc and Jacques Vert Holdings S.á.r.l
SIP	Statement of Insolvency Practice
SPA	Sale and purchase agreement
TUPE	Transfer of Undertakings (Protection of Employment) Regulations 2006
VAT	Value Added Tax

Any references in this progress report to sections, paragraphs and rules are to Sections, Paragraphs and Rules in the Insolvency Act 1986, Schedule B1 of the Insolvency Act 1986 and the Insolvency Rules (England and Wales) 2016 respectively.

Appendix 8 Notice: About this report

This report has been prepared by Will Wright and Rob Croxen, the Joint Administrators of Style Group Brands Limited – in Administration (the 'Company'), solely to comply with their statutory duty to report to creditors under the Insolvency Rules (England and Wales) 2016 on the progress of the administration, and for no other purpose. It is not suitable to be relied upon by any other person, or for any other purpose, or in any other context.

This report has not been prepared in contemplation of it being used, and is not suitable to be used, to inform any investment decision in relation to the debt of or any financial interest in the Company or any other company in the Group.

Any estimated outcomes for creditors included in this report are illustrative only and cannot be relied upon as guidance as to the actual outcomes for creditors.

Any person that chooses to rely on this report for any purpose or in any context other than under the Insolvency Rules (England and Wales) 2016 does so at its own risk. To the fullest extent permitted by law, the Joint Administrators do not assume any responsibility and will not accept any liability in respect of this report to any such person.

William James Wright and Robert Andrew Croxen are authorised to act as insolvency practitioners by the Institute of Chartered Accountants in England & Wales.

We are bound by the Insolvency Code of Ethics.

The Joint Administrators act as agents for the Company and contract without personal liability. The appointments of the Joint Administrators are personal to them and, to the fullest extent permitted by law, KPMG LLP does not assume any responsibility and will not accept any liability to any person in respect of this report or the conduct of the administration.