

AM10

Notice of administrator's progress report



A31 *A793NR3V*
29/06/2018 #288

COMPANIES HOUSE

FRIDAY

For further information, please
refer to our guidance at
www.gov.uk/companieshouse

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 ①

Full forename(s) Robert Andrew

Surname Croxen

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

5 Administrator's address ②

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 1	^m 2	^y 2	^y 0	^y 1	^y 7
To date	^d 0	^d 1	^m 0	^m 6	^y 2	^y 0	^y 1	^y 8

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 8	^m 0	^m 6	^y 2	^y 0	^y 1	^y 8
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AM10

Notice of administrator's progress report



Presenter information

You do not have to give any contact information, but if you do it will help Companies House if there is a query on the form. The contact information you give will be visible to searchers of the public record.

Contact name	James Rivers
Company name	KPMG LLP
Address	15 Canada Square Canary Wharf
Post town	London
County/Region	
Postcode	E 1 4 5 G L
Country	
DX	
Telephone	Tel +44 (0) 20 7311 1000



Checklist

We may return forms completed incorrectly or with information missing.

Please make sure you have remembered the following:

- ☐ The company name and number match the information held on the public Register.
- ☐ You have attached the required documents.
- ☐ You have signed the form.



Important information

All information on this form will appear on the public record.



Where to send

You may return this form to any Companies House address, however for expediency we advise you to return it to the address below:

The Registrar of Companies, Companies House,
Crown Way, Cardiff, Wales, CF14 3UZ.
DX 33050 Cardiff.



Further information

For further information please see the guidance notes on the website at www.gov.uk/companieshouse or email enquiries@companieshouse.gov.uk

This form is available in an alternative format. Please visit the forms page on the website at www.gov.uk/companieshouse



Joint
Administrators'
progress
report for the
period 2
December
2017 to 1 June
2018

Style Group Brands Limited -
in Administration

28 June 2018



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 6).

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 7).



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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 2 December 2017 to 1 June 2018.
- We continue to progress post-sale matters, including realising the remaining assets and supporting the transition of the business post-acquisition (Section 2 - Progress to date).
- The first ranking Secured creditor will suffer a significant shortfall. During the period covered by this report £641,000 has been paid to HSBC Bank Plc ("the Bank") by way of a secured creditor distribution, bringing total distributions to date to £8.6 million (Section 3 - Dividend prospects and dividends paid).
- During the period a dividend of 100 pence in the pound was declared and paid to preferential creditors (Section 3 - Dividend prospects and dividends paid).
- Due to the substantial shortfall to the Bank, there will be insufficient funds to enable a distribution to the unsecured creditors (Section 3 - Dividend prospects and dividends paid).
- During the period, the Secured and preferential creditors granted a 12-month extension to the period of the administration.
- Please note: you should read this progress report in conjunction with our previous progress report and proposals issued to the Company's creditors which 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 previous progress report.

2.1 Strategy and progress to date

Strategy

Following the pre-packaged sale to Calvetron Brands Limited (formerly known as Styx Consulting Limited) ("the Purchaser" or "Calvetron"), details of which were provided in our proposals, we continue to realise the remaining assets as well as deal with a number of post-sale related and statutory matters.

We envisage being in a position to conclude all remaining matters in the coming months, following which we will conclude this administration.

Lease surrenders

There has been no change in the lease surrender position: as at the date of this report, 24 leases have been offered for surrender by us, of which 15 have been accepted.

Ongoing liaison and support to the Purchaser

We have continued to provide support to the Purchaser on several matters in order to assist in the transition of the business post-acquisition. Since the Purchaser was placed into administration on 4 May 2018 we have worked with its administrators.

We have been working with the administrators of the Purchaser to reconcile licence to occupy fees and to confirm the VAT and Sales Tax position for transactions completed in various jurisdictions on the day that the Company went into administration. We are also in discussions with the administrators of the Purchaser regarding certain residual trademark related matters.

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 remains uncertain. We will provide an update in our next report.

Shares in subsidiaries

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

Given their dormant status we do not consider that there is any realisable value from these shareholdings.

Non-assenting shareholder funds

Following our appointment we have taken trust funds of £157,133 into a designated trust bank account under our control, representing entitlements to former shareholders that had not been cashed.

We sought to trace the dissenting shareholders by contacting them at their last known address, prior to making an application to Court for an order to deal with the funds. This application was approved by the Court on 2 May 2018.

Since then we have issued cheques to those former shareholders who have claimed their entitlement to a distribution in respect of shares in the Company compulsorily acquired following an offer by Minerva Bidco Limited on 7 March 2012. Any shareholder cheques that remain unpresented within six months of issue will be paid to the Court Funds Office in accordance with the Court Order.

We have made an application to pay the remaining trust monies to the Court Funds Office. Any remaining dissenting shareholders who are yet to claim their entitlement will be able to claim monies owed to them from there.

Our costs for dealing with the non-assenting shareholder funds have been drawn from the trust funds and are not an expense of the administration. As such, these costs are not shown in our time costs analysis at Appendix 5.

For completeness we advise that the Court Order gave us permission to deduct the costs of our work in relation to dealing with the non-assenting shareholders from the trust monies. In accordance with the Court Order in the reporting period we have drawn fees of £28,324 and we have paid legal costs of £9,176 to Pinsent Masons.

As trust fund monies do not form part of the Company's estate, these payments are not shown in our receipts and payments account at Appendix 2.

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.

Rent deposit

As advised in our previous report to creditors, we have realised £137,792 in this period by way of an unutilised rent deposit relating to a former leasehold property.

Funds received for and 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. These receipts totalled £81,895 in the period.

Under the terms of the SPA these monies belong to the Purchaser. Accordingly we have transferred £112,704 to Calvetron in the period (including some funds received for them in the prior reporting period).

As mentioned in section 2.1 above, we are now liaising with the Purchaser's administrators to agree a final reconciliation figure between the companies, which will include a small surplus of Licence to Occupy monies.

We will provide an update in our next report to creditors.

Sundry refunds

We have realised a further £8,355 following a refund of a pre-appointment credit arising from a historic duplicate payment by the Company.

In addition, we received a small insurance refund of £93.

Other assets

We have received interest of £3,748 in the period which has accrued on the Joint Administrators' bank account.

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.

Legal fees and disbursements

We have paid £12,722 to Pinsent Masons, solicitors engaged by us to provide advice in the period in relation to property matters regarding licence to occupy and lease assignments, 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 reaching settlement with the administrators of the Purchaser, overseas litigation claims against the Company, personal injury claims received and other general matters as they arise during the course of the administration.

Rent and service charge

We facilitated the payment of rent and service charges of £5,231 and £653 respectively to the relevant landlords under the Licence to Occupy agreements entered into with the Purchaser.

Insurance

We have paid £1,680 to JLT Speciality Limited for Public Liability insurance covering the Company's nine remaining leasehold properties until the confirmed date of formal acceptance of surrender.

Other costs

Other costs in the period relate to a final rent and service charge payment, agent's fees and bank charges.

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 ("HSBC") and Jacques Vert Holdings S.à.r.l ("JVHS"). The validity of security held was confirmed by Bond Dickinson.

On our appointment, the Company's indebtedness to HSBC was approximately £23 million. We paid £641,000 to HSBC in the period, bringing total distributions to them to date to £8.6 million.

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 be insufficient funds available to enable a distribution to JVSH.

JVSH signed a debt waiver in December 2017 and released the security it held in relation to the Company. Accordingly we filed a notice of satisfaction of this charge at Companies House in January 2018.

3.2 Preferential creditors

The preferential claims have been agreed at £152,338.

A first and final dividend to preferential creditors of 100p in the £ was declared on 26 March 2018 and paid during the period.

The preferential creditors have therefore been repaid in full.

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-appointment costs

4.1 Joint Administrators' remuneration and disbursements

During the period the preferential creditors have provided approval 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 our proposals and first progress report and KPMG's usual charge-out rates for work of this nature.

The secured creditors have to date provided approval that we draw fees on account of £717,283 on the basis of time properly given by us and the various grades of our staff, which is within the fee estimate provided in our proposals. As advised in our first progress report, we propose to seek approval for total fees of £1.1 million. We will shortly seek this approval from HSBC as remaining secured creditor. We will update creditors in our next progress report.

The secured and preferential creditors have provided approval that 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 our proposals and first progress report.

Time costs

From 2 December 2017 to 1 June 2018, we have incurred time costs of £243,780. These represent 674 hours at an average rate of £362 per hour.

From the date of our appointment to 1 June 2018, we have incurred time costs of £1,320,307. These represent 3,633 hours at an average rate of £363 per hour.

Please see the detailed analysis of the time spent and a narrative description of the work performed (Appendix 5).

Remuneration

Following approval by the Secured and preferential creditors, we have drawn floating charge remuneration of £717,283 during the period.

Disbursements

During the period, we have incurred disbursements of £354, bringing total disbursements incurred to date to £3,035.

We have drawn disbursements of £2,646.

Additional information

We have attached a revised expenses estimate at Appendix 4. 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 5) an analysis of the time spent, the charge-out rates for each grade of staff and the expenses paid directly by KPMG for the period from 2 December 2017 to 1 June 2018. We have also attached our charging and disbursements policy.

4.2 Pre-administration costs

In our previous reports we disclosed pre-administration costs, which were unpaid at the date of our appointment.

We have now obtained approval from the Secured and preferential creditors to pay the following pre-administration costs as an expense of the administration:

Pre-administration costs				
	Unpaid costs previously disclosed (£)	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	44,368.00	118.50
Legal disbursements – Pinsent Masons	354.58	354.58	354.58	-
Foreign legal counsel (Canada and Belgium)	14,680.35	14,680.35	14,491.98	188.37
Agent's fees – JLL	2,700.00	2,700.00	-	2,700.00
Agent's fees – SIA Group	7,827.50	7,827.50	7,827.50	-
Total	162,990.58	162,990.58	159,983.71	3,006.87

NOTE: JVHS were not asked to approve pre-administration legal expenses of £2,573 disclosed in our first progress report as they were not a secured creditor at the time this approval was sought.

The small outstanding balance shown in respect of legal fees and foreign legal counsel arise as a result of invoice and exchange rate differences respectively. They do not represent an outstanding liability.

The outstanding agent's fees will be settled out of the administration estate shortly.

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;

- finalising post-sale matters with the administrators of the Purchaser;
- providing requisite assistance with the non-assenting shareholders' funds, including payment to the Court Funds Office;
- *making further distributions to the Bank, as available funds allow;*
- payment of the costs of the administration, including the Joint Administrators' remuneration and expenses;
- finalising the Company's pre-appointment VAT positions in the UK, Canada and Ireland and obtaining tax clearance; and
- statutory and compliance matters.

5.2 Extension of the administration

During the period HSBC (as remaining Secured creditor) and preferential creditors granted a 12 month extension to the period of the administration.

The administration is currently due to end on 1 June 2019.

5.3 Discharge from liability

The Secured and preferential 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.

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

5.4 Future reporting

We will provide a further progress report within one month of 1 December 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 2019

Appendix 2 Joint Administrators' receipts and payments account

Style Group Brands Limited - in Administration			
Abstract of receipts & payments			
Statement of affairs (€)		From 02/12/2017 To 01/06/2018 (€)	From 02/06/2017 To 01/06/2018 (€)
FIXED CHARGE ASSETS			
	JV Inc shares	NIL	1.00
1.00	Intellectual property	NIL	0.83
1.00	Goodwill	NIL	NIL
1.00	Investments	NIL	NIL
1.00	Retained property	NIL	NIL
		<hr/>	<hr/>
		NIL	1.83
FIXED CHARGE CREDITORS			
	Fixed charge creditor - HSBC	NIL	(1.83)
		<hr/>	<hr/>
		NIL	(1.83)
ASSET REALISATIONS			
	Leasehold - L10	NIL	518,600.19
225,000.00	Plant & machinery	NIL	150,000.00
	Fixtures & Fittings	NIL	75,000.00
9,000,000.00	Stock	NIL	9,000,000.00
100,000.00	Cash (in tills and transit)	NIL	143,331.93
1,774,991.00	Trade debts	NIL	1,774,991.00
	Unclaimed JV PLC dividends	NIL	10,595.60
	Goodwill, records & contracts	NIL	6.83
	Insurance refund	93.27	93.27
	Funds received for Calvetron	81,895.13	3,530,347.86
		<hr/>	<hr/>
		81,988.40	15,202,966.68
OTHER REALISATIONS			
	Bank interest, gross	3,747.74	7,665.82
	Calvetron Indemnity for Encumbered Asset	NIL	15,816.00
	Business rates refunds	NIL	4,860.45
	Sundry refunds	8,354.78	17,212.50
5.00	Trading contracts	NIL	NIL
92,432.00	Prepayments	NIL	NIL
	Scrutton Street Rent Deposit	137,791.55	137,791.55
		<hr/>	<hr/>
		149,894.07	183,346.32

Style Group Brands Limited - in Administration
Abstract of receipts & payments

Statement of affairs (€)		From 02/12/2017 To 01/06/2018 (€)	From 02/06/2017 To 01/06/2018 (€)
COST OF REALISATIONS			
	Funds paid to Calvetron	(112,703.98)	(4,143,724.82)
	Pre-administration legal fees	(44,368.00)	(44,368.00)
	Pre-administration legal disbursements	(14,846.56)	(14,846.56)
	Pre-administration agents' fees	(7,827.50)	(7,827.50)
	Administrators' pre-admin costs	(92,900.25)	(92,900.25)
	Administrators' pre-admin disbursements	(41.40)	(41.40)
	Administrators' fees	(717,283.00)	(717,283.00)
	Administrators' disbursements	(2,646.00)	(2,646.00)
	Agents'/Valuers' fees	(318.77)	(3,318.77)
	Legal fees and disbursements	(12,722.49)	(83,778.84)
	Overseas VAT-2 Jun 17	NIL	(6,657.69)
	Storage costs	NIL	(339.72)
	Statutory advertising	NIL	(69.00)
	Rent	(5,231.42)	(423,241.47)
	Service charge	(652.62)	(34,434.94)
	Insurance of assets	(1,680.00)	(5,251.19)
	Other property expenses	NIL	(3,010.00)
	Bank charges	(158.00)	(604.50)
		<u>(1,013,379.99)</u>	<u>(5,584,343.65)</u>
PREFERENTIAL CREDITORS			
(111,926.00)	Employees' wage arrears	(152,337.94)	(157,323.95)
		<u>(152,337.94)</u>	<u>(157,323.95)</u>
FLOATING CHARGE CREDITORS			
(21,882,950.00)	Floating charge creditor- HSBC	(641,000.00)	(8,640,998.17)
	Hypothec payments	NIL	(12,500.00)
		<u>(641,000.00)</u>	<u>(8,653,498.17)</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>

Style Group Brands Limited - in Administration**Abstract of receipts & payments**

Statement of affairs (€)	From 02/12/2017	From 02/06/2017
	To 01/06/2018 (€)	To 01/06/2018 (€)
(82,225,692.00)	(1,574,835.46)	991,147.23

REPRESENTED BY

Floating ch. VAT rec'able	296,800.91
NIB Current account 25/04/18	789,639.24
Fixed charge VAT payable	(0.17)
Floating ch. VAT payable	(161,362.11)
Floating ch. VAT control	66,069.36
	991,147.23

Appendix 3 Schedule of expenses

Schedule of expenses (02/12/2017 to 01/06/2018)			
Expenses (£)	Included and paid in the period (£)	Included in the period but not yet paid (£)	Total (£)
Cost of realisations			
Funds paid to Calvetron	112,681.51	0.00	112,681.51
Pre-administration legal disbursements	14,846.56	0.00	14,846.56
Administrators' pre-admin costs	92,900.25	0.00	92,900.25
Administrators' pre-admin disbursements	41.40	0.00	41.40
Administrators' fees	0.00	243,779.50	243,779.50
Administrators' disbursements	0.00	354.01	354.01
Agents'/Valuers' fees	318.77	0.00	318.77
Legal fees and disbursements	6,945.24	19,904.00	26,849.24
Rent	5,231.42	0.00	5,231.42
Service charge	652.62	0.00	652.62
Insurance of assets	1,680.00	0.00	1,680.00
Bank charges	158.00	0.00	158.00
TOTAL	235,455.77	264,037.51	499,493.28

Please note that there is a difference between the payments made during the period of £1,013,380 (per the receipts and payments account) and the expenses incurred and paid in the period of £235,456 (per the schedule of expenses).

This is due to the fact that some of the payments made in the period relate to expenses incurred in a prior period.

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 expenses estimate

Summary of expenses				
Expenses	Total for administration			
	Initial Estimate (£)	Paid to date (£)	Future costs (£)	Revised estimate (£)
Administrators' pre-administration fees	92,941.65	92,941.65	-	92,941.65
Pre-administration legal costs and expenses	56,948.43	59,214.56	-	59,214.56
Pre-administration agents' costs	10,527.50	7,827.50	2,700.00	10,527.50
Legal fees and disbursements	150,000.00	83,778.84	35,000.00	118,778.84
Other costs	100,000.00	19,240.87	10,311.46	29,552.33
SUBTOTAL	410,417.58	263,003.42	48,011.46	311,014.88
Remittance expenses (funded by purchaser and debtors due to Purchaser)				
Funds paid to Calvetron	-	4,143,724.82	-	4,143,724.82
Licence to Occupy (inc. rent and service charge)	-	457,676.41	-	457,676.41
TOTAL	410,417.58	4,864,404.65	48,011.46	4,912,416.11

Notes:

Overall our direct costs for this engagement are below those initially advised in our proposals.

Whilst still lower than reported in our proposals, our estimate of legal costs is, however, higher than reported in our first progress report. This is a result of ongoing legal advice received after the reporting period and envisaged as necessary to close the administration. As set out in the body of the report we are seeking ongoing legal advice in relation to post-sale matters with the administrators of the Purchaser as well as other ongoing queries arising during the administration.

For completeness the table above shows funds we have paid to either the Purchaser or the landlords of Licence to Occupy 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 Licence to Occupy properties have been met by the Purchaser, with the receipt reflected in our receipts and payments account.

The increase in the funds received for Calvetron and payments made to landlords of Licence to Occupy properties accounts for the increase in our expenses estimate shown above.

Appendix 5 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

Table of charge-out rates

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 (excluding VAT) during the period 2 December 2017 to 1 June 2018.

SIP 9 – Disbursements 2 December 2017 to 1 June 2018					
Disbursements	Category 1		Category 2		Totals (£)
	Paid (£)	Unpaid (£)	Paid (£)	Unpaid (£)	
External printing		69.62		NIL	69.62
Postage		213.30		NIL	213.30
Professional and legal fees		3.00		NIL	3.00
Rates		9.00		NIL	9.00
Sundry		20.00		NIL	20.00
Travel		39.09		NIL	39.09
Total		354.01		NIL	354.01

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

Narrative of work carried out for the period 2 December 2017 to 1 June 2018

The key areas of work have been:

Statutory and compliance	<ul style="list-style-type: none"> ■ posting information on a dedicated web page; ■ preparing statutory receipts and payments accounts; ■ obtaining approval from the Secured and preferential creditors of a 12-month extension of the administration; ■ ensuring compliance with all statutory obligations within the relevant timescales.
Strategy documents, Checklist and reviews	<ul style="list-style-type: none"> ■ monitoring and reviewing the administration strategy; ■ regular case management and reviewing of progress, including regular team update meetings and 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; ■ 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 the Secured creditors regarding the progress of the administration and case strategy.
Cashiering	<ul style="list-style-type: none"> ■ preparing and processing vouchers for the payment of post-appointment invoices; ■ creating remittances and sending payments to settle 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"> ■ 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 on tax returns relating to the periods affected by the administration; ■ analysing VAT related transactions; ■ dealing with post appointment tax compliance.
Shareholders	<ul style="list-style-type: none"> ■ 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; ■ drawing remuneration in accordance with the basis which has been approved by the Secured and preferential creditors; ■ 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.
Sale of business	<ul style="list-style-type: none"> ■ 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 those employed overseas; ■ dealing with statutory employment related matters, including statutory notices to employees and making statutory submissions to the relevant government departments;

	<ul style="list-style-type: none"> ■ 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.
Creditors and claims	<ul style="list-style-type: none"> ■ updating the list of unsecured creditors; ■ responding to enquiries from creditors regarding the administration and submission of their claims; ■ agreeing preferential claims; ■ arranging distributions to HSBC as secured creditor and the preferential creditors; ■ drafting our progress report.

Time costs

SIP 9 – Time costs analysis (02/12/2017 to 01/06/2018)						
	Hours				Time Cost (£)	Average Hourly Rate (£)
	Partner / Director	Manager	Administrator	Support	Total	
Cashiering						
Fund management			0.80		0.80	236.00
General (Cashiering)	0.50	8.50	20.10		29.10	9,374.50
Reconciliation and remittance of pre-appointment bank account receipts to Purchaser	1.30				1.30	728.00
Reconciliations (& IPS accounting reviews)	0.70	0.10	7.20		8.00	2,406.50
General						
Books and records	2.20	10.00	19.25		31.45	10,412.75
Fees, approvals and WIP	1.80	0.90	8.40		11.10	3,847.50
Statutory and compliance						
Checklist & reviews	7.00	19.25	32.10		58.35	21,993.25
Closure and related formalities		7.35	0.30		7.65	3,263.25
Extension related formalities	1.40	1.70			3.10	1,651.00
Reports to debenture holders		11.50	9.00		20.50	6,822.50
Statutory receipts and payments accounts			0.20		0.20	43.00
Strategy documents	5.70	8.30	4.90		18.90	8,590.50
Tax						
Post appointment corporation tax	4.50	15.60	1.60		21.70	9,647.50
Post appointment overseas tax	1.50	21.15	0.80		23.45	10,064.75
Post appointment VAT	1.00	39.65	35.70		76.35	27,240.25
Creditors and claims						
Agreement of preferential	0.50	4.30	66.90		71.70	22,140.50

SIP 9 – Time costs analysis (02/12/2017 to 01/06/2018)

	Hours				Time Cost (£)	Average Hourly Rate (£)
	Partner / Director	Manager	Administrator	Support		
				Total		
claims						
General correspondence	3.00	2.40	8.30	13.70	5,199.50	379.53
Legal claims	0.70			0.70	392.00	560.00
Payment of dividends		0.40	2.90	3.30	809.50	245.30
Secured creditors	13.10	7.40	30.05	50.55	19,242.25	380.66
Statutory reports	8.30	7.30	44.60	60.20	21,379.00	355.13
Employees						
Agreeing employee claims	0.10	1.30		1.40	719.00	513.57
Correspondence	5.70	1.10	51.30	58.10	18,869.50	324.78
Employee Matters / PAYE			8.30	8.30	1,784.50	215.00
DTI redundancy payments service			1.80	1.80	531.00	295.00
Other						
Purchaser post-completion liaison	6.90	10.50		17.40	8,326.50	478.53
Directors						
Correspondence with directors	1.20			1.20	672.00	560.00
Asset Realisation						
Cash and investments	4.10	6.90	2.80	13.80	6,590.00	477.54
Debtors	2.10	0.10	5.50	7.70	2,849.50	370.06
Insurance			4.70	4.70	1,386.50	295.00
Leasehold property	1.20	10.20	29.00	40.40	13,008.00	321.98
Other assets	3.70	2.80	0.20	6.70	3,559.00	531.19
Total in period	78.20	198.70	396.70	0.00	673.60	243,779.50
						361.91

Brought forward time (appointment date to SIP 9 period start date)	2,959.55	1,076,527.75
SIP 9 period time (SIP 9 period start date to SIP 9 period end date)	673.60	243,779.50
Carry forward time (appointment date to SIP 9 period end date)	3,633.15	1,320,307.25

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 6 Glossary

Bank or HSBC	HSBC Bank Plc
Calvetron or Purchaser	Calvetron Brands Limited (formerly known as Styx Consulting Limited)
Company	Style Group Brands Limited - in Administration
Joint Administrators/we/our/us	Will Wright and Rob Croxen
JVHS	Jacques Vert Holdings S.à.r.l
KPMG	KPMG LLP
Pinsent Masons	Pinsent Masons LLP
Secured creditors	HSBC Bank Plc and Jacques Vert Holdings S.à.r.l
SIP	Statement of Insolvency Practice
SPA	Sale and purchase agreement

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 7 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.

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.

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