

# AM10

## Notice of administrator's progress report



Companies House

FRIDAY



A36 \*A7L9DCLK\* 21/12/2018 #122  
COMPANIES HOUSE

### 1 Company details

Company number 01075752

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 E14 5GL

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 E14 5GL

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	<sup>d</sup> 0	<sup>d</sup> 2	<sup>m</sup> 0	<sup>m</sup> 6	<sup>y</sup> 2	<sup>y</sup> 0	<sup>y</sup> 1	<sup>y</sup> 8
To date	<sup>d</sup> 0	<sup>d</sup> 1	<sup>m</sup> 1	<sup>m</sup> 2	<sup>y</sup> 2	<sup>y</sup> 0	<sup>y</sup> 1	<sup>y</sup> 8

**7** Progress report

☒ I attach a copy of the progress report

**8** Sign and date

Administrator's  
signature

Signature

X



X

Signature date	<sup>d</sup> 1	<sup>d</sup> 9	<sup>m</sup> 1	<sup>m</sup> 2	<sup>y</sup> 2	<sup>y</sup> 0	<sup>y</sup> 1	<sup>y</sup> 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](http://www.gov.uk/companieshouse) or email [enquiries@companieshouse.gov.uk](mailto: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](http://www.gov.uk/companieshouse)**



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

Style Group Brands Limited -  
in Administration

19 December 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 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

- This progress report covers the period from 2 June 2018 to 1 December 2018.
- We are now finalising all remaining matters in this administration, the most significant of which is obtaining payment from and reaching agreement with HM Revenue and Customs to conclude the Company's pre and post administration VAT position (Section 2 - Progress to date).
- The first ranking Secured creditor will suffer a significant shortfall. During the period covered by this report £290,000 has been paid to HSBC Bank Plc ("HSBC") by way of a secured creditor distribution, bringing total distributions to date to £8.9 million (Section 3 - Dividend prospects and dividends paid).
- The preferential creditors have received a dividend of 100 pence in the pound (Section 3 - Dividend prospects and dividends paid).
- Due to the substantial shortfall to the Bank, there are insufficient funds to enable a distribution to the unsecured creditors (Section 3 - Dividend prospects and dividends paid).
- The administration is currently due to end on 1 June 2019. We envisage concluding this administration prior to this date.
- Please note: you should read this progress report in conjunction with our previous progress reports 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 reports.

### 2.1 Strategy and progress to date

#### Strategy

Our strategy during this reporting period has been to address all remaining matters in this administration, with an overview of the main matters we have progressed set out below.

The main ongoing matter is concluding the Company's VAT position with HM Revenue and Customs, following which we will be in a position to take steps to issue our final report and dissolve the Company three months thereafter.

#### Concluding pre and post appointment VAT position

We have been corresponding with HM Revenue and Customs throughout the reporting period seeking to obtain refunds owed to the estate relating to post appointment VAT transactions. Due to the amounts involved, and the nature of the queries, we are aware this was referred to Senior Officers within HM Revenue and Customs. Following weekly requests by us for updates, recent confirmation received from HM Revenue and Customs indicates we can expect to receive the monies owed shortly.

Conclusion of the VAT position is a key driver in the timing of us being able to conclude this administration and we will continue to seek resolution of all VAT related matters with HM Revenue and Customs, including deregistering the Company for VAT.

Further to the receipt of updated sales data from the Purchaser, we are awaiting a response from the Revenue Commissioners in Ireland requesting a refund of overpaid VAT in the sum of £1,722 in respect of 'Day one' sales made following appointment and prior to the sale of business to the Purchaser. We will continue to follow up on this matter.

#### Ongoing liaison and support to the Purchaser

We have worked with the Purchaser's administrators in the period to finalise all residual matters connected with the sale of business. We expect to conclude this work stream this month following the uplift of the Company's remaining pre-administration books and records held at the former trading site (which can no longer be stored by the Purchaser given that it has itself now gone into administration).

#### Remaining assets

The Company's remaining assets included certain sundry debtors which were not included in the SPA. Further to receipt of additional information, we have concluded that no further realisations are likely.



### 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), some of which have been dissolved in the period.

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

We have sought to liquidate the Dutch subsidiary, Darchem International Holdings B.V., to discharge the Company's duties as corporate director of this entity. However, the dissolution of this entity's parent company is likely to prevent us from continuing with this.

### Non-assenting shareholder funds

As previously advised, we obtained a Court Order which sets out how we should proceed with trust funds held relating to former shareholders that had not been cashed. In accordance with this Order we have issued cheques direct to the former shareholders where their entitlement has been claimed. We have also continued to respond to shareholder correspondence in this regard.

We have encountered delays in depositing the unclaimed funds with the Court Funds Office, and will follow the initial deposit with a further deposit representing any cheques to these former shareholders that are not presented within six months of issue.

As disclosed in our last report, trust fund monies do not form part of the Company's estate and accordingly neither the funds, nor the payments, are shown in our receipts and payments account at Appendix 2. Payments from these funds include payment of our fees of £28,324, as set out in the Court Order, to cover the costs of our work in relation to dealing with the non-assenting shareholders.

### Rent deposits

As detailed in our last report, we received a net realisation of £137,792 in respect of the unutilised rent deposit for the Scrutton Street leasehold premises.

From the total Scrutton Street rent deposit recovered of £350,542, it was negotiated and agreed that the Landlord be entitled to deduct £177,292 (plus VAT) as an effective surrender premium. This is now reflected in attached receipts and payments account, although the agreement took effect in the period prior to this report and does not therefore show in the transactions for this period.

Apart from the recovery of the VAT element (£35,458, expected shortly), no further realisations are envisaged in this regard.

## **2.2 Asset realisations**

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

Funds received from and transferred to the Purchaser

We have now agreed a final reconciliation figure between the Company and the Purchaser, which resulted in us receiving £36,260 from the Purchaser in the period relating to VAT owed on transactions that occurred immediately after the sale. In addition, we received a contribution towards costs of £4,920. See section 2.3 below for further details

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. Under the terms of the SPA these monies belong to the Purchaser. Accordingly we have transferred £29,967 to the Purchaser's administrators in the period (relating to funds received for them in prior reporting periods).

With the exception of payments regarding secure destruction of books and records, we do not anticipate that there will be any further funds transferring between the Company and the Purchaser.

## **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 £30,260 to Pinsent Masons, solicitors engaged by us to provide advice in the period in relation to lease assignments, employee matters (including ongoing advice relating to former employees in Belgium), and other legal matters arising during the administration to date. Circa £20,000 of these fees were incurred in prior reporting periods.

Pinsent Masons have also been paid £3,914 in the period specifically relating to assisting us with matters arising in connection with Calvetron.

In addition, we paid £600 to F.J. & G. de Saram, legal advisors, who assisted us during the administration with a Sri Lankan Court matter that was ongoing at the time of our appointment and may have given rise to a potential litigation claim by the Company.

Immediate post sale VAT liabilities

Following receipt of requisite information from the Purchaser, our UK VAT liability for the one day post-appointment trading period (i.e. 2 June 2017) has been determined as £29,745.

The Canadian tax liability for the one day post-appointment trading period was calculated at £1,652. Payment has been made to the applicable tax authorities.

Other costs

Other costs, as set out on the receipts and payments account, include payment to Canadian based agents we engaged to assist us with calculating the final Canadian tax liability and

payment to our insurers for Public Liability insurance covering the Company's nine remaining leasehold properties that have not been formally surrendered.

## **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 at the time of our appointment: HSBC and Jacques Vert Holdings S.à.r.l ("JVHS").

As previously reported, JVHS has released the security it held in relation to the Company.

On our appointment, the Company's indebtedness to HSBC was approximately £23 million. We made a distribution of £290,000 to HSBC in the period, bringing total distributions to them to date to £8.9 million.

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

## **3.2 Preferential creditors**

The preferential claims have been agreed at £157,290.

The preferential creditors have been repaid in full.

## **3.3 Unsecured creditors**

As HSBC 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 and disbursements**

## **4.1 Joint Administrators' remuneration and disbursements**

Time costs

From 2 June 2018 to 1 December 2018, we have incurred time costs of £107,150. These represent 287 hours at an average rate of £373 per hour.

## Disbursements

During the period, we have incurred disbursements of £1,124. None of these have yet been paid.

## Additional information

We have attached a revised fees estimate at Appendix 4. Our time costs have increased principally due to the complexities surrounding the ongoing matters with HM Revenue & Customs in finalising the Company's pre-appointment and post-appointment VAT positions in the UK, Canada and Ireland and obtaining tax clearance as well as attending to ongoing queries from former employees in Belgium.

Whilst our revised fee estimate shows our estimated time costs for this administration will be £1,499,795, we advise that we have recently agreed to cap our fees at £975,000. This is lower than indicated in previous reports. At present we have approval from the preferential creditors to draw remuneration 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 (£1,395,770). We have secured creditor approval for the fees drawn to date (£717,283) and will seek further formal secured creditor approval for total fees of £975,000.

We have also attached a revised expenses estimate at Appendix 5. Our estimated expenses have increased primarily due to funds received on behalf of the Purchaser, which we have 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 paid directly by KPMG for the period from 2 June 2018 to 1 December 2018. We have also attached our charging and disbursements policy.

## 4.2 Pre-administration costs

We have settled the pre-administration agent's fees of £2,700. Please refer to our previous reports to creditors for further details.

All pre-administration costs have now been paid.

# 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:

- providing requisite assistance with the non-assenting shareholders' funds, including payment to the Court Funds Office;
- making further distributions to HSBC, as available funds allow;
- payment of the costs of the administration, including the Joint Administrators' remuneration and expenses;

- finalising the Company's pre and post appointment VAT positions and obtaining tax clearance; and
- statutory and compliance matters.

## **5.2 Future reporting**

We intend to provide our final progress report by 1 June 2019 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 02/06/2016 To 01/12/2016 (€)	From 02/06/2017 To 01/12/2018 (€)
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 - LtO	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	NIL	93.27
	Funds received for Calvetron	NIL	3,530,347.86
		<hr/>	<hr/>
		NIL	15,202,966.68
OTHER REALISATIONS			
	Bank interest, gross	NIL	7,665.82
	Calvetron Indemnity for Encumbered Asset	NIL	15,816.00
	Business rates refunds	NIL	4,860.45
	Sundry refunds	NIL	17,212.50
5.00	Trading contracts	NIL	NIL
92,432.00	Prepayments	NIL	NIL
	Scrutton Street Rent Deposit	NIL	350,542.24
	Calvetron VAT liability - 2 June 2017	36,260.40	36,260.40
	Calvetron contribution towards costs	4,920.00	4,920.00

# Style Group Brands Limited - in Administration

## Abstract of receipts & payments

Statement of affairs (€)		From 02/06/2016 To 01/12/2016 (€)	From 02/06/2017 To 01/12/2016 (€)
		41,180.40	437,277.41
	<b>COST OF REALISATIONS</b>		
	Funds paid to Calvetron - non-LtO	(6,713.62)	(4,112,938.44)
	Refunded LtO paid back to Calvetron	(23,253.77)	(60,753.77)
	Pre-administration legal fees	NIL	(44,368.00)
	Pre-administration legal disbursements	NIL	(14,846.56)
	Pre-administration agents' fees	(2,700.00)	(10,527.50)
	Administrators' pre-admin costs	NIL	(92,900.25)
	Administrators' pre-admin disbursements	NIL	(41.40)
	Administrators' fees	NIL	(717,283.00)
	Administrators' disbursements	NIL	(2,646.00)
	Agents'/Valuers' fees	(1,295.87)	(4,614.64)
	Legal fees and disbursements	(30,860.30)	(114,639.14)
	Legal fees - assisting Calvetron	(3,913.50)	(3,913.50)
	Scrutton Street surrender premium	NIL	(177,292.24)
	Overseas VAT - 2 June 2017	(1,652.01)	(8,309.70)
	HMRC UK VAT - 2 June 2017	(29,744.90)	(29,744.90)
	Storage costs	NIL	(339.72)
	Statutory advertising	NIL	(69.00)
	Rent	NIL	(423,241.47)
	Service charge	NIL	(34,434.94)
	Insurance of assets	(1,120.00)	(6,371.19)
	Other property expenses	NIL	(3,010.00)
	Bank charges	(90.00)	(694.50)
		(101,343.97)	(5,862,979.86)
	<b>PREFERENTIAL CREDITORS</b>		
(111,926.00)	Employees' wage arrears	33.59	(157,290.36)
		33.59	(157,290.36)
	<b>FLOATING CHARGE CREDITORS</b>		
(21,882,950.00)	Floating charge creditor- HSBC	(290,000.00)	(8,930,998.17)
	Hypothec payments	NIL	(12,500.00)
		(290,000.00)	(8,943,498.17)
	<b>UNSECURED CREDITORS</b>		
(89,261,045.00)	Trade & expense	NIL	NIL



# Style Group Brands Limited - in Administration

## Abstract of receipts & payments

Statement of affairs (€)		From 02/06/2016 To 01/12/2016 (€)	From 02/06/2017 To 01/12/2016 (€)
(1,500,633.00)	Employees	NIL	NIL
		NIL	NIL
	DISTRIBUTIONS		
19,338,430.00	Ordinary shareholders	NIL	NIL
		NIL	NIL
<b>(82,225,692.00)</b>		<b>(350,129.98)</b>	<b>676,475.70</b>
	REPRESENTED BY		
	Floating ch. VAT rec'able		339,634.15
	NIB Current account 25/04/18		637,043.70
	Fixed charge VAT payable		(0.17)
	Floating ch. VAT payable		(161,362.11)
	Floating ch. VAT control		(138,839.87)
			<b>676,475.70</b>

## Appendix 3      Schedule of expenses

Schedule of expenses (02/06/2018 to 01/12/2018)			
Expenses (f)	Incurred and paid in the period (£)	Incurred in the period not yet paid (£)	Total (£)
<b>Cost of realisations</b>			
Funds paid to Calvetron - non-LtO	6,713.62	0.00	<b>6,713.62</b>
Refunded LtO paid back to Calvetron	23,253.77	0.00	<b>23,253.77</b>
Pre-administration agents' fees	2,700.00	0.00	<b>2,700.00</b>
Administrators' fees	0.00	107,150.20	<b>107,150.20</b>
Administrators' disbursements	0.00	1,123.98	<b>1,123.98</b>
Agents'/Valuers' fees	1,295.87	0.00	<b>1,295.87</b>
Legal fees and disbursements	10,956.30	2,133.52	<b>13,089.82</b>
Legal fees - assisting Calvetron	3,913.50	0.00	<b>3,913.50</b>
Overseas VAT - 2 June 2017	1,652.01	0.00	<b>1,652.01</b>
HMRC UK VAT - 2 June 2017	29,744.90	0.00	<b>29,744.90</b>
Insurance of assets	1,120.00	0.00	<b>1,120.00</b>
Bank charges	90.00	0.00	<b>90.00</b>
<b>TOTAL</b>	<b>81,439.97</b>	<b>110,407.70</b>	<b>191,847.67</b>

Please note that there is a difference between the payments made during the period of £101,343.97 (per the receipts and payments account) and the expenses incurred and paid in the period of £81,439.97 (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 fees estimate

Style Group Brands Limited - in Administration								
	Notes	Previously disclosed revised estimated time costs for the engagement			Amendments to revised 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 (£)	
<b>Administration &amp; planning</b>								
<b>Transitional arrangements</b> - cash sweeps, processing receipts and payments, contract notations	Note 1	405.00	159,500.00	393.83	16.00	4,590.00	286.88	164,090.00
<b>General</b> - books & records, fees & work in progress	Note 2	209.00	68,990.00	330.10	24.00	9,065.00	377.71	78,055.00
<b>Statutory and compliance</b> - appointment & related formalities, bonding, checklist & reviews, reports to secured creditors, advertising, strategy	Note 3	659.00	249,415.00	378.47	91.00	38,010.00	417.69	287,425.00
<b>Tax</b> - VAT & Corporation tax, initial reviews, pre and post appointment tax	Note 4	193.00	76,730.00	407.93	72.00	27,685.00	384.51	106,415.00
<b>Creditors</b>								
<b>Creditors and claims</b> - general correspondence, notification of appointment, statutory reports	Note 5	859.00	336,495.00	391.73	51.00	18,930.00	371.18	355,425.00
<b>Employees</b> - correspondence	Note 6	575.00	225,860.00	392.80	13.00	4,645.00	357.31	230,505.00
<b>Investigation</b>								
<b>Directors</b> - correspondence, statement of affairs, questionnaires	Note 7	76.00	28,400.00	386.84	0.00	0.00	0.00	29,400.00
<b>Investigations</b> - director conduct and affairs of the Company	Note 8	141.00	49,555.00	351.45	0.00	0.00	0.00	49,555.00
<b>Realisation of assets</b>								
<b>Asset Realisation</b> - including identifying, realising and insuring of assets	Note 9	432.00	197,825.00	457.93	3.00	1,100.00	366.67	198,925.00
		<b>3,549.00</b>	<b>1,395,770.00</b>	<b>393.29</b>	<b>270.00</b>	<b>104,025.00</b>	<b>385.28</b>	<b>1,499,795.00</b>

We will be seeking approval for total fees of £975,000 based on the time costs shown above, as explained in section 4.1.

### 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. Our costs are higher than initially envisaged as our work in this area has continued during the administration to date.

### Note 2 – General

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. As indicated previously these costs have increased above our prior estimate as the administration remains ongoing for longer than initially envisaged whilst we seek to conclude all remaining matters.

### **Note 4 – Tax**

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

The additional work required in relation to determining 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 led to additional time costs being incurred. While the Administrators have settled the Belgian and Canadian tax liabilities, the UK and Irish tax obligations continue to be progressed with the assistance of our in-house VAT specialists. Due to the uncertainties involved in concluding this aspect of our work we have provided for further time costs being incurred.

### **Note 5 – Creditors and claims**

Work in this area includes responding to general queries received from the body of creditors as well as time we incurred in dealing with ROT claims received earlier in the administration.

These costs also include time spent agreeing and paying a distribution to the secured and preferential creditors. A further distribution will be made to the secured creditor prior to concluding this administration.

### **Note 6 – Employees**

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

### **Note 7 – Directors**

We have concluded our work in this area.

### **Note 8 – Investigations**

We have concluded our work in this area.

### **Note 9 – Asset realisations**

Further work in this area will be minimal and related to addressing any queries raised by the Purchaser and/or in connection with the Company's leasehold properties, particularly those where our offer to surrender has not been accepted by the landlords to date.

## 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 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	10,527.50	-	10,527.50
Legal fees and disbursements	150,000.00	118,552.64	5,000.00	123,552.64
Scrutton Street surrender premium	-	177,292.24	-	177,292.24
Other costs	100,000.00	53,143.65	3,000.00	56,143.65
<b>SUBTOTAL</b>	<b>410,417.58</b>	<b>511,672.24</b>	<b>8,000.00</b>	<b>519,672.24</b>
<b>Remittance expenses (funded by purchaser and debtors due to Purchaser)</b>				
Funds paid to Calvetron	-	4,173,692.21	-	4,173,692.21
Licence to Occupy (inc. rent and service charge)	-	457,676.41	-	457,676.41
<b>TOTAL</b>	<b>410,417.58</b>	<b>5,143,040.86</b>	<b>8,000.00</b>	<b>5,151,040.86</b>

### Note:

Other than the Scrutton Street surrender premium, 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 former employee queries and sundry other matters as they arise as we address final matters in this 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 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 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

#### 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 June 2018 to 1 December 2018.

SIP 9 - Disbursements					
Disbursements	Category 1		Category 2		Totals (£)
	Paid (£)	Unpaid (£)	Paid (£)	Unpaid (£)	
Courier & delivery costs		67.36		NIL	<b>67.36</b>
External printing		294.91		NIL	<b>294.91</b>
Postage		761.71		NIL	<b>761.71</b>
<b>Total</b>		<b>1,123.98</b>		<b>NIL</b>	<b>1,123.98</b>

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 June 2018 to 1 December 2018

The key areas of work have been:

Statutory and compliance	<ul style="list-style-type: none"> <li>■ posting information on a dedicated web page;</li> <li>■ preparing statutory receipts and payments accounts;</li> <li>■ ensuring compliance with all statutory obligations within the relevant timescales.</li> </ul>
Strategy documents, Checklist and reviews	<ul style="list-style-type: none"> <li>■ <i>monitoring and reviewing the administration strategy;</i></li> <li>■ regular case management and reviewing of progress, including regular team update meetings and calls;</li> <li>■ reviewing and authorising junior staff correspondence and other work;</li> <li>■ dealing with queries arising during the appointment;</li> <li>■ reviewing matters affecting the outcome of the administration;</li> <li>■ allocating and managing staff/case resourcing and budgeting exercises and reviews;</li> <li>■ liaising with legal advisors regarding the various instructions;</li> <li>■ complying with internal filing and information recording practices, including documenting strategy decisions.</li> </ul>
Reports to debenture holders	<ul style="list-style-type: none"> <li>■ providing reports and oral updates to representatives of HSBC regarding the progress of the administration and case strategy.</li> </ul>
Cashiering	<ul style="list-style-type: none"> <li>■ preparing and processing vouchers for the payment of post-appointment invoices;</li> <li>■ creating remittances and sending payments to settle post-appointment invoices;</li> <li>■ reconciling post-appointment bank accounts to internal systems;</li> <li>■ ensuring compliance with appropriate risk management procedures in respect of receipts and payments.</li> </ul>
Tax	<ul style="list-style-type: none"> <li>■ reviewing the Company's pre-appointment corporation tax and VAT position;</li> <li>■ analysing and considering the tax effects of various sale options, tax planning for efficient use of tax assets and to maximise realisations;</li> <li>■ working on tax returns relating to the periods affected by the administration;</li> <li>■ analysing VAT related transactions and corresponding with HM Revenue and Customs;</li> <li>■ dealing with post appointment tax compliance.</li> </ul>
Shareholders	<ul style="list-style-type: none"> <li>■ responding to enquiries from shareholders regarding the administration;</li> <li>■ providing copies of statutory reports to the shareholders.</li> </ul>
General	<ul style="list-style-type: none"> <li>■ reviewing time costs data and producing analysis of time incurred which is compliant with Statement of Insolvency Practice 9;</li> <li>■ locating relevant Company books and records, arranging for their collection and dealing with the ongoing storage.</li> </ul>
Property matters	<ul style="list-style-type: none"> <li>■ dealing with leasehold property enquiries as they arise, including those connected with the licences to occupy granted to the Purchaser.</li> </ul>
Sale of business	<ul style="list-style-type: none"> <li>■ dealing with matters arising post the sale of the Company's business and assets to include the reconciliation of funds due/from to the Purchaser under the terms of the SPA.</li> </ul>
Health and safety	<ul style="list-style-type: none"> <li>■ liaising with the Health and Safety Executive regarding the administration and ongoing health and safety compliance.</li> </ul>
Open cover insurance	<ul style="list-style-type: none"> <li>■ arranging ongoing public insurance cover for the Company's leasehold properties where formal surrender has not been accepted by the landlord.</li> </ul>
Employees	<ul style="list-style-type: none"> <li>■ dealing with queries from employees regarding various matters relating to the administration and their employment, including those employed overseas;</li> <li>■ dealing with statutory employment related matters, including statutory notices to employees and making statutory submissions to the relevant government departments;</li> <li>■ communicating and corresponding with HM Revenue and Customs;</li> <li>■ dealing with issues arising from employee redundancies, including statutory notifications and liaising with the Redundancy Payments Office;</li> <li>■ managing claims from employees.</li> </ul>
Creditors and claims	<ul style="list-style-type: none"> <li>■ updating the list of unsecured creditors;</li> <li>■ responding to enquiries from creditors regarding the administration and submission of their claims;</li> <li>■ agreeing preferential claims;</li> <li>■ arranging distributions to HSBC as secured creditor;</li> <li>■ drafting our progress report.</li> </ul>

## Time costs

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

	Hours	Time Cost (£)	Average Hourly Rate (£)
<b>Administration &amp; planning</b>			
Cashiering			
Fund management	1.10	367.50	334.09
General (Cashiering)	9.30	2,405.90	258.70
Reconciliations (& IPS accounting reviews)	4.70	1,196.30	254.53
General			
Books and records	15.60	5,265.50	337.53
Fees and WIP	2.60	926.00	356.15
Statutory and compliance			
Appointment and related formalities	0.70	357.00	510.00
Checklist & reviews	31.05	11,519.75	371.01
Closure and related formalities	2.25	1,158.75	515.00
Extension related formalities	0.20	112.00	560.00
Reports to debenture holders	45.45	19,963.25	439.24
Statutory receipts and payments accounts	0.20	43.00	215.00
Tax			
Post appointment corporation tax	1.70	778.00	457.65
Post appointment overseas tax	1.40	622.00	444.29
Post appointment VAT	49.90	16,895.00	338.58
<b>Creditors</b>			
Creditors and claims			
General correspondence	7.70	2,536.00	329.35
Legal claims	1.00	560.00	560.00
Payment of dividends	0.90	463.50	515.00
Secured creditors	14.10	4,928.00	349.50
Statutory reports	40.05	14,596.75	364.46
Employees			
Correspondence	18.50	5,601.50	302.78
DTI redundancy payments service	0.90	265.50	295.00
<b>General analysis</b>			
Other			
Purchaser post-completion liaison	4.60	2,407.00	523.26

**Realisation of assets**

## Asset Realisation

Cash and investments	<b>16.90</b>	8,749.00	517.69
Debtors	<b>2.20</b>	809.50	367.95
Insurance	<b>1.20</b>	354.00	295.00
Leasehold property	<b>10.40</b>	3,400.50	326.97
Other assets	<b>2.80</b>	869.00	310.36
<b>Total in period</b>	<b>287.40</b>	<b>107,150.20</b>	<b>372.83</b>

Brought forward time (appointment date to SIP 9 period start date)	3,633.15	1,320,307.25
SIP 9 period time (SIP 9 period start date to SIP 9 period end date)	287.40	107,150.20
Carry forward time (appointment date to SIP 9 period end date)	3,920.55	1,427,457.45

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

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

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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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.

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