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### 1 Company details

Company number 0 1 7 1 1 5 0 2

Company name in full The Southampton Nuffield Theatre Trust

#### → Filling in this form

Please complete in typescript or in  
bold black capitals.

### 2 Administrator's name

Full forename(s) Gregory Andrew

Surname Palfrey

### 3 Administrator's address

Building name/number 4th Floor Cumberland House

Street 15-17 Cumberland Place

Post town Southampton

County/Region

Postcode S O 1 5 2 B G

Country

### 4 Administrator's name ①

Full forename(s) Stephen John

Surname Adshead

#### ① Other administrator

Use this section to tell us about  
another administrator.

### 5 Administrator's address ②

Building name/number 4th Floor Cumberland House

Street 15-17 Cumberland Place

Post town Southampton

County/Region

Postcode S O 1 5 2 B G

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> 6	<sup>m</sup> 0	<sup>m</sup> 5	<sup>y</sup> 2	<sup>y</sup> 0	<sup>y</sup> 2	<sup>y</sup> 0
To date	<sup>d</sup> 0	<sup>d</sup> 5	<sup>m</sup> 1	<sup>m</sup> 1	<sup>y</sup> 2	<sup>y</sup> 0	<sup>y</sup> 2	<sup>y</sup> 0

### 7 Progress report

☒ I attach a copy of the progress report

### 8 Sign and date

Administrator's  
signature

Signature

**X** *Greg Palfrey*

**X**

Signature date

<sup>d</sup> 0	<sup>d</sup> 2	<sup>m</sup> 1	<sup>m</sup> 2	<sup>y</sup> 2	<sup>y</sup> 0	<sup>y</sup> 2	<sup>y</sup> 0
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Contact name **Kevin Parish**

Company name **Smith & Williamson LLP**

Address  
**4th Floor Cumberland House  
15-17 Cumberland Place**

Post town **Southampton**

County/Region

Postcode 

S	O	1	5		2	B	G
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Country

DX **49667 Southampton 2**

Telephone **023 8082 7600**

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# The Southampton Nuffield Theatre Trust NST (in administration)

Joint administrators' progress report  
For the period 6 May 2020 to 5 November 2020

02 December 2020



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# 1. Glossary

Abbreviation	Description
the Company	The Southampton Nuffield Theatre Trust t/a NST
the administrators/joint administrators	Gregory Andrew Palfrey and Stephen John Adshead
SIP	Statement of Insolvency Practice (England & Wales)
IA86	Insolvency Act 1986 If preceded by S this denotes a section number
Sch B1	Schedule B1 to the Insolvency Act 1986 If preceded by P this denotes a paragraph number
IR16	Insolvency (England and Wales) Rules 2016 If preceded by R this denotes a rule number
CVL	Creditors' Voluntary Liquidation
SOA	Statement of Affairs
ETR	Estimated to realise
HMRC	HM Revenue & Customs
ACE	Arts Council England
SCC	Southampton City Council
HCC	Hampshire County Council
UOS	The University of Southampton
NST Campus	Nuffield Southampton Theatres, University Road, Southampton, SO17 1TR
NST City	Nuffield Southampton Theatres, 142-144 Above Bar Street, Southampton, SO14 7DU
BEIS	Department of Business, Energy and Industrial Strategy
Studio 144	The theatre premises at 142-144 Above Bar Street, Southampton, SO14 7DU
LA	Lester Aldridge Solicitors
The Mayflower	The Mayflower Theatre Trust



Abbreviation	Description
NPL	Nuffield Productions Limited
RPS	Redundancy Payments Service
Dsb	Used in tables as an abbreviation for <u>disbursements</u> (costs incurred by Smith & Williamson or other providers in connection with the Company that are not fees).

## 2. Introduction

This report provides an account of the administration of the Company for the period 6 May 2020 to 5 November 2020 and a summary of the outcome of the administration of the Company.

This report should be read in conjunction with the joint administrators' report and statement of proposals.

By way of reminder, we, Gregory Andrew Palfrey and Stephen John Adshead, of Smith & Williamson LLP, 4th Floor Cumberland House, 15-17 Cumberland Place, Southampton, SO15 2BG, were appointed administrators of the Company on 6 May 2020.

Appendix I contains statutory information in respect of the Company and the administration.

## 3. Key points

- After agreeing the strategy with SCC and ACE (the former being the largest expected creditor and the latter a significant potential creditor) an extensive marketing campaign was carried out. A number of bidders were identified who were interested in purchasing the Company's business and assets. The process was protracted due to the lock down restrictions in force. We received 3 offers ranging from £50k to £300k and because approval was required from SCC as landlord and from SCC and ACE for major grant support we submitted these parties to those bodies for approval. None of the parties identified were able to meet the desired requirements for those bodies in respect of ongoing funding (and in SCC's case, occupation of the NST City site), and consequently we were not able to complete a sale of the business and assets.
- SCC and ACE then started a process to select a new operator for the city centre site and referred parties to us in respect of the assets for sale. Initially this was for two parties, who coincidentally had previously dropped out of the sales process we had run and, after remonstrations from others, subsequently included all of the parties who had made offers to us previously. This process took some time, during which one of the interested parties made a good offer for the assets on a break-up basis and set a deadline of Friday 17 July 2020 for that offer to be accepted. As costs of the site continued to run without a definite time for a decision from SCC and ACE we set the same deadline for interested parties to make offers. This deadline brought forward the decision by SCC as to who would be its preferred operator in principle, which was not the candidate making us the offer. Therefore, that party and all others dropped out of the process other than SCC's successful



candidate, The Mayflower. After much further negotiation a deal was concluded on 20 August by us with The Mayflower.

- The administrators have completed the sale of the Company's chattel and certain other assets to The Mayflower, which has realised £30k to date. A further £45k is potentially payable subject to The Mayflower reaching agreement with SCC and ACE for ongoing occupation of the NST City premises and future funding. We understand that this should happen imminently.
- We had continued to furlough members of staff and assess those continuing to work. After it became clear that we would not be able to complete a sale of the business and assets all except for four staff were made redundant on 2 July 2020. The remaining four staff were made redundant during the course of July 2020 as and when there was no longer a requirement for their assistance.
- Significant further realisations in the administration have been:
  - Cash at bank of £422k.
  - Book debt collections totalling £56k.
- The main remaining asset still to be realised is a debt due from NPL of approximately £130k relating to a claim for Theatre Tax Relief.
- Preferential creditors are anticipated to be paid in full in the liquidation, the majority of preferential claims having been dealt with through wages and salaries paid during the administration.
- Unsecured creditors are expected to receive a distribution of surplus funds following payment of preferential claims and of the costs of the administration/liquidation in full. It is currently estimated that funds available to unsecured creditors should be of the order of £200k.
- On 13 July 2020 the basis of the joint administrators' remuneration was approved by the creditors on a time costs basis and were estimated to total £209k. Fees incurred during the administration have exceeded this amount. The reasons and extent of current costs and likely future costs are set out in this report. The agreed fees up to £209k have been drawn during the administration.
- A revision to the administrators' proposals may be required before the company can exit administration. This and a request for further approval in respect of remuneration are currently being considered.

## 4. Administrators' proposals

As previously advised the administrators must perform their functions with the purpose of achieving one of the following objectives:

- (a) Rescuing the Company as a going concern; or
- (b) Achieving a better result for the Company's creditors as a whole than would be likely if the Company were wound up without first being placed into administration; or
- (c) Realising property in order to make a distribution to one or more secured or preferential creditors.





The objective pursued in this case was the second objective above and our strategy for achieving this objective was set out in our proposals, which were approved on 13 July 2020 by the creditors.

A summary of our proposals is set out below:

- To continue to manage the affairs of the Company in order to achieve the purpose of administration
- To complete a sale of the Company's business and assets
- To collect in or realise other assets of the Company, in particular cash at bank and its book debts.
- To exit the administration either by way of:
  - a move to CVL if asset realisations were sufficient to enable a distribution to unsecured creditors other than by way of the prescribed part; or
  - a move to dissolution.
- To do all such other things and generally exercise their powers to achieve the purpose of the administration.

At the time of circulation of our proposals, we considered there to be a good prospect of completing a sale of the Company's business and assets, however as noted in Section 5.1, this did not materialise.

Consequently, we took steps to realise value for the Company's physical assets, and following analysis of offers and based on agent's advice received, a sale of the physical assets in their entirety (with the exception of a motor vehicle, computer servers and certain digital media) has been completed to The Mayflower, details in Section 5.2.

#### 4.1 Purpose and objective of administration

The purpose of an administration is to achieve one of the three statutory objectives set out in the legislation. The administrator must identify as part of their proposals the objective that they expect to achieve.

In this case the objective set out in the proposals was objective (b) being *achieving a better result for the company's creditors as a whole than would be likely if the company were wound up (without first being in administration)*.

We were not able to complete a sale of the business and assets and this has affected both the costs of the administration and the level of realisations. It therefore appears to the administrators unlikely that purpose (b) has been or will now be achieved and consequently they are likely to seek a revision to their proposals to reflect the achievement of objective (c) being *realising property in order to make a distribution to one or more secured or preferential creditors. In this matter, there are no secured creditors of the Company, so the objective should apply to realise property in order to make a distribution to preferential creditors.*

We consider that this third objective (c) has in practice already been achieved, as wages and salaries paid during the administration have included outstanding wages and accrued holiday pay from prior to our appointment which rank as preferential liabilities. There are some residual preferential claims that were not settled by the wages and salary payments. We anticipate making a distribution of 100p in the £1 to these preferential creditors in due course.



## 5. Progress of the administration

Attached at Appendix II is our receipts and payments account for the period since we were appointed on 6 May 2020 to date.

The receipts and payments account also includes a comparison with the directors' SOA values.

### 5.1 Sale of business and assets

As previously reported, our initial strategy was to seek a buyer for the Company's business and assets.

Following a marketing process, three parties came forward with offers for the Company's business and assets. Any party wishing to progress with a purchase required the support of both SCC and ACE in respect of future funding and, in SCC's case as landlord of the NST City premises, SCC's agreement to ongoing occupation of those premises. To that end the bidders were asked to make submissions to SCC and ACE.

On 30 June 2020, we were advised that none of the bidders had been successful in obtaining the support of SCC or ACE, and consequently none were able to proceed with a purchase of the business and assets of the Company.

The sales and marketing process undertaken had been particularly involved as a result of the following:

- The number of interested parties that had come forward.
- The requirement to take account of the interests of multiple stakeholders including ACE and SCC (whose support was likely to be required by any potential purchaser).
- Variances in the structure of offers received, which needed to be analysed and evaluated carefully to enable comparison.
- Various claims as to the ownership of a significant number of the physical assets on site at both the City Centre and Campus sites.
- The unprecedented uncertainties over when theatres would be likely to be able to re-open, and what restrictions on operating may still be required after re-opening.

Taking the above into account a sale of business strategy was no longer viable.

### 5.2 Sale of assets

Once it became apparent that there were no parties able to proceed with a purchase of the Company's business and assets, we sought to realise the Company's physical assets.

Given the volume and nature of the assets, our agent's advice was that the best value (after taking account of associated costs of sale) would be obtained by selling the assets as a single lot in situ.

We sought to identify parties that would be interested in purchasing the assets as a single lot (including potentially those bidders for the business and assets), and entered into discussions with a number of parties in this regard including additional parties put to us by SCC.



The operator selection process run by SCC and ACE had a significant bearing on the sale of the assets. However, during what became a protracted period one of the original parties put forward a significant time dependent offer. Balancing this with the ongoing costs for the site and seeing no discernible time for a decision by SCC and ACE, we set a best and final offers deadline of 17 July 2020. This led to SCC making a quick decision which led the bidder, who was unsuccessful, to reduce the offer significantly. All other parties withdrew their interest and the eventual buyer, The Mayflower, became the only realistic bidder for the assets. The Mayflower made an offer for the assets alone with an additional amount payable if it is successful in the SCC tender process, and is able to reach an acceptable funding agreement, to operate Studio 144.

Having negotiated an improvement in The Mayflower's base offer for the assets alone to £30,000 on 20 July 2020, we decided to proceed with The Mayflower.

It then took several weeks to progress The Mayflower's offer to completion due to the many issues and parties involved in addition to negotiating the terms of the sale contract. In particular, to be able to complete the sale it was necessary to agree arrangements with SCC to terminate the Company's licence to occupy Studio 144 and return the keys to SCC and for The Mayflower to reach agreement with SCC to be able to keep the assets at Studio 144 pending the outcome of its negotiations with SCC and ACE. This involved SCC undertaking a number of processes and checks before confirming its agreement.

The sale of the physical assets to The Mayflower was completed on 20 August 2020. The sale consideration was an initial payment of £30,000, with a further £45,000 payable should The Mayflower be successful in obtaining agreements with SCC and ACE for future funding and ongoing occupation. We understand that The Mayflower is close to formally obtaining these agreements, following which the additional sum will become payable.

Our agents advised that the price achieved was acceptable in the circumstances and would result in greater net realisations than a break-up sale via auction.

### 5.3 Employees and Coronavirus Job Retention Scheme

Prior to our appointment, all but 8 of the Company's 87 employees had been placed on furlough until 31 May 2020 under the Government's Coronavirus Job Retention Scheme.

When it became apparent that there was no prospect of a sale of the Company's business, we arranged for all of the Company's staff to be made redundant, with the exception of four employees who were retained for a short period to assist us in winding down the Company's operations. The initial redundancies took place on 2 July 2020, with the last staff members being made redundant on 31 July 2020.

In addition to the staff redundancies, actions taken in relation to employees during the administration include:

- Liaising with our legal advisers in respect of continuing to retain those employees on furlough. This was a particularly complex matter in respect of following the appropriate rules and guidance, which changed throughout the period for which the employees were retained. There were several different forms of contract of employment in place for full time, zero hours and fixed term contract employees which also added complexity to this process as well as to the redundancy process.

- Formally extending the period of furlough for those employees on furlough.
- Placing additional members of staff on furlough leave
- Continuously consulting with a representative of BECTU, a union representing some of the Company's employees on many issues involving the staff and survival of the theatre.
- Arranging for payment of wages and salaries when due.
- Arranging for the submission by Company staff of claims to HMRC under the Coronavirus Job Retention Scheme. Claims totalling £141k have been received.

Those employees not on furlough carried out tasks for the administrators including:

- Site maintenance, security and clearance.
- Production of financial and other information required by the administrators, both to carry out our statutory functions and to assist with the sales process and book debt collection.
- Payroll administration and processing.

## 5.4 Leasehold properties

### 5.4.1 NST City

As previously reported the Company had occupied this property since November 2017, however due to issues with the building a formal lease agreement had never been signed, the Company having been in occupation under a quasi-licence to occupy prior to an agreement for a lease to be signed which was extant at the time of appointment.

During the administration we liaised with SCC, the landlord for this property, in relation to agreeing the Company's continued occupation of the premises during the administration, and the vacation of the premises upon completion of the sale of the Company's assets.

### 5.4.2 NST Campus

As previously reported, the lease of this property expired in April 2020, and the property was due to be handed back to UoS, the landlord.

During the administration we agreed a formal surrender and orderly hand back of the property which was complicated by an agreement made before our appointment between the Company and UOS to leave some of the assets in situ and thereby extinguishing the dilapidations claim. Settling the list of assets to be left in situ, forming the consideration for the landlord's deal, proved problematic. Some had been moved to NST City and the lockdown made it difficult to move them back but ultimately we were able to resolve the issues and reduce the liability.

### 5.4.3 Wide Lane

As previously reported the Company also leased a unit at an industrial park at Wide Lane on the outskirts of Southampton, which was mainly used for storage of props and costumes from past performances.

The lease for this unit expired on 18 June 2020, and we arranged the clearance of these premises and handed them back to the landlord. Again, due to lockdown restrictions and the limited value of the large amounts of stage equipment and costumes this proved time consuming to resolve.



## 5.5 Motor vehicle

The Company's assets included a van with an ETR value in the directors' SOA of £500, that was not part of the sale of assets to The Mayflower.

This has been sold separately by our agents to an independent party for the sum of £1,750. Funds for this transaction remain with our agents who will net this off against their fee account (the balance of which will be settled from the administration).

## 5.6 Trade and other receivables

The directors' SOA detailed trade and other debtors of with an estimated to realise value of £79k.

As previously reported a large proportion of this balance (£41k) was due from one debtor. This debt was pursued by the Company's retained finance staff on our behalf and payment was received.

A further receipt of £13k was received into the Company's pre-administration account and has since been transferred to the administration account. Further realisations of £2k have been received.

We do not anticipate realising any significant further book debts as the remaining balances may be subject to set off and/or counter claims.

The SOA also detailed accrued income with an ETR of £31k. We have received £12k in this respect however we do not anticipate being able to realise any further sums for accrued income following the cessation of the Company's trade.

## 5.7 Cash at bank

As previously reported, we contacted the Company's bankers in order to arrange for the transfer of funds held in the Company's accounts (being £422k at the date of appointment) to the administration account.

A further £53k, relating to a VAT refund, was received into the Company's account shortly after our appointment, and this was transferred to the administration account.

## 5.8 Theatre tax relief claim and terminal loss relief claim

The directors' SOA detailed an intercompany debt due of approximately £113k in relation to a claim to be made for Theatre Tax Relief for the year ended 31 March 2020. The claim rests with the Company's wholly owned subsidiary, NPL, but the funds are due to the Company once received. This claim is now anticipated to be of the order of £130k.

We have worked with the Company's finance staff to prepare the relevant information for the claim and are currently considering the practical steps required for NPL to submit the relevant return to HMRC and repay the funds to the Company, once received from HMRC. Further detail will be provided following the move to CVL.



## 5.9 Other matters

We summarise below the other key matters that we have dealt with during the administration. We have:

- Dealt with statutory and best practice administrative matters.
- Liaised with creditors whose claims are, potentially, subject to retention of title or arranged collection of equipment if equipment subject to simple hire contract.
- Obtained transfer of and analysed funds that had been received into the Company's former bank account after the administration appointment
- Worked with our claims agent ERA Solutions to arrange the submission of staff claims to the RPS and to resolve queries arising thereon.
- Organised the production and dispatch of P45s with the Company's financial staff to former employees and relevant returns to HMRC.
- Instructed Iron Mountain to isolate and recover/store records of the Company where required for the purposes of the administration.

## 5.10 Assets still to be realised

Following the move to CVL we will continue to work to realise any remaining assets of the Company.

The major remaining asset realisations are anticipated to be the further consideration of £45k potentially payable by The Mayflower for the sale of assets, and the debt due to the Company in relation to the Theatre Tax Relief claim to be made by NPL, both as noted above.

# 6. Investigations

Under the Company Directors Disqualification Act 1986 we have a duty to make a submission to the Secretary of State for Business, Energy & Industrial Strategy on the conduct of all those persons who were directors at the date the Company entered administration or who held office at any time during the three years immediately preceding the administration.

We have complied with our duty in this regard. As all submissions are strictly confidential and as a result we are unable to disclose their content.

Shortly after appointment, we made an initial assessment of whether there could be any matters that might lead to recoveries for the estate and what further investigations may be appropriate. This assessment took into account information provided by creditors either at the initial meeting (where held) or as a response to our request to complete an investigation questionnaire. Our investigations did not reveal any issues requiring further work.



## 7. Pre-administration costs

The following amounts in respect of pre-administration costs were approved on 13 July 2020:

Pre-administration expenses		Reported in Proposals £	Paid in period £	Outstanding £
Smith & Williamson LLP	Financial advice as detailed in the administrators' proposals (balance of unpaid time costs)	8,415.80	8,415.80	-
Lester Aldridge	Legal advice on rationale on for administration and filing of appointment documentation	4,684.00	4,684.00	-
<b>Total pre-administration expenses</b>		<b>13,099.80</b>	<b>13,099.80</b>	<b>-</b>

Note: Legal disbursements of £54.59 were also incurred and paid in connection with the appointment.

## 8. Administrators' remuneration

### 8.1 Approval of remuneration

On 13 July 2020 the creditors approved that the basis of the administrators' remuneration be fixed by reference to the time properly spent by them and their staff in attending to matters arising in the administration. These costs were estimated to total £209,447.45.

### 8.2 Costs to reporting date

The administrators' time costs and original estimate are set out below:

Reporting period	Hours	£	Average rate £/hr	Fees drawn £
6 May 2020 to 5 November 2020	842.07	275,557.80	327.24	209,447.95
Fee estimate	770.90	209,447.95	271.69	
Under/(over) estimate	(71.17)	(66,109.85)	(55.55)	

### 8.3 Time analyses

- Appendix III provides details of the activities and costs incurred by staff grade during the period of this report. Narrative details of work carried out in the period are also included in the appendix.
- Appendix IV provides a summary of the costs incurred in the period and on a cumulative basis and provides a comparison and variances to the fee estimate.

#### 8.3.1 Changes to time recording and reporting systems

On 1 August 2020, Smith & Williamson LLP replaced its time recording and reporting software. As a result, changes have been made to time classifications and reporting formats with the

objectives of providing stakeholders with additional clarity in key areas while also simplifying the presentation of those costs to make them more accessible.

For reporting periods that straddle the changeover date we have reclassified the cumulative time costs and restated the fee estimate under the new headings.

In this report

- Time costs for the period are presented according to staff grade;
- Cumulative costs, a summary of our fee estimate and any other comparatives are presented on the basis of the aggregate time across all staff grades. This allows all of the relevant data to be presented in a single table to make for easier comparisons.

#### 8.4 Future costs

There will be further costs in the administration between the date of this report and the move to CVL and in the liquidation. These total £54,800 and are described in Section 13.

#### 8.5 Fee estimate exceeded

The Administrators have exceeded their fee estimate.

An analysis of the differences and the reasons for this are set out in Appendix IV.

#### 8.6 Statutory and regulatory information concerning fees

A copy of “A Creditor’s Guide to Administrator’s Fees”, as produced by the ICAEW, is available free on request or can be downloaded from their website as follows:

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

Details of our charge out rates and policies in relation to the use of staff are provided at Appendix V.

#### 8.7 Work providing a financial benefit to creditors

On a general note, creditors should be aware that some of the work is required by statute and may not necessarily provide any financial benefit to creditors. Examples would include dealing with former employees’ claims through the Redundancy Payments Service and investigating the former officers of the company as required by the Company Directors’ Disqualification Act 1986.

In this case work within the time analysis that relates to Realisation of Assets, Trading and to a lesser extent dealing with Creditor claims arguably provides some financial benefit to creditors since these are those categories in which activities that are focussed around generating realisations and managing the claims of creditors are focussed.

Other categories (such as most work under the heading Administration and Planning) provides no direct benefit to creditors but is, instead, work required by statute, best practice or regulation.



## 9. Administration expenses

### 9.1 Summary of expenses

The table below sets out a high level summary of expenses by type and their location in this report together with a comparison to the estimates provided in the administrators' proposals.

Expense type	Section	Incurred in		Outstanding		Costs to date		Expected future		New total expected		Proposals estimate		Variance
		£	period	£	£	£	£	£	£	£	£	£	£	
Subcontractors	9.2	7,978.65	2,830.00	5,148.65	7,978.65	2,250.00	10,228.65	8,000.00	(2,228.65)					
Professional advisers	9.3	56,392.10	47,757.10	8,635.00	56,392.10	2,000.00	56,392.10	39,500.00	(16,892.10)					
Administrators' disbursements	9.4	1,090.00	1,090.00	-	1,090.00	182.00	1,272.00	422.00	(850.00)					
Other expenses	9.5	109,185.43	109,185.43	-	109,185.43	150.00	109,335.43	79,050.00	(30,285.43)					
<b>Total</b>		<b>174,646.18</b>	<b>160,862.53</b>	<b>13,783.65</b>	<b>174,646.18</b>	<b>4,582.00</b>	<b>177,228.18</b>	<b>126,972.00</b>	<b>(50,256.18)</b>					

Each following section provides further details of the main costs incurred including the reasons that they were necessary and the reasons for any expected future costs.

#### 9.1.1 Service provider selection

Appendix V sets out our general policies concerning engagement of subcontractors and professional advisers.

Paragraph 9.6 sets out selection criteria and other information concerning the choice of subcontractors and professional advisers in this matter.

## 9.2 Subcontractors

We have used the following subcontractors during the administration as set out in the table below:

Subcontractors	Fee type	Incurred in period		Outstanding		Costs to date		Expected future		New total expected		Proposals estimate		Variance	
		£	£	£	£	£	£	£	£	£	£	£	£	£	£
<b>Subcontractors</b>															
ERA Solutions															
Employment claims processing	Fixed	1,745.00	1,470.00	275.00		1,745.00		500.00		2,245.00		1,000.00		(1,245.00)	
Iron Mountain	Fixed unit														
Records collection and storage	cost	4,873.65	-	4,873.65		4,873.65		1,500.00		6,373.65		5,000.00		(1,373.65)	
AB Services															
IT support	Fixed fee	1,360.00	1,360.00	-		1,360.00		250.00		1,610.00		2,000.00		390.00	
<b>Subcontractors</b>		7,978.65	2,830.00	5,148.65		7,978.65		2,250.00		10,228.65		8,000.00		(2,228.65)	

\*Total costs outstanding for Iron Mountain relate to two invoices received from Iron Mountain for collecting records form NST Campus and NST City. These invoices are to be paid by S&W LLP and recharged to the Company as disbursements. Iron Mountain is the document storage provider to the administrators' firm.

### 9.2.1 Main variances to the estimate in the Proposals

There are no specific matters to comment on in relation to the variances.

### 9.2.2 Reason for expected future costs (per table above)

ERA Solutions	Assistance with processing employment claims
Iron Mountain	Ongoing records storage
AB Services	Miscellaneous support

### 9.3 Professional advisers

On this assignment we have used the professional advisers listed below. We have also indicated alongside the basis of our fee arrangement with them, which was subject to review on a regular basis.

Fee type		Incurred in period		Paid in period		Outstanding		Costs to date		Expected future		New total expected		Proposals estimate		Variance	
		£		£		£		£		£		£		£		£	
<b>Professional advisers</b>																	
Lester Aldridge	Hourly rate	47,666.50		47,666.50		-		47,666.50		-		47,666.50		n/a		n/a	
Lester Aldridge	Dsb	90.60		90.60		-		90.60		-		90.60		n/a		n/a	
Lester Aldridge	Hourly rate +																
Legal advice	Dsb	47,757.10		47,757.10		-				2,000.00		47,757.10		37,500.00		(10,257.10)	
Proudley Associates	Hourly rate +																
Chattel agents	Dsb	8,635.00		-		8,635.00		8,635.00		-		8,635.00		2,000.00		(6,635.00)	
Subtotal professional advisers		56,392.10		47,757.10		8,635.00		56,392.10		2,000.00		56,392.10		39,500.00		(16,892.10)	

#### 9.3.1 Main variances to the estimate in the Proposals

**Lester Aldridge** Additional work undertaken in relation to the sale of assets and also negotiating and formally documenting the vacation of both the NST City and NST Campus premises.

**Proudley Associates** Additional work undertaken as a result of the extended and more complex than anticipated sales process, in particular work required to identify and verify assets claimed as third party, and updates to the asset listing as appropriate. Additional valuation advice was required due the business sale not completing and the change in strategy to an asset sale.

#### 9.3.2 Reason for expected future costs (per table above)

There are no material anticipated additional costs for professional advisers. An exception to this might be if legal advice were required on one or more administrative matters or creditor claims. We have included £2,000 as a general provision in this regard.

## 9.4 Administrators' disbursements

We have paid and/or incurred the following disbursements during the administration:

Fee type		Incurred in		Outstanding		Costs to date		Expected future		New total expected		Proposals estimate		Variance		
		£	period	£	£	£	£	£	£	£	£	£	£	£	£	
Administrators' disbursements																
	Administrators' bond		140.00		140.00		140.00		-		140.00		140.00		-	
	Statutory advertising		91.00		91.00		91.00		182.00		273.00		182.00		(91.00)	
	Mail direction		216.00		216.00		216.00		-		216.00		-		(216.00)	
	Media announcement		640.00		640.00		640.00		-		640.00		-		(640.00)	
	Land Registry		3.00		3.00		3.00		-		3.00		-		(3.00)	
	Business mileage (cat 2)		-		-		-		-		-		100.00		100.00	
		1,090.00		1,090.00		1,090.00		1,090.00		182.00		1,272.00		422.00		(850.00)

### 9.4.1 Main variances to the estimate in the Proposals

**Media announcement** Given the large number of consumer creditors the administrators took the decision to make a press announcement following their appointment to try and put information into the public domain that would help creditors (including consumers) and interested parties understand the intended process.

### 9.4.2 Reason for expected future costs (per table above)

**Advertising costs** These relate to the statutory advertisements required by the soon to be appointed liquidator.

### 9.4.3 Category 2 expenses

No category 2 expenses have been incurred in the reporting period.

## 9.5 Other expenses

Other expenses (i.e. those not detailed in the preceding sections) paid during administration are shown in the receipts and payments summary at Appendix II. Detailed below are those expenses which we consider to be significant in the context of this case. Also detailed below are any expenses incurred but not paid. For the convenience of creditors we have split these according to property costs and other expenses:

### 9.5.1 Property

Fee type	Incurred in period		Paid in period		Outstanding		Costs to date		Expected future		New total expected		Proposals estimate		Variance	
		£		£		£		£		£		£		£		£
<b>Other expenses, property</b>																
Southampton City Council																
Rent & service charge City	At cost	25,007.37		25,007.37		-		25,007.37		-		25,007.37		-		n/a
Primmer Olds																
Rent, Wide Lane	At cost	3,057.66		3,057.66		-		3,057.66		-		3,057.66		-		n/a
Haven Power																
Electricity NST City	At cost	6,420.26		6,420.26		-		6,420.26		-		6,420.26		-		n/a
Various																
Telephony and IT	At cost	4,501.46		4,501.46		-		4,501.46		-		4,501.46		-		n/a
Property costs		38,986.75		38,986.75		-		38,986.75		-		38,986.75		22,500.00		(16,486.75)

### 9.5.2 Property, main variances to the estimate in the Proposals

Property costs  
 These costs were estimated to include security and other property costs including rent, telephone and IT.  
 The actual costs include costs reported in Appendix II as Other property expenses, Rent, Telephone & IT costs.  
 The charges have been higher than anticipated principally as a result of the administrators being in occupation of the NST city premises longer than originally anticipated, and also the service charge sums due to SCC being higher than originally advised.

### 9.5.3 Other

	Fee type	Incurred in period		Outstanding		Costs to date		Expected future		New total expected		Proposals estimate		Variance	
		£	£	£	£	£	£	£	£	£	£	£	£	£	£
Other expenses															
Marsh UK															
Insurances	At cost	2,071.40	2,071.40	-	-	2,071.40	-	-	-	2,071.40	4,000.00	-	-	1,928.60	
	Various														
Clearance at Wide Lane	At cost	4,136.80	4,136.80	-	-	4,136.80	-	-	-	4,136.80	-	-	-	(4,136.80)	
Wages and salaries	At cost	62,236.68	62,236.68	-	-	62,236.68	-	-	-	62,236.68	52,500.00	-	-	(9,736.68)	
Bank charges	At cost	113.05	113.05	-	-	113.05	-	150.00	150.00	263.05	50.00	-	-	(213.05)	
Sundry expenses	At cost	1,140.75	1,140.75	-	-	1,140.75	-	-	-	1,140.75	-	-	-	(1,140.75)	
IT consultant	At cost	500.00	500.00	-	-	500.00	-	-	-	500.00	-	-	-	(500.00)	
Other expenses		109,185.43	109,185.43	-	-	109,185.43	-	150.00	150.00	109,335.43	79,050.00	-	-	(30,285.43)	

### 9.5.4 Main variances to the estimate in the Proposals

Various re Wide Lane We had originally hoped that a purchaser would take on responsibility for the items stored at Wide Lane premises, however this did not happen so we were required to oversee the clearance of the premises before handing the site back to the landlord.

Wages and salaries The administrators were required to retain staff longer than was originally planned for.

### 9.5.5 Reason for expected future costs (per table above)

Bank charges To cover the costs of payments during the administration and liquidation.

## 9.6 Selection of advisers and policies regarding use of third parties and disbursement recovery

Appendix V provides details of Smith & Williamson LLP's policies in relation to the use of subcontractors and professional advisers, and the recovery of disbursements.

Provider	Services	Reasons for cost	Selection criteria
Lester Aldridge	Legal advice in respect of employment, property, charity and insolvency matters, including the contract for the sale of assets	Required to manage risk to all parties and ensure that documentation and legal processes (especially with respect to the asset sale and employment were appropriately dealt with).	Regulated legal firm. Experienced in insolvency and charity/not-for-profit matters.
Proudley Associates	Valuation of company's business and assets and disposal of assets	Required to manage disposal of assets and to obtain expert valuation advice.	Appropriate experience of asset types found and of supporting disposals of assets in insolvency matters.  Location and speed of response during lockdown conditions were also a factor.
ERA Solutions	Provision of employment claims management and calculation services	As specialists in this field ERA are often able to undertake work that would be undertaken by the administrators at a lower cost and thereby benefit the estate.	There are a limited number of providers. We have experience of working with ERA on previous assignments and appropriate arrangements in place with them.
AB Services	Provision of IT support	To secure the IT/data and to deal with issues surrounding the website.	AB Services offers a flexible and cost-effective approach with knowledge of a wide variety of systems and the requirements of insolvency practitioners.

Arrangements with service providers are reviewed as part of our periodic review process for quality and value. Where regulation requires providers hold appropriate authorisations and professional indemnity insurances.

## 10. Outcome for creditors

The outcome for each class of creditor is set out below.

### 10.1 Prescribed Part

The Company did not grant any floating charges and the Prescribed Part requirements did not therefore apply.

### 10.2 Preferential creditors

The Statement of Affairs included an estimate of £13,860 for preferential creditors, relating to accrued holiday.

As part of the wages and salaries paid during the administration, the outstanding balances due to employees for unpaid wages and accrued holiday pay at the date of administration were paid to the employees.

We estimate the amount paid in respect of wage arrears to be £16,615, and the amount paid in relation to holiday pay was £11,116. Of the wages payments, £12,744 will have been recovered via the Coronavirus Job Retention Scheme.

There are some residual preferential claims that were not dealt with through wages and salary payments. Our employee claims agent estimates these claims to be £5,534. We anticipate these claims will be paid in full during the liquidation.

### 10.3 Unsecured creditors

Notice under Rule 14.37 of IR16

We confirm that realisations are sufficient to pay a dividend to unsecured creditors. The administrators anticipate a dividend will be paid to unsecured creditors in the succeeding creditors' voluntary liquidation and unsecured creditors' claims will be reviewed and agreed or rejected by the joint liquidators.

We currently anticipate that funds available for distribution could be of the order of £200k. This is subject to successful realisation of the Theatre Tax Relief balance and the further consideration potentially due from The Mayflower. It also takes account of the proposed revised fee estimate detailed in Section 8.

A summary of unsecured claims received is set out below:

Unsecured creditors	SOA	Received
Number	4,500	140
Value (£000)	913	389



## 11. Privacy and data protection

As part of our role as joint administrators, I would advise you that we may need to access and use data relating to individuals. In doing so, we must abide by data protection requirements. Information about the way that we will use and store personal data in relation to insolvency appointments can be found at

<https://smithandwilliamson.com/rrsgdpr>

If you are unable to download this, please contact my office and a hard copy will be provided free of charge.

To the extent that you hold any personal data of the Company's data subjects provided to you by the Company or obtained otherwise, you must process such data in accordance with data protection legislation. Please contact us if you believe this applies.

## 12. Ending the administration

### 12.1 Exit route from administration

It is still envisaged that the administration will conclude by means of an exit to creditors' voluntary liquidation to enable a distribution to be paid to the Company's unsecured creditors from general funds.

Prior to this it appears likely that a revision to the administrators' proposals will be required in order to address the change in statutory objective being pursued by the administrators as noted in section 4.1.

We will take steps to move the company into creditors' voluntary liquidation once this additional step is resolved, which should be within the next three months.

### 12.2 Discharge from liability

Authorisation for the administrators to be discharged from liability was granted by the creditors on 13 July 2020.

The administrators will be discharged from liability under P98(3) of Sch B1 following registration of the notice of move from administration to liquidation by the Registrar of Companies.

## 13. Outstanding matters

We have set out below details of the remaining actions to be concluded in the administration and the anticipated subsequent liquidation of the Company and approximate costs of the same. Please note the costs estimated below are provided as a guide only and do not constitute a formal fee estimate.

Description of activity	Estimated £
<ul style="list-style-type: none"> <li>Finalisation of this report and submission of the final report and move to liquidation</li> </ul>	2,000
<ul style="list-style-type: none"> <li>A revision to the administrators' proposals in response to not being able to satisfy objective (b) being <i>achieving a better result for the company's creditors as a whole than would be likely if the company were wound up (without first being in administration)</i>.</li> </ul>	3,000
<ul style="list-style-type: none"> <li>Obtaining, if applicable, payment of the further consideration from The Mayflower. Estimated costs of £800.</li> </ul>	800
<ul style="list-style-type: none"> <li>Taking the necessary steps to realise the balance due from NPL in relation to the TTR claim. This may involve placing NPL in liquidation and will involve arranging preparation and submission of the relevant return to HMRC by NPL. We anticipate costs in this respect to be £14k-£20k, although a large proportion of these will be borne by NPL in the first instance (with the effect that the amount paid by NPL will be reduced).</li> </ul>	17,000
<ul style="list-style-type: none"> <li>Issuing notices of intended distribution to the preferential and unsecured creditors separately, following which claims will be reviewed, agreed or otherwise adjudicated upon, and agreed claims will be paid. The costs will be dependent on the final number of claims received, the complexity of these claims and how contentious the larger claims are. We anticipate that these will be between £22k and £27k based on the high level of interaction that has been had between the administrators and the more complex claims and consumer creditors. These costs could be less if the adjudication process proves uncontentious.</li> </ul>	24,500
<ul style="list-style-type: none"> <li>Further statutory reporting including closure of the liquidation, and case administration estimated to cost £7-8k.</li> </ul>	7,500
	<hr/> 54,800 <hr/>

### 13.1 Overall costs of administration and liquidation

The joint administrators have exceeded their original fee estimate as noted in Section 8. The table below sets out the current expected final position in respect of the total overall costs of the administration and anticipated proposed creditors' voluntary liquidation.

Time costs to date and to conclusion of subsequent liquidation	£
6 May 2020 to 5 November 2020	275,558
Additional costs to conclude	54,800
Total costs	330,358
Fee estimate	209,448
Under/(over) estimate	(120,910)

Please note that the estimated amounts above are based on present information and may change due to unforeseen circumstances arising. The joint administrators (or liquidators once in office) will need to provide an update and seek approval from the creditors before drawing any additional sums. Fee estimates may be given up to a certain milestone or for a designated period if it is not possible to provide an accurate estimate at any given point.

## 14. Creditors' rights

Within 21 days of the receipt of this report, a secured creditor, or an unsecured creditor (with the concurrence of at least 5% in value of the unsecured creditors or otherwise with the court's permission) may request in writing that the administrators provide further information about their remuneration or expenses which have been itemised in this report.

Any secured creditor, or an unsecured creditor (with the concurrence of at least 10% in value of the unsecured creditors or otherwise with the court's permission) may within 8 weeks of receipt of this report make an application to court on the grounds that, in all the circumstances, the basis fixed for the administrators' remuneration is inappropriate and/or the remuneration charged or the expenses incurred (including any paid) by the administrators, as set out in this report, are excessive.

The above rights apply only to matters which have not been disclosed in previous reports.

On a general note, if you have any comments or concerns in connection with our conduct, please contact Gregory Andrew Palfrey or Stephen John Adshead in the first instance. If the matter is not resolved to your satisfaction, you may contact our Head of Legal by writing to 25 Moorgate, London EC2R 6AY or by telephone on 020 7131 4000.

Thereafter, if you wish to take the matter further you may contact the Insolvency Services directly via Insolvency Complaints Gateway. They can be contacted by email, telephone or letter as follows:

1. Email: [insolvency.enquiryline@insolvency.gsi.gov.uk](mailto:insolvency.enquiryline@insolvency.gsi.gov.uk)
2. Telephone number: +44 300 678 0015
3. Post: The Insolvency Service, IP Complaints, 3rd Floor, 1 City Walk, Leeds LS11 9DA.

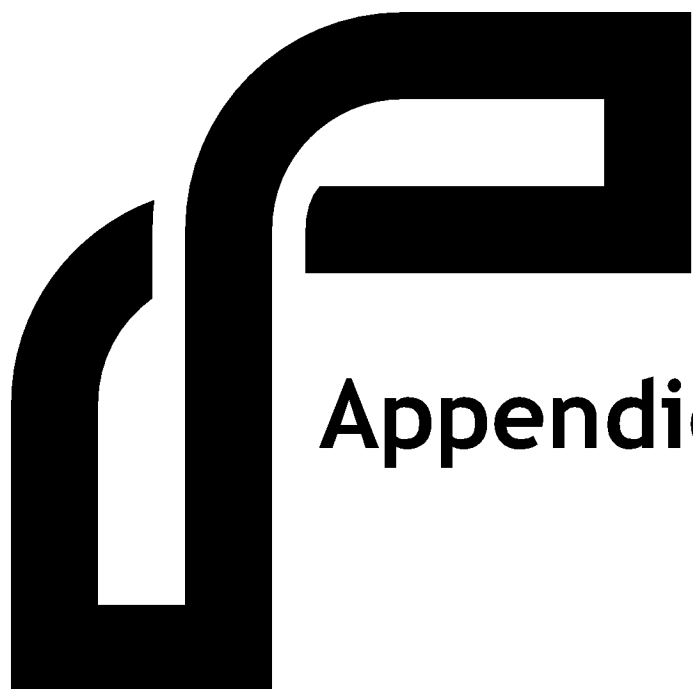
*Greg Palfrey*

**Gregory Andrew Palfrey and Stephen John Adshead**

Joint Administrators

Date: 2 December 2020





# Appendices



## I Statutory information

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Relevant Court	High Court of Justice, Business and Property Court
Court Reference	002386 of 2020
Trading Name(s)	NST
Trading Addresses	142-144 Above Bar Street, Southampton, SO14 7DU
Former Name(s)	None
Registered Office	4 <sup>th</sup> Floor, Cumberland House, 15-17 Cumberland Place, Southampton, SO15 2BG (Formerly 142-144 Above Bar Street, Southampton, SO14 7DU)
Registered Number:	01711502
Joint Administrators	Gregory Andrew Palfrey and Stephen John Adshead both of 4th Floor Cumberland House, 15-17 Cumberland Place, Southampton, SO15 2BG  (IP No(s) 9060 and 8574)  In accordance with P100 (2) Sch B1 1A 86 a statement has been made authorising the Joint Administrators to act jointly and severally.
Contact details	  Tel: 023 8082 7600 Email: sam.tovey@smithandwilliamson.com
Date of Appointment	6 May 2020
Extension to period of administration	There have been no extensions to the period of administration.



## II Receipts and payments account

### Receipts and payments account to 5 November 2020

SOA	From	06/05/2020
	To	05/11/2020
£		£
<b>Receipts</b>		
208,893.14	Theatre equipment	30,000.00
66,309.53	Trade debtors	53,976.55
13,100.19	Other debtors	1,132.34
500.00	Motor vehicles (see note)	-
61,060.27	VAT refund	52,898.11
422,278.57	Cash at bank	422,215.37
31,540.87	Accrued income	13,040.52
-	Bank interest gross	490.71
-	Sundry receipts	988.62
113,645.36	Intercompany/tax relief claim	-
8,551.64	Prepayments	-
5,000.00	Rent deposit	-
930,879.57	Total receipts	574,742.22

#### Expenses

Pre-appointment legal fees	(4,684.00)
Legal disbursements re appointment	(54.95)
Smith & Williamson pre-appointment fees	(8,415.80)
Administrators' fees	(209,447.95)
Administrators' expenses	(1,090.00)
Legal fees	(47,666.50)
Legal expenses	(90.60)
IT consultants' fees	(1,860.00)
Chattel agents' fees	-
Employment agent costs	(1,470.00)
<i>Rents payable</i>	(28,065.03)
<i>Other property expenses</i>	(6,420.26)
<i>Telephone and IT costs</i>	(4,501.46)
Property expenses	(38,986.75)
Wide Lane clearance	(4,136.80)
Insurance of assets	(2,071.40)
<i>Wages and salaries</i>	(203,040.66)
<i>HMRC Job Retention Scheme Grant</i>	140,803.98
Wages net of CJRS	(62,236.68)
Sundry expenses	(1,094.91)
Stationery and postage	(45.84)
Bank charges	(113.05)
Total expenses	(383,465.23)
Employee wage arrears	(16,615.51)
Employee holiday pay	(11,115.85)
Total preferential claims settled	(27,731.36)
Balance	163,545.63

#### represented by

VAT receivable	22,305.69
Interest bearing current account	107,426.91
VAT control account	33,813.03
Funds in hand	163,545.63

## Notes and further information required by SIP 7

- As previously reported, we have received £17,604 from NST in respect of the pre appointment costs. As shown above we have drawn the balance of approved pre appointment costs of £8,415.80 bringing total S&W pre appointment costs to £26,019.80.
- The joint administrators' fee estimate totalling £209,447.95 was approved by creditors on 13 July 2020.
- Details of significant expenses paid are provided in the body of our report.
- Details of payments made to sub-contractors are shown in the body of our report.
- Information concerning our remuneration and disbursements incurred is provided in the body of the report.
- Information concerning the ability to challenge remuneration and expenses of the administration is provided in our report.
- All bank accounts are interest bearing.
- There are no foreign currency holdings.
- All amounts in the receipts and payments account are shown exclusive of any attributable VAT. Where VAT is not recoverable it is shown as irrecoverable VAT.
- Total employment costs during the administration are summarised below:

Employment cost overview	£
Wages and salaries	203,040.66
Arrears of wages and salaries paid in trading	16,615.51
Accrued holiday paid during trading	11,115.85
Recoveries from Coronavirus Job Retention Scheme	(140,803.98)
Net wages and salaries cost	89,968.04





### III Time analysis for the period 6 May 2020 to 5 November 2020

	Partner		Director & Associate		Manager		Other Professionals		Support		Total		Cost		Average rate	
	Hours		Hours		Hours		Hours		Hours		Hours		£		£	£/hr
<b>Administration &amp; planning</b>																
Statutory & Regulatory	21.55		0.25		29.65		48.35		-		100.00		26,798.80		268	
Case administration	32.88		1.72		27.90		62.27		-		124.77		35,451.36		284	
Administration & planning - other (legacy)	2.40		-		6.25		0.05		2.60		11.30		3,528.50		312	
Sub-total Administration & planning	56.83		1.97		64.00		110.67		2.60		236.07		65,778.66		279	
<b>Investigations</b>																
Directors	3.93		0.05		11.45		9.30		-		24.73		6,932.58		280	
Records and investigations	0.45		0.05		6.85		11.35		-		18.70		4,545.20		243	
Sub-total Investigations	4.38		0.10		18.30		20.65		-		43.43		11,477.78		264	
<b>Realisation of assets</b>																
Freehold property assets	-		-		0.90		-		-		0.90		248.00		276	
Leasehold property assets	5.48		0.15		3.50		-		-		9.13		3,676.18		403	
Other assets	52.48		0.65		39.90		2.30		-		95.33		37,918.98		398	
Tax assets	-		0.10		0.70		-		-		0.80		261.20		327	
Business sale	59.30		0.20		97.95		0.60		-		158.05		55,330.20		350	
Leasing and HP assets	-		-		2.75		-		-		2.75		824.00		300	
Invoice discounting/factors	-		-		0.15		-		-		0.15		36.00		240	
Premises clearance	-		-		2.05		0.25		-		2.30		707.00		307	
Realisation of assets, other (legacy)	0.50		-		1.45		0.30		-		2.25		802.20		357	
Sub-total Realisation of assets	117.77		1.10		149.35		3.45		-		271.67		99,803.76		367	
<b>Trading</b>																
Trading suppliers and expenses	28.85		-		22.50		6.15		-		57.50		20,485.00		356	
Trading accounting	-		-		0.55		-		-		0.55		132.00		240	
Trading employees	66.88		-		29.90		-		-		96.78		37,283.98		385	
Trading shutdown/handover	3.20		-		2.95		-		-		6.15		2,403.20		391	
Trading, other (legacy)	22.20		-		-		-		-		22.20		9,920.40		447	
Sub-total Trading	121.13		-		55.90		6.15		-		183.18		70,224.58		383	
<b>Creditors</b>																
Employees, Pensions & RPS	4.05		-		7.55		17.15		-		28.75		7,293.80		254	
Unsecured creditors (exc. Staff)	3.47		0.05		15.25		45.95		0.20		64.92		14,866.42		229	
Creditors, other (legacy)	0.15		-		-		-		-		0.15		64.80		432	
Sub-total Creditors	7.67		0.05		22.80		63.10		0.20		93.82		22,225.02		237	
<b>Case Specific</b>																
Stakeholders	-		-		-		-		-		13.25		5,751.60		434	
General communications - PR Media	-		-		-		-		-		0.65		296.40		456	
Sub-total Case Specific	-		-		-		-		-		13.90		6,048.00		435	
Grand total hours	307.78		3.22		310.35		204.02		2.80		842.07					
Grand total £	142,074.62		1,309.71		92,354.30		39,634.17		185.00				275,557.80			
Average rate £/hr (all staff)	462		407		298		194		66						327	

## **Explanation of major work activities undertaken**

### **Administration & Planning**

This section of the analysis encompasses the cost of the office holders and their staff in complying with their statutory obligations (including tax compliance) and best practice guidelines. Work undertaken in this area includes:

- Preparing the documentation and dealing with the formalities of appointment.
- Statutory notifications and advertising.
- Preparation of this final progress report.
- Case reviews and planning, in particular during the process of trading and selling the assets of the Company where regular contact between all of the team was required.
- Maintaining and managing the case bank accounts and associated cashiering.
- Dealing with post appointment tax obligations.
- Reviewing the Company's pre-appointment tax affairs to establish whether any amounts may be recoverable for the estate.
- Maintaining physical and electronic case files and information.
- Protection of the Company's records.

### **Investigations**

Investigations include work carried out as a consequence of the obligations placed upon us to investigate the Company's affairs. The work undertaken is that described in SIP2 and SIP4 which govern both the investigations of the Company's failure and also examine the conduct of the directors. Work undertaken in this area includes:

- Preparing a submission to The Insolvency Service pursuant to the Company Directors' Disqualification Act.
- Investigation into the reasons for the Company's failure, which will include a review of response to our requests to creditors and other stakeholders for information and reviewing the Company's accounting records.

### **Realisation of assets**

This section is in relation to continuing the realisation of the Company's assets, which is explained in detail through the contents of our report. Work undertaken in this area includes:

- Work carried out to achieve a sale of the Company's business and assets in situ if possible, including a complex sales process.

- Overseeing the collection of the Company's remaining book debt ledger assisted by retained staff.
- Arranging for the transfer of further funds received into the Company's pre-appointment bank account, and analysis of any such receipts.
- Instructing our agents to assist with a revised strategy to sell the Company's asset list and motor vehicle due to the sale of the business and assets falling through.
- Liaise with the Company's finance staff to prepare and submit the Company's Theatre Tax Relief Claim

### **Trading**

This section relates to dealing with aspects relating to the wind down of the Company's trade. Work undertaken in this area includes:

- Payment of expenses in relation to supplies to those sites for which we have retained responsibility for during the administration.
- Overseeing NST's vacation of the NST Campus, City and Wide Lane premises.

Dealing with employee issues relating to ongoing retention of staff, staff on furlough, redundancies and consultation thereon, and extensive liaison with our legal advisers.

### **Creditors**

Work in this area consists of correspondence with creditors of the Company and making distributions, as appropriate, to the different classes of creditors. Work undertaken in this area includes:

- Liaising with our agents, ERA Solutions, in relation to claims by former employees to the RPS for outstanding monies if necessary.
- Dealing with trade and a number of consumer creditor queries that are received.

## IV Time analysis period, cumulative and comparison to estimate

Description of activity	Time in period			Cumulative time to date restated			Fee estimate restated			Variance		
	Hours	£	£/hr	Hours	£	£/hr	Hours	£	£/hr	Hours	£	£
<b>Administration &amp; planning</b>												
Statutory & Regulatory	100.00	26,798.80	267.99	100.00	26,798.80	267.99	83.40	19,495.15	233.75	(16.60)	(7,303.65)	
Case administration	124.77	35,451.36	284.14	124.77	35,451.36	284.14	150.15	36,100.20	240.43	25.38	648.84	
Administration & planning - other (legacy)	11.30	3,528.50	312.26	11.30	3,528.50	312.26	19.70	2,734.00	138.78	8.40	(794.50)	
Sub-total Administration & planning	236.07	65,778.66	278.64	236.07	65,778.66	278.64	253.25	58,329.35	230.32	17.18	(7,449.31)	
<b>Investigations</b>												
Directors	24.73	6,932.58	280.29	24.73	6,932.58	280.29	14.95	3,574.40	239.09	(9.78)	(3,358.18)	
Records and investigations	18.70	4,545.20	243.06	18.70	4,545.20	243.06	28.25	6,495.20	229.92	9.55	1,950.00	
Sub-total Investigations	43.43	11,477.78	264.26	43.43	11,477.78	264.26	43.20	10,069.60	233.09	(0.23)	(1,408.18)	
<b>Realisation of assets</b>												
Freehold property assets	0.90	248.00	275.56	0.90	248.00	275.56	-	-	-	(0.90)	(248.00)	
Leasehold property assets	9.13	3,676.18	402.50	9.13	3,676.18	402.50	-	-	-	(9.13)	(3,676.18)	
Other assets	95.33	37,918.98	397.75	95.33	37,918.98	397.75	17.00	4,182.40	246.02	(78.33)	(33,736.58)	
Tax assets	0.80	261.20	326.50	0.80	261.20	326.50	-	-	-	(0.80)	(261.20)	
Business sale	158.05	55,330.20	350.08	158.05	55,330.20	350.08	163.45	55,319.20	338.45	5.40	(11.00)	
Leasing and HP assets	2.75	824.00	299.64	2.75	824.00	299.64	2.70	648.00	240.00	(0.05)	(176.00)	
Invoice discounting/factors	0.15	36.00	240.00	0.15	36.00	240.00	-	-	-	(0.15)	(36.00)	
Premises clearance	2.30	707.00	307.39	2.30	707.00	307.39	-	-	-	(2.30)	(707.00)	
Realisation of assets, other (legacy)	2.25	802.20	356.53	2.25	802.20	356.53	0.60	240.00	400.00	(1.65)	(562.20)	
Sub-total Realisation of assets	271.67	99,803.76	367.38	271.67	99,803.76	367.38	183.75	60,389.60	328.65	(87.92)	(39,414.16)	
<b>Trading</b>												
Trading suppliers and expenses	57.50	20,485.00	356.26	57.50	20,485.00	356.26	46.25	14,392.80	311.20	(11.25)	(6,092.20)	
Trading accounting	0.55	132.00	240.00	0.55	132.00	240.00	0.55	132.00	240.00	-	-	
Trading employees	96.78	37,283.98	385.23	96.78	37,283.98	385.23	85.10	29,985.60	352.36	(11.68)	(7,298.38)	
Trading shutdown/handover	6.15	2,403.20	390.76	6.15	2,403.20	390.76	-	-	-	(6.15)	(2,403.20)	
Trading, other (legacy)	22.20	9,920.40	446.86	22.20	9,920.40	446.86	6.50	2,808.00	432.00	(15.70)	(7,112.40)	
Sub-total Trading	183.18	70,224.58	383.36	183.18	70,224.58	383.36	138.40	47,318.40	341.90	(44.78)	(22,906.18)	
<b>Creditors</b>												
Employees, Pensions & RPS	28.75	7,293.80	253.70	28.75	7,293.80	253.70	20.90	5,112.60	244.62	(7.85)	(2,181.20)	
Unsecured creditors (exc. Staff)	64.92	14,866.42	229.01	64.92	14,866.42	229.01	116.95	22,370.00	191.28	52.03	7,503.58	
Creditors, other (legacy)	0.15	64.80	432.00	0.15	64.80	432.00	0.15	64.80	432.00	-	-	
Sub-total Creditors	93.82	22,225.02	236.90	93.82	22,225.02	236.90	138.00	27,547.40	199.62	44.18	5,322.38	
<b>Case Specific</b>												
Stakeholders	13.25	5,751.60	434.08	13.25	5,751.60	434.08	14.30	5,793.60	405.15	1.05	42.00	
General communications - PR Media	0.65	296.40	456.00	0.65	296.40	456.00	-	-	-	(0.65)	(296.40)	
Sub-total Case Specific	13.90	6,048.00	435.11	13.90	6,048.00	435.11	14.30	5,793.60	405.15	0.40	(254.40)	
<b>Grand total</b>	842.07	275,557.80	327.24	842.07	275,557.80	327.24	770.90	209,447.95	271.69	(71.17)	(66,109.85)	

## Comparison to approved Fee Estimate

As noted in Appendix IV, our approved fee estimate covering the administration and liquidation periods is £209,447.95.

Our total time costs for the period ended 5 November 2020 have exceeded this fee estimate. An increase to the fee estimate will be sought under separate cover.

A comparison of the approved estimate and our actual costs to 5 November 2020 is shown in the table above and the main variations are described below.

### Administration and planning - currently £7,449 above estimate

- The extended sale process and change of strategy away from a business and assets to an assets only sale has contributed to the overall level of costs. The complexity of a number of the issues resulted in a requirement for additional planning and strategy discussions as did the ongoing trading activity.

### Realisation of assets - currently £39,414 above estimate

- Costs in this area are significantly higher than originally anticipated as a result of the complexity of the sales process and the involvement of the major stakeholders.
- We were compelled to change the strategy in respect of realising assets due to all offers received for the sale of the Company's business and assets being withdrawn.
- Additional costs have been incurred in seeking an acquirer for the Company's entire asset list. Future costs in this area will be incurred to complete the final few realisations as reported in section 5.10 of this report.

### Trading - currently £22,906 above estimate

- We have undertaken more work than anticipated in dealing with each of the three sites that the Company occupied, being NST Campus, NST City and Wide Lane storage unit.
- Originally two of the sites were expected to be vacated quickly but this due to lock down and other issues did not turn out to be the case.
- We have cleared and vacated the Wide Lane storage unit to the landlord's satisfaction. We have cleared and vacated NST Campus to the landlord's satisfaction.
- We are currently negotiating a surrender of the lease at NST City now that we have completed the sale of the Company's assets.
- We do not anticipate significant further costs in this area.

### Creditors - currently £5,322 below estimate

- The cost of dealing with creditors is higher than we would have expected at this stage due to time spent in discussions with some of the larger creditors having not yet formally agreed creditor claims.
- The number of consumer claims has also been considerably higher than that anticipated at the commencement of the administration and this also informs our expected future costs.
- We anticipate significantly more claims arising between now and declaration of any dividend.

As a consequence of the above we ultimately expect to exceed our estimate of costs in this area.

## V Staffing, charging, subcontractor and adviser policies and charge out rates

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### Introduction

Detailed below are:

- Smith & Williamson LLP's policies in relation to:
  - Staff allocation and the use of subcontractors
  - Professional advisers
  - Disbursement recovery
- Smith & Williamson LLP's current charge out rates

### Staff allocation and the use of subcontractors

Our general approach to resourcing our assignments is to allocate staff with the skills and experience to meet the specific requirements of the case.

The constitution of the case team will usually consist of a partner and a partner or director or associate director as joint office holders, a manager, and an administrator or assistant. The exact constitution of the case team will depend on the anticipated size and complexity of the assignment and the experience requirements of the assignment. The charge out rate schedule below provides details of all grades of staff and their experience level.

We may use subcontractors to perform work which might ordinarily be carried out by us and our staff where it is cost effective to do so and/or where the specific expertise offered by the subcontractor is required.

Details of any subcontractors' services during the administration are set out in the body of this report.

### Use of professional advisers

We select professional advisers such as agents and solicitors on the basis of balancing a number of factors including:

- The industry and/or practice area expertise required to perform the required work.
- The complexity and nature of the assignment.
- The availability of resources to meet the critical deadlines in the case.
- The charge out rates or fee structures that would be applicable to the assignment.
- The extent to which we believe that the advisers in question can add value to the assignment.

### Disbursements

Category 1 disbursements do not require approval by creditors. The type of disbursements that may be charged as a Category 1 disbursement to a case generally comprise external supplies of incidental services specifically identifiable to the case, such as postage, case advertising, invoiced travel and external printing, room hire and document storage. Also chargeable will be any properly reimbursed expenses incurred by personnel in connection with the case.

Category 2 disbursements do require approval from creditors. These are costs which are directly referable to the appointment in question but are not payments which are made to an independent third party and may include shared or allocated costs that can be allocated to the appointment on a proper and reasonable basis such as internal room hire, document storage or business mileage.

Since 7 July 2012 Smith & Williamson LLP's policy is to recover only one type of Category 2 disbursement, namely business mileage at HMRC's approved mileage rates at the relevant time. Current mileage rates are 45p per mile plus 5p per passenger per mile. Prior to 7 July 2012 approval may have been obtained to recover other types of Category 2 disbursements.

Details of any Category 2 disbursements incurred and/or recovered in the administration are set out in the body of this report.

### Charge out rates

A schedule of Smith & Williamson LLP's charge out rates was issued to creditors at the time the basis of the administrators' remuneration was approved.

The rates applicable to this appointment are set out below.

Smith & Williamson LLP Restructuring & Recovery Services Charge out rates	London office £/hr		Regional offices £/hr	
	From 1/7/19	From 1/7/20	From 1/7/19	From 1/7/20
Partner / Director (from 1 January 2016)	470-540	495-570	376-432	396-456
Associate Director	440	465	352	372
Managers	270-380	285-400	216-304	228-320
Other professional staff	180-380	190-465	144-192	152-204
Support & secretarial staff	100	105	80	84

### Notes

1. Up to 31 July 2020 time is recorded in units representing 3 minutes or multiples thereof. From 1 August 2020 time is recorded in 1 minute units or multiples thereof.
2. It may be necessary to utilise staff from both regional and London offices, subject to the requirements of individual cases.
3. The firm's cashiering function is centralised and London rates apply. The cashiering function time is incorporated within "Other professional staff" rates.

[www.smithandwilliamson.com](http://www.smithandwilliamson.com)

**Principal offices:** London, Belfast, Birmingham, Bristol, Cheltenham, Dublin, Glasgow, Guildford, Jersey, Salisbury and Southampton.

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