

AM10

Notice of administrator's progress report



Companies House

THURSDAY



A8Y7HGMV

A15

06/02/2020

#128

COMPANIES HOUSE

1 Company details

Company number 0 1 8 2 7 1 8 5

Company name in full
DIMENSION DATA ADVANCED INFRASTRUCTURE
LIMITED

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

2 Administrator's name

Full forename(s) PETER DAVID

Surname DICKENS

3 Administrator's address

Building name/number 1

Street HARDMAN SQUARE

Post town MANCHESTER

County/Region

Postcode M 3 3 E B

Country ENGLAND

4 Administrator's name ①

Full forename(s) TOBY SCOTT

Surname UNDERWOOD

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

5 Administrator's address ②

Building name/number CENTRAL SQUARE

Street 29 WELLINGTON STREET

Post town LEEDS

County/Region WEST YORKSHIRE

Postcode L S 1 4 D L

Country ENGLAND

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

AM10

Notice of administrator's progress report

6 Period of progress report

From date	d 1	d 2	m 0	m 7	y 2	y 0	y 1	y 9
To date	d 1	d 1	m 0	m 1	y 2	y 0	y 2	y 0

7 Progress report

☒ I attach a copy of the progress report

8 Sign and date

Administrator's
signature

Signature

X



X

Signature date	d 0	d 5	m 0	m 2	y 2	y 0	y 2	y 0
----------------	-----	-----	-----	-----	-----	-----	-----	-----

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 **SARA MYERS**

Company name **PWC LLP**

Address **CENTRAL SQUARE**

29 WELLINGTON STREET

Post town **LEEDS**

County/Region **WEST YORKSHIRE**

Postcode **L S 1 4 D L**

Country **ENGLAND**

DX

Telephone **0113 289 4566**



Checklist

We may return forms completed incorrectly or with information missing.

Please make sure you have remembered the following:

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



Important information

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



Where to send

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

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



Further information

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

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

Joint administrators' progress report from 12 July 2019 to 11 January 2020

**Dimension Data Advanced Infrastructure
Limited** (in administration)

High Court of Justice
Business and Property Courts in Manchester
Insolvency and Companies List (ChD)
Case no. 2642 of 2018

5 February 2020

Table of contents

Abbreviations and definitions	3
Key messages	4
Progress since we last reported	6
Appendix A: Receipts and payments	9
Appendix B: Expenses	11
Appendix C: Remuneration update	12
Appendix D: Pre-administration costs	25
Appendix E: Other information	26

This report has been prepared by the Administrators, solely to comply with their statutory duty to report to creditors under IR16 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 it is not suitable to be used, to inform any investment decision in relation to the debt of or any financial investment 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 outcome for creditors.

Any persons choosing to rely on this report for any purpose or in any context other than under IR16 do so at their own risk. To the fullest extent permitted by law, the Administrators do not assume any liability in respect of this report to any such person.

Please note you should read this report in conjunction with the Administrators' previous reports issued to the Company's creditors, which can be found at www.pwc.co.uk/ddai.

Peter Dickens and Toby Underwood have been appointed as Joint Administrators of Dimension Data Advanced Infrastructure Limited to manage its affairs, business and property as its agents and act without personal liability. Both are licensed in the United Kingdom to act as insolvency practitioners by the Institute of Chartered Accountants in England and Wales.

The Joint Administrators are bound by the Insolvency Code of Ethics which can be found at: <https://www.gov.uk/government/publications/insolvency-practitioner-code-of-ethics>

The Joint Administrators may act as controllers of personal data as defined by UK data protection law depending upon the specific processing activities undertaken. PricewaterhouseCoopers LLP may act as a processor on the instructions of the Joint Administrators. Personal data will be kept secure and processed only for matters relating to the Joint Administrators' appointment. Further details are available in the privacy statement on the PwC.co.uk website or by contacting the Joint Administrators.

Abbreviations and definitions

The following table shows the abbreviations and insolvency terms that may be used in this report:

Abbreviation or definition	Meaning
Company/DDAI	Dimension Data Advanced Infrastructure Limited (in administration)
Administrators/we/us/our	Peter David Dickens and Toby Scott Underwood, both of PwC
Firm/PwC	PricewaterhouseCoopers LLP
IA86	Insolvency Act 1986
Sch.B1 IA86	Schedule B1 to the Insolvency Act 1986
the Bank	HSBC Bank plc, secured creditor
DDNS	Dimension Data Network Services Limited
Group	Members of the NTT Limited group
Eversheds	Eversheds Sutherland (International) LLP
Hill Dickinson	Hill Dickinson LLP
Hilco/ our agents	Hilco Global
Proposals	Our proposals to creditors dated 5 September 2018 and deemed approved on 17 September 2018
HMRC	HM Revenue & Customs
Prescribed part	The amount set aside for unsecured creditors from floating charge funds in accordance with section 176A IA86 and the Insolvency Act 1986 (Prescribed Part) Order 2003
SofA	Directors' Statement of Affairs dated 4 September 2018
Secured creditors	Creditors with security in respect of their debt, in accordance with section 248 IA86
Preferential creditors	Claims for unpaid wages earned in the four months before the insolvency up to £800, holiday pay and unpaid pension contributions in certain circumstances
RPS	Redundancy Payments Service, an executive agency sponsored by the Department for Business, Energy & Industrial Strategy, which authorises and pays the statutory claims of employees of insolvent companies under the Employment Rights Act 1996
Unsecured creditors	Creditors who are neither secured nor preferential
ROT claims	Claims to retention of title over goods supplied to the Company but not paid for before the Administrators' appointment

Key messages

Why we've sent you this report

We're writing to update you on the progress of the administration of the Company in the six months since our last report dated 9 August 2019.

You can still view our earlier reports on our website at www.pwc.co.uk/ddai. Please get in touch with Sara Myers on 0113 289 4566 or at sara.myers@pwc.com if you need any of the passwords to access the reports.

How much creditors may receive

The following table summarises the possible outcome for creditors*, based on what we currently know.

Class of creditor	Current estimate (p in the £)	Previous estimate (p in the £)
Secured creditors	Uncertain	Uncertain
Preferential creditors	100	100
Unsecured creditors	c.10	c.10

**Please note this guidance on dividends is only an indication and should not be used as the main basis of any bad debt provision or debt trading.*

Secured Creditors

As detailed in our last report, we anticipate that the secured creditor will only recover a proportion of their debt from the administration. We are still unable to provide a reliable indication of the level and timing of any such recovery, as there still remain considerable uncertainties over the level of the debtor recoveries.

Further details regarding the secured creditor, and the joint and several liability of a Group company, was included in our proposals, which are available on the website.

Preferential Creditors

Preferential creditor claims will be paid in full shortly. We recently issued notice of our intention to declare and pay a first and final dividend to the preferential creditors, within 2 months of the final date for proving their claims of 31 January 2020, ie by 31 March 2020.

The preferential claims received total c£91k: this includes the claim submitted by a member of the Group in relation to its subrogated claim for the payment of the pre-administration arrears of wages which it funded. All preferential claims have been reviewed by the Administrators to confirm their validity.

Unsecured Creditors

As previously advised, the SoFA indicated that the Company had 175 unsecured trade creditors with claims totalling c£3m. To date, we have received 143 unsecured claims (including employees) totalling c£3.65m, which includes a number of claims from creditors who weren't listed on the SoA.

Based on current information, there will be a balance available for distribution to unsecured creditors from the prescribed part (which is capped at £600k). Whilst we currently estimate a dividend to unsecured creditors of up to 10 pence in the £, the level of the dividend paid will depend on the realisations achieved, costs in the administration and the total creditor claims received.

Apart from the prescribed part dividend, there will be no further funds available for distribution to the unsecured creditors.

What you need to do

We have asked for outstanding claims from unsecured creditors so that we can agree them for dividend purposes. If you haven't already done so, please send your claim to us so that we can agree it. A claim form can be downloaded from our website at www.pwc.co.uk/ddai or you can get one by emailing our creditor service team as follows: creditor.services@uk.pwc.com.

This report is for your information and you don't need to do anything.

Progress since we last reported

As previously reported, we remain in office to progress the complex contractual debtor recovery process for the benefit of creditors, and continue to liaise with key stakeholders in order to maximise the outcome for creditors. When we last reported, the key outstanding matters in the administration were as follows:

- Finalise the post appointment trading position;
- Finalise the collection of the pre appointment book debts;
- Deal with the tax and VAT compliance matters and seek clearance from HMRC;
- Seek approval to the basis of our fees, disbursements and discharge from liability from the secured and preferential creditors;
- Adjudicate the preferential creditor claims and pay a distribution;
- Adjudicate the unsecured creditor claims, calculate the prescribed part and pay a distribution; and
- Make a distribution to the secured creditor.

An update on these matters is set out below, together with details of additional work done in the period of this report. Creditors should refer to our previous reports should they require any further details on the work done in previous periods.

Trading

Following our previous report a residual debt of c £1k plus VAT was received allowing us to finalise the trading position of Traded Contract 1. To ensure creditors were not adversely impacted by the losses incurred on Trading Contract 1, we called on the indemnity which Group provided the administrators for trading that contract. Group has confirmed that we can utilise the funding which it provided at the outset of the administration to cover the net loss suffered on Trading Contract 1. The receipts and payments account at Appendix A does not currently reflect the reallocation of Group's funding to cover the losses, this will be updated in our next report.

Debtor recoveries

Category 1 Debtor Recoveries

During the period we recovered further category 1 debts totalling c.£100k, bringing the total category 1 debtor recoveries to c£1.45m. The majority of the category 1 debts have been collected and we do not anticipate further significant recoveries. We will provide creditors with a further update in our next report.

Category 2 & 3 Debtor Recoveries

During the period of this report we have collected a further c.£140k plus VAT before deduction of any collection costs, bringing total category 2 & 3 debtor recoveries to c.£350k plus VAT.

As previously reported, the recovery of these debts involves complex contractual negotiations and a large investment of time from ourselves, former employees, our solicitors (Hill Dickinson), specialist subcontractors and quantity surveyors. We continue to be of the view that it is not in the best interest of creditors to disclose details of our collection strategies for the category 2 & 3 debt, as doing so could prejudice ongoing discussions with customers.

Third Party Funds

During the period we received c.£188k, which we have been advised relates to debtor monies payable to a Group company, we are currently making enquiries to confirm this prior to releasing the funds.

Property

Following the Company's leased property being vacated on 19 December 2018 we understand that the lease expired in September 2019. As such, the landlord may have an unsecured claim for monies due under the terms of the lease which will be dealt with as part of the adjudication of the unsecured creditors claims in due course.

ROT claims

We have not received any ROT claims from during the period of this report.

Pre appointment insurance matters

Our insurers continue to assist us with various ongoing pre-appointment insurance claims, which can typically be drawn-out affairs. We will provide an update in our next report.

Employees

We continue to retain the services of one former employee who provides support assisting with asset realisations and the wind down process as a subcontractor. It is expected their services will be required until debtor collections are finalised and we are in a position to pay the prescribed part distribution to unsecured creditors.

Investigations and actions

Nothing has come to our attention during the period under review to suggest that we need to do any more work in line with our duties under the Company Directors' Disqualification Act 1986 and Statement of Insolvency Practice No.2.

Statutory and compliance matters

During the period we have continued to comply with our statutory duties as administrators, dealing with the Company's VAT and tax affairs and other incidental tasks associated with achieving the purpose of the administration and subsequently bringing it to an end.

Our receipts and payments account

We set out in Appendix A an account of our receipts and payments in the administration from 12 July 2019 to 11 January 2020.

Our expenses

We set out in Appendix B a statement of the expenses we've incurred to the date covered by this report and an estimate of our future expenses.

The statement excludes any potential tax liabilities that we may need to pay as an administration expense in due course because amounts due will depend on the position at the end of the tax accounting period.

Our fees

We set out in Appendix C an update on our remuneration which covers our fees, disbursements and other related matters in this case.

Pre-administration costs

You can find in Appendix D information about the approval of the unpaid pre-administration costs previously detailed in our proposals.

Creditors' rights

Creditors have the right to ask for more information within 21 days of receiving this report as set out in Rule 18.9 IR16. Any request must be in writing. Creditors can also challenge fees and expenses within eight weeks of receiving this report as set out in Rule 18.34. This information can also be found in the guide to fees at:

<https://www.icaew.com/-/media/corporate/files/technical/insolvency/creditors-guides/creditors-guideadministrators-fees-final.ashx>

You can also get a copy free of charge by telephoning Sara Myers on 0113 289 4566.

What we still need to do

We remain in office to conclude the following:

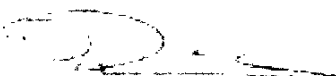
- Finalise all other asset realisations and recovery actions;
- Deal with tax and VAT compliance matters and seek clearance from HMRC;
- Agree and pay preferential claims;
- Agree unsecured creditor claims, calculate the prescribed part and distribute any funds available; and
- Make a distribution to the secured creditor.

Next steps

We expect to send our next report to creditors at the end of the administration or in about six months, whichever is the sooner.

If you've got any questions, please get in touch with Sara Myers on 0113 289 4566.

Yours faithfully
For and on behalf of the Company



Peter Dickens
Joint administrator

Peter Dickens and Toby Underwood have been appointed as joint administrators of Dimension Data Advanced Infrastructure Limited to manage its affairs, business and property as its agents without personal liability. The joint administrators are licensed in the United Kingdom to act insolvency practitioners by the Institute of Chartered Accountants in England and Wales.

*The joint administrators are bound by the Insolvency Code of Ethics which can be found at:
<https://www.gov.uk/government/publications/insolvency-practitioner-code-of-ethics>*

The joint administrators may act as controllers of personal data as defined by UK data protection law depending upon the specific processing activities undertaken. PricewaterhouseCoopers LLP may act as a processor on the instructions of the joint administrators. Personal data will be kept secure and processed only for matters relating to the joint administrators' appointment. Further details are available in the privacy statement on the PwC.co.uk website or by contacting the joint administrators.

Appendix A: Receipts and payments

Non trading account

Non Trading account		From 12 July 2018 to 11 July 2019	From 12 July 2019 to 11 January 2020	Total
Statement of Affairs				
£	Floating Charge Receipts	£		£
21,000	Fixed Assets (Note 1)	-	-	-
75,000	Stock	93,981.00	-	93,981.00
190	Cash in hand	204.84	-	204.84
	Bank interest	12,198.21	6,387.86	18,586.07
	Group Funding	2,201,674.83	-	2,201,674.83
Uncertain	Trade debtors	1,594,562.04	242,961.73	1,837,523.77
45,000	Other debtors	321,158.32	-	321,158.32
	Third Party Funds (Note 2)	-	187,966.82	187,966.82
141,190.00	Total Floating Charge Receipts	4,223,759.24	437,316.41	4,661,075.65
	Floating Charge Payments			
	Landlord rent	23,078.69	-	23,078.69
	Property- Rates	18,511.63	-	18,511.63
	Property- Heat & Light	5,904.30	-	5,904.30
	Motor & travel expenses	1,995.21	-	1,995.21
	Insurance	26,437.71	-	26,437.71
	Duress payments	27,140.77	-	27,140.77
	Subcontractors	4,300.00	-	4,300.00
	Repairs & Maintenance	1,738.92	5,648.65	7,387.57
	General overheads	15,382.47	8,200.00	23,582.47
	Agents fees & expenses	3,972.06	-	3,972.06
	Legal fees & expenses	441,515.29	182,424.74	623,940.03
	Postal redirection	169.21	-	169.21
	Storage	1,546.84	-	1,546.84
	Statutory Advertising	75.00	-	75.00
	Wages & Salaries/ PAYE, NIC contributions & Pension Deductions	500,747.31	-	500,747.31
	Employee/Subcontractor Costs & Expenses	194,519.69	15,203.00	209,722.69
	Finance/ Bank interest & Charges	270.00	47.60	317.60
	Property/Asset expenses	115.22	-	115.22
	Total Floating Charge Payments	1,267,420.32	211,523.99	1,478,944.31
	VAT Control Account	24,768.67	(27,960.17)	(3,191.50)
	Total net floating charge realisations	2,931,570.25	253,752.59	3,185,322.84
	Total Net Floating Charge Realisations	2,931,570.25	253,752.59	3,185,322.84
	Total Net Trading Position	(326,583.88)	1,536.00	(325,047.88)
	Cash at Bank (Note 3)	2,604,986.37	255,288.59	2,860,274.96

Notes

1. There are no fixed assets with a realisable value (i.e. leasehold property, fixtures and fittings).
2. Third party funds relate to funds received into the administration account which we understand are due to another Group company
3. Cash at Bank is being held in an interest bearing account. The balance held as at 11 January 2020 includes cash held in the joint administrators bank account together with funds held in the Company's pre appointment bank account with HSBC and Hill Dickinson LLP.

Trading account

	From 12 July 2018 to 11 July 2019	From 12 July 2019 to 11 January 2020	Total
	£		£
Receipts			
Trade debtors	392,778.86	1,280.00	394,058.86
Total Trading Receipts	392,778.86	1,280.00	394,058.86
Payments			
Subcontractors	7,231.50		7,231.50
Landlord rent	4,880.02		4,880.02
Property- Rates	3,077.76		3,077.76
Property- Heat & Light	808.61		808.61
Motor & travel expenses	10,410.35		10,410.35
Insurance	239.63		239.63
Duress payments	216,537.68		216,537.68
Repairs & Maintenance	367.70		367.70
General overhead	1,179.04		1,179.04
Legal fees & expenses	9,857.75		9,857.75
Property/Asset expenses	24.36		24.36
Trading Wages & Salaries/ PAYE,NIC contributions & Pension Deductions	320,431.21		320,431.21
Employee/Subcontractor Costs & Expenses	185,888.94		185,888.94
Total Trading Payments	760,934.55		760,934.55
VAT Control Account	41,571.81	258.00	41,827.81
Total Net Trading Position	(326,583.88)	1,538.00	(325,047.88)

As detailed in our progress reports, the Company has been indemnified by Group in respect of certain legal and subcontractor costs. Group has confirmed that we can utilise the funding which it provided at the outset of the administration to cover the net loss suffered on Trading Contract 1. The above receipts and payments account does not currently reflect the reallocation of Group's funding to cover the losses incurred on Trading Contract 1, this will be updated in our next report

Appendix B: Expenses

The following table provides details of our expenses. Expenses are amounts properly payable by us as administrators from the estate and includes our fees, but excludes distributions to creditors. The table also excludes any potential tax liabilities that we may need to pay as an administration expense because amounts becoming due will depend on the position at the end of the tax accounting period.

The table should be read in conjunction with the receipts and payments account at Appendix A, which shows expenses actually paid during the period and the total paid to date.

Nature of expense	Expenses incurred to 11 July 2019 (£)	Expenses incurred 12 July 2019 to 11 January 2020 (£)	Expenses incurred to 11 January 2020 (£)	Estimated Total (£)	Estimated Total (£)	Initial Estimate (£)	Variance (£)
Non trading expenses							
Property expenses	49,349	5,649	54,997	5,000	59,997	59,997	-
Motor & travel expenses	1,995	-	1,995	-	1,995	1,995	-
Insurance	26,438	-	26,438	-	26,438	26,438	-
Duress payment	27,141	-	27,141	-	27,141	27,141	-
Subcontractors	198,820	15,203	214,023	Uncertain	Uncertain	Uncertain	-
Agents fees & expenses	3,972	-	3,972	-	3,972	3,972	-
Legal fees & expenses	441,515	209,285	650,801	Uncertain	Uncertain	Uncertain	-
Statutory advertising	75	-	75	150	225	225	-
General overheads	15,382	8,200	23,582	4,400	27,982	27,982	-
Wages, PAYE/NIC and Pension	500,747	-	500,747	-	500,747	500,747	-
Bank charges	270	48	318	223	540	540	-
Office holder's time costs	734,017	140,645	874,661	127,372	1,002,033	1,002,033	-
Office holder's expenses	4,127	810	4,937	Uncertain	Uncertain	Uncertain	-
Pre administration costs	26,539	-	26,539	-	26,539	26,539	-
Storage costs	1,547	-	1,547	20,000	21,547	21,547	-
Postal redirection	169	-	169	-	169	169	-
Total	2,032,183	379,839	2,411,942	Uncertain	Uncertain	Uncertain	
Trading expenses							
Property expenses	9,158	-	9,158	-	9,158	9,158	-
Motor & travel expenses	10,410	-	10,410	-	10,410	10,410	-
Insurance	240	-	240	-	240	240	-
Duress payment	216,538	-	216,538	-	216,538	216,538	-
Subcontractors	193,120	-	193,120	-	193,120	193,120	-
Legal fees & expenses	9,858	-	9,858	-	9,858	9,858	-
General overheads	1,179	-	1,179	-	1,179	1,179	-
Wages, PAYE/NIC and Pension	320,431	-	320,431	-	320,431	320,431	-
Total	780,935	-	780,935	-	780,935	780,935	
Total expenses (excl VAT)	2,793,037	379,839	3,172,877	Uncertain	Uncertain	Uncertain	

* Subcontractors - We continue to use the services of one former employee who provides support assisting with asset realisations and various other matters on a subcontractor basis. Whilst their assistance may be required in the short term, it remains uncertain what level further assistance will be required to assist with the collection of the remaining debtors.

** Legal Fees and expenses - Due to the uncertainty over the level of the future debtor recoveries, the associated costs of the solicitors which is partially contingent on the level of recoveries achieved, means that their future costs for assisting with the debtor recovery is uncertain.

As detailed in our progress reports, the Company has been indemnified by Group in respect of certain legal and subcontractor costs. Group has confirmed that we can utilise the funding which it provided at the outset of the administration to cover the net loss suffered on Trading Contract 1. The receipts and payments account at Appendix A does not currently reflect the reallocation of Group's funding to cover the losses incurred on Trading Contract 1, this will be updated in our next report.

Appendix C: Remuneration update

Following our remuneration report dated 18 December 2019 being issued, a copy of which can be found on our website at www.pwc.co.uk/ddai, our fees were approved on a time costs basis by the secured and preferential Creditors. To date we have not drawn any fees.

Since our appointment we have incurred time cost of £874,659 to 11 January 2020, of which £140,645 was incurred in the six months to 11 January 2020. The level of the time costs incurred does not necessarily reflect how much we will eventually draw as fees for this period.

We set out later in this Appendix details of our work to date, anticipated future work, disbursements, subcontracted work and payments to associates.

Our hours and average rates

As this is our first report following the approval of our fees, we have set out below a summary of our time costs incurred in the prior period to 11 July 2019 as well as the six months to 11 January 2020.

Period 12 July 2018 to 11 July 2019

Category of Work	Hours						Total hours	Time cost £	Average hourly rate £
	Partner	Director	Senior Manager	Manager	Senior Associates	Associates / Other			
Assets	12.00	40.00	39.10	102.15	80.75	2.00	276.00	105,553.75	382
Creditors	-	20.85	9.25	26.60	74.85	12.20	143.75	42,379.75	295
Employees & Pensions	-	13.30	31.40	82.60	190.60	22.25	340.15	108,245.75	318
Statutory & Compliance	32.00	35.50	35.15	91.95	116.60	3.80	315.00	120,706.25	383
Trading	6.50	59.60	131.30	140.70	345.75	82.58	766.43	241,620.15	315
Administration	2.50	4.90	4.95	40.35	34.75	1.00	88.45	30,509.25	345
Tax & VAT	0.50	1.15	14.55	69.00	27.90	87.70	200.80	84,999.70	423
Total	53.50	175.30	265.70	553.35	871.20	211.53	2,130.58	734,014.60	345

Period 12 July 2019 to 11 January 2020

Category of Work	Hours						Total hours	Time cost £	Average hourly rate £
	Partner	Director	Senior Manager	Manager	Senior Associates	Associates / Other			
Assets	1.00	3.75	-	41.45	2.85	-	49.05	20,592.00	420
Creditors	-	2.15	3.50	9.55	8.60	2.95	26.75	9,626.75	360
Employees & Pensions	-	-	0.20	-	-	-	0.20	168.00	840
Statutory & Compliance	12.25	10.50	5.55	44.75	34.00	1.20	108.25	46,347.00	428
Trading	-	2.00	0.20	4.25	14.40	5.30	26.15	8,319.25	318
Administration	2.75	14.25	0.45	30.15	17.90	2.40	67.90	28,743.75	423
Tax & VAT	0.25	1.75	2.40	15.00	32.55	2.00	53.95	26,848.00	498
Total	16.25	34.40	12.30	145.15	110.30	13.85	332.25	140,644.75	423

Comparison of our total costs to 11 January 2020 with our fee estimate

Category of work	Hours	Fees estimate (£)	Average hourly rate (£/hour)	Hours incurred to 11 January 2020	Time costs incurred to 11 January 2020 (£)	Average hourly rate for time costs incurred to 20 January 2020 (£/hour)	Estimated remaining hours	Estimated remaining timecosts (£)
Assets	401.51	152,266.03	379	325.05	126,145.75	388	76.46	26,120.28
Creditors	310.75	88,613.84	285	170.50	52,006.50	305	140.25	36,607.34
Employees & Pensions	381.15	133,190.75	349	340.35	108,413.75	319	40.80	24,777.00
Trading	807.54	255,357.33	316	792.58	249,939.40	315	14.96	5,417.93
Statutory & Compliance	520.70	185,673.85	357	423.25	167,053.25	395	97.45	18,620.60
Tax & VAT	275.90	122,586.20	444	254.75	111,847.70	439	21.15	10,738.50
Administration	191.21	64,344.93	337	156.35	59,253.00	379	34.86	5,091.93
Total hours and fees estimate	2,888.77	1,002,032.93	347	2,462.83	874,659.35	355	425.94	127,373.58

Our time charging policy and hourly rates

We and our team charge our time for the work we need to do in the administration. We delegate tasks to suitable grades of staff, taking into account their experience and any specialist knowledge that is needed and we supervise them properly to maximise the cost effectiveness of the work done. Anything complex or important matters of exceptional responsibility are handled by our senior staff or us.

All of our staff who work on the administration (including our cashiers, support and secretarial staff) charge time directly to the case and are included in any analysis of time charged. Each grade of staff has an hourly charge out rate which is reviewed from time to time. Work carried out by our cashiers, support and secretarial staff is charged for separately and isn't included in the hourly rates charged by partners or other staff members. Time is charged in six minute units. The minimum time chargeable is three minutes (i.e. 0.05 units). We don't charge general or overhead costs.

Specialist departments with our firm, such as Tax, VAT, Property and Pensions are also used where their expert advice and services are required. Such specialist rates do vary but the figures below provide an indication of the maximum rate per hour for the grades of our staff who already or who are likely to work on the administration.

Grade	Insolvency Staff Up to 30 June 2019 £	Insolvency Staff From 1 July 2019 £	Specialist Staff Up to 30 June 2019 £	Specialist Staff From 1 July 2019 £
Partner	640	690	1,315	1,385
Director	540	595	1,210	1,275
Senior Manager	465	515	1,230	975
Manager	365	405	735	710
Senior Associate - Qualified	275	310	545	520
Senior Associate - Unqualified	200	230	355	330
Associate	180	210	270	230
Support Staff	95	120	160	120

In common with many professional firms, our scale rates may rise to cover annual inflationary cost increases.

Payments to associates

We have not made any payments to associates during the period covered by this report.

Our work in the period

Earlier in this section we have included an analysis of the time spent by the various grades of staff. Whilst this is not an exhaustive list, in the following table we provide more detail on the key areas of work:

Area of work	Work undertaken	Why the work was necessary	What, if any, financial benefit the work provided to creditors OR whether it was required by statute
Assets	<ul style="list-style-type: none"> • Corresponding with debtors • Regular reviews and assessments of debtor ledgers • Liaising with the Company's former employees, subcontractors, quantity surveyors who assist with debtor collection process/ledger • Liaising with solicitors and specialist advisors • Seeking consensual settlement to recover debts & liaising with solicitors regarding any potential litigation action • Considering settlement offers, and revising collection strategies in light of debtor responses/counter offers 	<ul style="list-style-type: none"> • To maximise recoveries for the administration 	<ul style="list-style-type: none"> • Maximise realisations for creditors
Creditors	<ul style="list-style-type: none"> • Receiving and following up creditor enquiries via telephone, email and post • Reviewing and preparing correspondence to creditors and their representatives • Receipting and filing proofs of debt on our creditor managements systems • Providing information to creditor insurers regarding confirmation of debt enquiries • Preparing regular reports to secured creditor and the key stakeholder • Responding to secured creditors' and key stakeholder queries and providing ad hoc updates • Corresponding with employees regarding dividend prospects • Preparing, issuing and receiving employee preferential claim agreement forms • Receiving and assessing subrogated preferential claim for arrears of wages • Corresponding with the RPS regarding its claim • Issuing Notice of intended dividend to preferential creditors 	<ul style="list-style-type: none"> • To keep creditors informed of the progress of the Administration 	<ul style="list-style-type: none"> • Statutory requirement
Employees & Pensions	<ul style="list-style-type: none"> • Receiving and following up employee enquiries via telephone, post and email 	<ul style="list-style-type: none"> • To discharge our duties as Administrators in 	<ul style="list-style-type: none"> • Statutory requirement

		respect of employees	
Statutory & Compliance	<ul style="list-style-type: none"> Monthly assessment of time costs against budget Preparing documents and information for the purpose of obtaining approval of fees, Category 2 disbursements and other matters in the administration Conducting case reviews every six months Preparing and issuing the six monthly progress reports to creditors and the Registrar 	<ul style="list-style-type: none"> Statutory and regulatory requirement 	<ul style="list-style-type: none"> Required by statute
Trading	<ul style="list-style-type: none"> Requesting, authorising and processing of receipts and payments Regular bank reconciliations and management of the accounts account Final reconciliation of trading position and discussions around settlement of the trading 	<ul style="list-style-type: none"> To maximise recoveries for the administration 	<ul style="list-style-type: none"> Maximise realisations for creditors
Administration	<ul style="list-style-type: none"> Dealing with non-trading receipts, payments and journals Liaising with the Company's retained sub-contractor regarding reconciliation of funds swept from pre and post appointment bank account Carrying out bank reconciliations and managing investment of funds Corresponding with the bank regarding specific transfers Liaising with the pre-appointment bank to facilitate transfer of funds received into the Company's former bank accounts Monitoring progress against key strategy and adjusting strategy where necessary Holding team meetings not relating to trading and discussions regarding status of administration Revising fee budgets and monitoring costs Monitoring progression of the administration against key targets for areas of the administration, such as key assets realisations, dealing with lease/landlord, dealing with key claims, employee matters and statutory requirements 	<ul style="list-style-type: none"> Proper and efficient accounting for administration funds. To enable the proper functioning of the Company's administration bank account. To establish the level of funds available to creditors To ensure orderly management and progression of the case in a cost effective manner 	<ul style="list-style-type: none"> Statutory requirements and ensures good stewardship of estate funds To efficiently plan for the extension and closure of the case
Tax & VAT	<ul style="list-style-type: none"> Considering Senior Accounting Officer obligations and submission of certificates to HMRC Commencing the preparation of tax computations and returns for post appointment periods Carrying out VAT reviews and subsequent enquiries 	<ul style="list-style-type: none"> To ensure compliance with statutory tax & VAT obligations to HMRC 	<ul style="list-style-type: none"> Submission of VAT and Tax returns are statutory duties

- Ongoing completion of VAT returns
- Preparing and submitting subsequent post-appointment VAT returns on a quarterly basis
- Considering VAT bad debt relief claims to HMRC

Our previous work

As this progress report is the first to be issued following the approval of the basis of our fees, below are details of things done by the administrators in previous period to 11 July 2019. Whilst this is not an exhaustive list, in the following table we provide more detail on the key areas of work:

Area of work	Work undertaken	Why the work was necessary	What, if any, financial benefit the work provided to creditors OR whether it was required by statute
Assets	<ul style="list-style-type: none"> • Attending the Company's trading site and head office • Liaising with landlord, suppliers and other key stakeholders • Checking monthly rental invoices and authorising of payments • Negotiating the surrender of leasehold property • Issuing informal surrender letter to landlord upon vacation • Identifying and securing all Company' assets • Securing all sites • Liaising with utility suppliers and providing initial and final meter readings to bill for period of occupation • Initial review of 3 debtor portfolios of c £11m across approx. 90 debtors • Constructing debtor recovery strategy and commencing engagement of external parties to assist and drive the asset recovery strategy • Corresponding with debtors • Regular reviews and assessments of debtor ledgers • Liaising with the Company's former employees, subcontractors, quantity surveyors who assist with debtor collection process/ledger • Liaising with solicitors and specialist advisors • Seeking consensual settlement to recover debts and liaising with solicitors regarding any potential litigation action • Considering settlement offers, and revising collection strategies in light of debtor responses/counter offers • Conducting stock takes • Reviewing stock and equipment 	<ul style="list-style-type: none"> • To maximise recoveries for the administration • To minimise unsecured claims 	<ul style="list-style-type: none"> • Maximise realisations for creditors • Stops and minimises accruing creditor claims against the Company

	<ul style="list-style-type: none"> values • Reviewing leasing documents relating to third party assets • Liaising with purchasers and lease companies • Collecting cash in hand • Liaising with local authority regarding business rates • Liaising with valuers, auctioneers and interested parties • Liaising with employees to arrange collection of vehicles • Identifying potential issues requiring the attention of insurance specialists • Reviewing insurance policies • Corresponding with the insurer regarding initial and ongoing insurance requirements • Negotiations with brokers to reinstate pre appointment specialist insurance cover • Dealing with numerous pre appointment insurance claims • Quarterly review of insurance requirements and premium payment • Negotiating potential settlements and making payments to satisfy valid claims • Assessing any value within policies 		
Creditors	<ul style="list-style-type: none"> • Setting up and maintaining a dedicated website for delivery of initial and ongoing communications and reports • Receiving and following up numerous creditor enquiries via telephone, email and post • Reviewing and preparing correspondence to creditors and their representatives • Receipting and filing proofs of debt on our creditor managements systems • Providing information to creditor insurers regarding confirmation of debt enquiries • Notifying secured creditors of appointment • Preparing regular reports to secured creditor and the key stakeholder • Responding to secured creditors' and key stakeholder queries and providing ad hoc updates • Corresponding with employees regarding dividend prospects • Preparing correspondence to potential creditors inviting lodgement of proof of debt 	<ul style="list-style-type: none"> • To keep creditors informed of the progress of the Administration 	<ul style="list-style-type: none"> • Statutory requirement
Employees & Pensions	<ul style="list-style-type: none"> • Drafting, issuing and attending site to deliver initial 	<ul style="list-style-type: none"> • To discharge our duties as 	<ul style="list-style-type: none"> • Statutory requirement

	<p>communications and announcements</p> <ul style="list-style-type: none"> • Notifying all staff of our appointment • Preparing letters to employees advising them of their entitlements and options available • Appointing employee representatives and holding regular meetings • Receiving and following up employee enquiries via telephone, post and email • Completing final payroll reconciliations • Liaising with the RPS and external agencies • Attending conference calls and face to face meetings with all employees individually to confirm redundancy position • Reviewing insurance policies • Issuing statutory notices • Liaising with providers to submit claims to the RPS • Assessing the Trustee position of a scheme and responding to the various queries 	<p>Administrators in respect of employees</p> <ul style="list-style-type: none"> • Ensures efficient management of employee matters and claims 	
Statutory & Compliance	<ul style="list-style-type: none"> • Setting up internal case files and systems • Preparing and issuing all necessary initial letters and notices regarding the administration and our appointment • Requesting SoA from the Directors • Discussing and agreeing and extension of time for submission • Responding to queries regarding the SoA • Reviewing SoA upon submission and filing it with the Registrar • Drafting and reviewing a statement of proposals to creditors including preparing receipts and payments accounts and statutory information • Discussions with key stakeholders regarding our draft proposals • Circulating notice of the proposals to creditors, members and the Registrar of Companies • Preparing and issuing notice of approval of administrators' proposals to creditors and registrar • Preparing and issuing six monthly progress report to creditors and registrar • Drafting initial budget and revising forecasts • Making request to secured and preferential creditors for the 	<ul style="list-style-type: none"> • Statutory and regulatory requirement 	<ul style="list-style-type: none"> • Statutory requirement

	extension of the administration and filing relevant notices • Collecting and reviewing Company's books and records where related to investigatory work • Dealing with records in storage • Reviewing directors' questionnaires • Preparing investigation file and lodging findings with the Department for Business, Innovation and Skills • Collecting company books and records where not related to investigatory work • Filing of documents • Updating checklists and internal diary management system • Maintenance of case records		
Trading	• Negotiating with key customers to agree ongoing terms of trade • Implementing the necessary processes and controls for operating during the administration, including purchase ordering process (approval and payment), payroll, expenses, insurance etc • Liaising with key suppliers to negotiate terms of ongoing trading support • Provision of undertakings to secure future supply • Setting up new accounts, closing old accounts for debtors and agreeing with the bank mechanisms for ongoing sweeps of cash from the old account to the new administration account when customers continued to process payments into the old account • Establishing post appointment cash collection and cash reporting processes • Negotiating the terms of the indemnity and novation agreement • Liaising with employee specialists to oversee communications, and regular review of employment strategy • Discussions regarding the transfer of employees to a third party Company under TUPE regulations • Reviewing employee files and Company's books and records • Reviewing payroll and liaising with Company staff and payroll bureaus as appropriate • Calculating and paying periodic payroll • Deducting and paying over PAYE/NIC to HMRC and other	• To maximise recoveries for the administration • To minimise unsecured claims	• Maximise realisations for creditors • Stops and minimises accruing creditor claims against the Company

	deductions to relevant agencies and third parties		
	<ul style="list-style-type: none"> • Requesting, authorising and processing of receipts and payments in relation to the trading period. Transactions primarily comprised cash and debtor balance recovering, any payments in respect of rent, rates, utilities and other trading costs (including payroll) • Regular bank reconciliations and management of the accounts 		
Administration	<ul style="list-style-type: none"> • Opening and closing bank accounts and arranging facilities • Dealing with receipts, payments and journals • Liaising with the Company's retained subcontractor regarding reconciliation of funds swept from pre and post appointment bank account • Carrying out bank reconciliations and managing investment of funds • Corresponding with the bank regarding specific transfers • Liaising with the pre-appointment bank to facilitate transfer of funds received into the Company's former bank accounts • Setting the key strategy for the administration; monitoring progress against this and adjusting strategy where necessary • Holding team meetings not relating to trading and discussions regarding status of administration • Preparing fee budgets and monitoring costs • Monitoring progression of the administration against key targets for areas of the administration, such as key assets realisations, dealing with lease/landlord, dealing with key claims, employee matters and statutory requirements. 	<ul style="list-style-type: none"> • Proper and efficient accounting for administration funds. • To enable the proper functioning of the Company's administration bank account. • To establish the level of funds available to creditors • To ensure orderly management and progression of the case in a cost effective manner 	<ul style="list-style-type: none"> • Statutory requirements and ensures good stewardship of estate funds • To efficiently plan for the extension and closure of the case
Tax & VAT	<ul style="list-style-type: none"> • Preparation and submission of tax computations and returns for pre appointment periods • Calculating and negotiating the sale of pre appointment tax losses • Carrying out VAT reviews and subsequent enquiries • Ongoing completion of VAT returns • Preparing and submitting subsequent post-appointment VAT returns on a quarterly basis 	<ul style="list-style-type: none"> • To ensure compliance with statutory tax & VAT obligations to HMRC 	<ul style="list-style-type: none"> • Submission of VAT and Tax returns are statutory duties

Our future work

We still need to do the following work to achieve the purpose of administration.

Area of work	Work undertaken	Estimated cost £	What, if any, financial benefit the work provided to creditors OR whether it was required by statute
Assets	<ul style="list-style-type: none"> • Corresponding with debtors • Regular reviews and assessments of debtor ledgers • Liaising with the Company's former employees, subcontractors, quantity surveyors who assist with debtor collection process/ledger • Liaising with solicitors and specialist advisors • Seeking consensual settlement to recover debts & liaising with solicitors regarding any potential litigation action • Considering settlement offers, and revising collection strategies in light of debtor responses/counter offers • Negotiating potential settlements and making payments to satisfy valid claims 	<ul style="list-style-type: none"> • £26,120 	<ul style="list-style-type: none"> • Ensures efficient case progression • Maximise realisations for creditors
Creditors	<ul style="list-style-type: none"> • Responding to secured creditor queries • Making distributions to secured creditor in accordance with security entitlements • Complete adjudication of preferential creditor claims • Liaising with creditors regarding their unsecured claims and dividend prospects • Dealing with proofs of debt for dividend purposes • Adjudicating claims, including requesting further information from claimants • Preparing correspondence to claimant advising outcome of adjudication • Advertising intention to declare dividend • Calculating prescribed part value, dividend rate and preparing dividend file • Preparing and paying distribution • Ensuring PAYE/NIC is deducted and remitted to HMRC • Dealing with unclaimed dividends 	<ul style="list-style-type: none"> • £36,607 	<ul style="list-style-type: none"> • To ensure creditors are provided with the necessary information
Employees & Pensions	<ul style="list-style-type: none"> • Claims agreement process • Pay distribution to preferential creditors • Issuing ceasing to act notices to pensions schemes 	<ul style="list-style-type: none"> • £24,777 	<ul style="list-style-type: none"> • Update secured creditors and keep them informed of case progression • Preparation of return of funds to creditors

Statutory & Compliance	<ul style="list-style-type: none"> • Prepare and issue periodic progress reports to creditors and registrar • Preparing closure document including the final progress report and filing the notice of move to dissolution with the Registrar • Maintenance of the website and uploading creditor updates • Closure of internal systems and databases • Sending job files to storage 	• £18,621	<ul style="list-style-type: none"> • To comply with statutory requirements
Trading	<ul style="list-style-type: none"> • To reallocate Group's funding to cover the losses incurred on Trading Contract 1. • To update our receipts and payments account to reflect the above reallocation 	• £5,417	<ul style="list-style-type: none"> • Ensures efficient case progression • Required by statute or regulation
Administration	<ul style="list-style-type: none"> • Dealing with receipts, payments and journals • Carrying out bank reconciliations • Closure of the bank account • Holding internal meetings to discuss the ongoing progress of the case • Review of time costs against fees estimate • Planning for the most efficient route for closure • Obtaining clearances from third parties • Completing checklists and diary management system • Issuing statutory notices on ceasing to act • Closing down internal systems 	• £5,092	<ul style="list-style-type: none"> • Statutory requirements and ensures good stewardship of estate funds • To ensure orderly management and progression of the case in a cost effective manner
Tax & VAT	<ul style="list-style-type: none"> • Preparation and submission of tax computations and returns for pre appointment periods • Preparation and submission of tax computations and returns for post appointment periods • Preparation and submission of post appointment VAT returns on a quarterly basis • Liaising with HMRC • Seeking tax clearance prior to ceasing to act • Preparing and submitting VAT bad debt relief claims • Liaising with HMRC • Deregistering for VAT purposes and seeking clearance prior to closure 	• £10,739	<ul style="list-style-type: none"> • To comply with statutory requirements

Disbursements

We don't need to get approval to draw expenses or disbursements unless they are for shared or allocated services provided by our own firm, including room hire, document storage, photocopying, communication facilities. These types of expenses are called "Category 2" disbursements and they must be directly incurred on the case, subject to a reasonable method of calculation and allocation and approved by the same party who approves our fees.

Our expenses policy allows for all properly incurred expenses to be recharged to the administration and has been approved by the secured and preferential creditors where required. The following disbursements arose in the period of this report.

Category		Costs incurred £
1	Postage	15.34
1	Courier	182.47
1	Insurance	221.26
1	Taxi Fare	10.01
1	Train	381.00
	Total	810.08

Our relationships

We have no business or personal relationships with the parties who approve our fees or who provide services to the administration where the relationship could give rise to a conflict of interest.

Details of subcontracted work

Assistance with the following work, which we or our staff would normally do, has been done by a subcontractor:

- Debt collection activities;
- VAT and tax calculations; and
- Unsecured claim verification.

A former director, has been retained on a sub-contractor basis to assist with the above.

Legal and other professional firms

We've instructed the following professionals on this case:

Service provided	Name of firm / organisation	Reason selected	Basis of fees
Legal advice, including: · General advice on the administration appointment · General adhoc advice · Application for permission to distribute · Debtor balances recoveries	Eversheds Sutherland (International) LLP	Insolvency knowledge/insolvency expertise	Time costs & disbursements
Asset realisation, including: · Debtor balance recoveries	Hill Dickinson LLP	Industry expertise	Time costs & disbursements Contingent fee
Insurance advice, including: · Review initial insurance requirements · Insurance premiums, including Insurance Premium tax · Liaising with pre appointment brokers regarding any potential insurance claims · Storage of Company books and records	JLT	Insolvency knowledge/insolvency expertise	Fixed premium
	Iron Mountain Ltd	Insolvency experience	Fixed fee per unit
Statutory advertising, including: · notice of appointment and Notice of Intended dividend	EPE Reynell	Insolvency knowledge/insolvency expertise	Fixed fee per advertisement
Agents · Valuation services- stock and equipment	Hilco Global	Industry expertise	Fixed fee
Quantity Surveyor · Provider of professional services related to Quantity Surveyor valuation and progression S Wilde- CAD services of debtor balances	Moorlands Associates Limited Maitland QS Ltd	Industry expertise	Fixed fee

We require all third party professionals to submit time costs analyses and narrative or a schedule of realisations achieved (as appropriate) in support of invoices rendered which will be reviewed by us prior to approval and payment. In reviewing the appropriateness of professional costs, we consider:

- comparison with upfront budgets;
- review of time costs analysis;
- review of disbursements claimed; and
- ongoing dialogue with regards to the work being performed.

Appendix D: Pre-administration costs

Following our remuneration report dated 18 December 2019 being issued, a copy of which can be found on our website at www.pwc.co.uk/ddai, the following unpaid costs incurred before our appointment with a view to the Company going into administration were approved for payment by the secured creditor and preferential creditors on 6 January 2020. These costs will be drawn in due course..

Nature of costs	Amount paid (net)(£)	Unpaid amount (net) (£)	Total paid and Unpaid (£)	Payment made by
Our fees as Administrators- in -waiting	70,642	26,539	97,181	the Group
Expenses incurred by the Administrators- in- waiting	-	-	-	n/a
Fees charged by other persons qualified to act as an insolvency practitioner	-	-	-	n/a
Expenses incurred by other persons qualified to act as an insolvency practitioner	-	-	-	n/a
Total	70,642	26,539	97,181*	

Appendix E: Other information

Court details for the administration:	High Court of Justice, Business and Property Courts in Manchester, Insolvency & Companies List (ChD), 2642 of 2018
Company's registered name:	Dimension Data Advanced Infrastructure Limited
Trading name:	As above
Registered number:	01827185
Registered address:	Central Square, 8th Floor, 29 Wellington Street, Leeds, LS1 4DL
Date of the joint administrators' appointment:	12 July 2018
Joint administrators' names, addresses and contact details:	<p>Peter David Dickens, PwC, 1 Hardman Square, Manchester, M3 3EB (from 12 July 2018)</p> <p>Toby Scott Underwood, PwC, Central Square, 29 Wellington Street, Leeds, LS1 4DL (from 10 May 2019)</p> <p>Lyn Leon Vardy, PwC, Central Square, 29 Wellington Street, Leeds, LS1 4DL (from 12 July 2018 to 10 May 2019)</p> <p>Contact: Sara Myers on 0113 289 4566.</p>
Extension(s) to the initial period of appointment:	12 month extension approved by secured and preferential creditors to 11 July 2020