

AM23

Notice of move from administration to dissolution



Companies House

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

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 Court details

Court name IN THE HIGH COURT OF JUSTICE, BUSINESS AND PROPERTY
COURTS IN MANCHESTER

Court number 2 6 4 2 O F 2 0 1 8

3 Administrator's name

Full forename(s) JANE

Surname STEER

4 Administrator's address

Building name/number CENTRAL SQUARE

Street 29 WELLINGTON STREET

Post town LEEDS

County/Region WEST YORKSHIRE

Postcode L S 1 4 D L

Country UNITED KINGDOM

AM23

Notice of move from administration to dissolution

5

Administrator's name ①

Full forename(s)

PETER DAVID

Surname

DICKENS

① Other administrator

Use this section to tell us about another administrator.

6

Administrator's address ②

Building name/number

1

Street

HARDMAN SQUARE

Post town

MANCHESTER

County/Region

Postcode

M

3

3

E

B

Country

UNITED KINGDOM

② Other administrator

Use this section to tell us about another administrator.

7

Final progress report



I have attached a copy of the final progress report

8

Sign and date

Administrator's
signature

Signature

X



X

Signature date

^d2^d9^m0^m6^y2^y0^y2^y2

**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**

CENTRAL SQUARE

Address **29 WELLINGTON STREET**

Post town **LEEDS**

County/Region **WEST YORKSHIRE**

Postcode

L	S	1			4	D	L
---	---	---	--	--	---	---	---

Country **UNITED KINGDOM**

DX

Telephone **0113 289 4000**

**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' final progress report from 12 July 2018 to 29 June 2022

Dimension Data Advanced Infrastructure Limited

(in administration)

In the High Court of Justice

Business and Property Courts in Manchester

Insolvency and Companies List (ChD)

Case no. 2642 of 2018

12 July 2018

Table of contents

Abbreviations and definitions	2
Key messages	3
Overview of our work	4
Appendix A: Summary of our proposals	10
Appendix B: Receipts and payments	12
Appendix C: Expenses	14
Appendix D: Remuneration update	16
Appendix E: Pre-administration costs	20
Appendix F: Other information	21

This report has been prepared by Peter David Dickens and Jane Steer as Joint Administrators of Dimension Data Advanced Infrastructure Limited, solely to comply with the Joint Administrators' 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 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 Joint 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 Joint Administrators' previous reports issued to the Company's creditors, which can be found at www.pwc.co.uk/ddai

Peter David Dickens and Jane Steer 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. ated investment business.

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 Jane Steer, both of PwC
Firm/PwC	PricewaterhouseCoopers LLP
IR16	Insolvency (England and Wales) Rules 2016
IA86	Insolvency Act 1986
Sch.B1 IA86	Schedule B1 to the Insolvency Act 1986
the Bank	HSBC Bank plc, secured creditor
Group	Members of the NTT Limited group
DDNS	Dimension Data Network Services Limited
Proposals	Our proposals to creditors dated 5 September 2018 and deemed approved on 17 September 2018
Hill Dickinson	Hill Dickinson LLP
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
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
SIP	Statement of Insolvency Practice. SIPs are issued to insolvency practitioners under procedures agreed between the insolvency regulatory authorities. SIPs set out principles and key compliance standards with which insolvency practitioners are required to comply.
SIP 2	Statement of Insolvency Practice 2: Investigations by office holders in administration and insolvent liquidations
SIP 9	Statement of Insolvency Practice 9: Remuneration of insolvency office holders
SIP 13	Statement of Insolvency Practice 13: Disposal of assets to connected parties in an insolvency process
TUPE	Transfer of Undertakings (Protection of Employment) Regulations 2006
Unsecured creditors	Creditors who are neither secured nor preferential
WIP	Work in progress (e.g. unbilled work on contracts that had been undertaken before the date of administration)

Key messages

Why we've sent you this report

We're pleased to let you know that our work in the administration of the Company is now complete and so, we set out below our final report.

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 have received

The following table summarises the final outcome for creditors.

Class of creditor	Current estimate (p in £)	Previous estimate (p in £)
Secured creditors	c 2.9 (paid)	c 2.9 (paid)
Preferential creditors	100 (paid)	100 (paid)
Unsecured creditors	14.2 (paid)	14.2 (paid)

Secured creditors

The debt due to the secured creditor totalled c£17m and was subject to a Net Overdraft Facility which other members of the Group were jointly and severally liable.

It was anticipated that the secured creditor may only recover a proportion of its debt and during the administration two distributions totalling £502k were made to the Bank under the terms of its floating charge security.

Preferential creditors

A first and final dividend of 100p in the £ was declared to the preferential creditors on 27 March 2020 and paid shortly thereafter. One unclaimed dividend has been paid over to the Insolvency Services unclaimed dividend account.

Unsecured creditors

The directors' Statement of Affairs indicated that the Company had 175 unsecured trade creditors with claims totalling c.£3m. In total we received 164 unsecured claims (including employees) totalling c.£5.2m, which included a number of claims from creditors who were not listed on the Statement of Affairs. Of the received claims, 156 claims totalling c£3.7m were admitted for dividend purposes and 8 claims totalling c.£1.5m were rejected.

The funds available for distribution to unsecured creditors from the prescribed part were the statutory maximum of £600k. After deducting our costs for dealing with the prescribed part of £70k, a first and final prescribed part dividend of 14.2 pence in the £ was declared on 23 November 2021, with the payments to the admitted unsecured creditors being issued shortly thereafter. All unclaimed dividends have been paid over to the Insolvency Services unclaimed dividend account.

What you need to do

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

What happens next

The administration ends on 29 June 2022. In line with our proposals deemed approved by creditors on 17 September 2018, we will file notice of move from administration to dissolution. The Company will be dissolved three months after the notice has been registered by the Registrar of Companies. There being no further assets to realise or funds available for distribution to creditors this was considered the most appropriate way to bring the administration of the Company to an end. As resolved by the secured and preferential creditors we will be discharged from liability in respect of any of our actions as joint administrators when our appointment ceases to have effect.

Overview of our work

Why we were appointed

The background to the business, and circumstances leading to our appointment were included in our proposals. A brief summary is as follows:

The Company's principal activity consisted of designing, implementing and maintaining network infrastructure and IT hardware systems, and employed 67 people at the point of our appointment. The Company was a member of the wider Group. We were only appointed over the Company itself. None of the other UK Group companies were subject to insolvency proceedings and the closure of the Company did not impact Dimension Data Group's core business of systems integration and IT managed services for hybrid IT in the UK, Europe or globally.

The Company had been unprofitable for a period of time, with the last published audited accounts (year ended 30 September 2016) reporting a loss of £5,009,747. The principal reasons for the significant losses were:

- a challenging construction industry characterised by low margins and high competition; and
- the Company having entered into a number of build division contracts which subsequently suffered delays, disputes and generated significant losses.

In the 12 months prior to appointment, the Company had started to operationally wind down the build division of the business, procuring no new work and rather only completing previously committed projects.

The board of the Company were unable to secure any further funding for the business and as a result, on 10 July 2018, the decision was made to place it into administration, and the administrators were appointed on 12 July 2018.

What we've done during the administration

Set out below is a brief summary of the matters we dealt with in the administration.

Trading

Following the appointment we agreed to trade two contracts within the managed services division.

Traded Contract 1 - This contract represented a significant proportion of the managed services division revenue. The contract with the customer formed part of a multi-vendor agreement, to which certain members of the Dimension Data Group were party. The Company engaged over 25 employees in relation to this contract.

The contract was novated to another Group company on 8 October 2018, at which point we ceased to operate the contract. On the same date, the administrators facilitated the transfer of 25 direct employees to the Group company under TUPE regulations.

The Group indemnified the Company against any risk that trading the contract would adversely impact the creditors of the Company. As this contract traded at a loss during the post administration period, we called on the indemnity Group provided to the administrators to cover the net loss suffered on the contract, the receipts and payments account at Appendix A reflects the reallocation of Group's funding to cover those trading losses

Traded Contract 2 - A second customer requested that we provide interim support until an alternative provider for the services was sourced.

This was agreed by us on the basis that the pre-appointment debtor balance owing was paid in full and an agreement was put in place that the customer covered all post-appointment costs incurred by the Company in continuing to trade the contract. Following the cessation of the interim support provided in respect of Contract 2 the pre appointment debtor balances due and post appointment trading costs were recovered in full.

Funding

On appointment there were no available funds in the administration as a result of the HSBC account being in a significantly overdrawn position. As Group retained an economic interest in the administration it provided a funding agreement which:

- Provided the administration with Day 1 funding to execute its recovery strategy. Initial funding totalled £1,939,868.83, and later a further £150,000, both of which were to be repaid from realisations in the administration as an expense of the administration should sufficient realisation be achieved; and
- Providing a guarantee that should the costs of the post administration recovery strategy exceed the actual recoveries achieved, Group would fund the shortfall.

The funding was utilised in full during the administration.

Debtor recoveries

The primary source of recovery in the administration was expected to be through the realisations of the billed debtor ledger and the conversion, billing and realisation of the work in progress ledger.

At the commencement of the administration the Company had a debtor book balance of c.£8m, split across over 90 customers. This comprised invoiced debt, contractual retentions and unbilled WIP, which were we split into three categories:

Category 1 debts

Category 1 debts related to the managed services and small works projects (work largely carried out and invoiced against a purchase order). During the administration category 1 debts totalling c.£1.4m were recovered.

Category 2 and 3 debts

Category 2 debts related to build contracts in material dispute with customer (pre dating administration) and Category Category 3 debt related to other build contracts (the majority of these projects having completed and entered retention periods prior to administration).

The recovery of these debts involved complex contractual negotiations and a large investment of time from ourselves, former employees, our solicitors (Hill Dickinson), specialist subcontractors and quantity surveyors. Due to the complicated nature of the majority of these disputes, and the outcome of pursuing contractual disputed debts being inherently uncertain, where possible consensual settlements were sought. Where settlements were not possible, prior to any legal action being taken, cost benefit assessments were undertaken to ensure no loss would be suffered by the estate pursuing the recovery of those debts. Category 2 & 3 debtor recoveries totalled c.£818k plus VAT.

During the administration a conclusion was reached in relation to a Category 2 debt, for which there was a significant counter claim from the customer. The conclusion of this claim was that a net payment was made by the estate to the customer. The payment was covered by the Group indemnity and as such there was no adverse impact to the estate's creditors as a result of this settlement.

Sale of tax losses

The Company's pre-appointment tax losses incurred by the Company to 11 July 2018 were surrendered to the wider Group. The consideration paid for the surrender of the losses was determined by the shortfall under the prescribed part i.e. the Group agreed that it would top up the prescribed part to the maximum £600k. This resulted in the unsecured creditors recovering the maximum possible in the administration (given that any amount over and above this would be paid to the secured creditor who had debts outstanding well in excess of the expected realisations from the administration). The amount ultimately topped up under this agreement was £471k, and this was settled via us setting this amount off against the amount due under the funding agreement. Further details on the set off agreement are included below.

Agreeing mechanism for the distribution of funds to the secured creditor

Following completion of the matters included in this section, it was calculated that surplus funds of £502k would become available for distribution to the secured creditor under the terms of its floating charge.

The debt due to the secured creditor was subject to a Net Overdraft Facility which other members of the Group were jointly and severally liable. As a result of this joint and several liability, on appointment, the Bank agreed to hold funds from Group of a value sufficient to discharge its debt in full. These funds were to be held until such time as the distribution from the Company in administration had been completed and the Bank's ultimate shortfall could be determined. The final shortfall would determine the amount to be released from the funds held to the Group.

In light of the Group funds held by the Bank, any funds distribution made by the Company to the Bank would ultimately be returned to the Group by the Bank.

To avoid the circular flow of funds (Group paying the prescribed part top up, the Company making a distribution to the Bank, the Bank discharging its shortfall from the Group funds and returning funds equivalent to the distribution to Group) a set off agreement was agreed. Under the terms of the agreement, the tax loss sale consideration of £471k was deemed to have been received from Group and a corresponding distribution for the same amount paid to the Bank, with the Bank being entitled to receive the funds for the distribution from the Group funds it held.

Realisation of other assets

Stock and Equipment

We engaged a third party on a contingent basis to assist us in disposing of assets held by the Company. This included items on the Company's warehouse and items on customer sites. This resulted in assets realised to a value of c£94k.

Other Debtors

We recovered pre-appointment sundry debts, loans and refunds due to the Company totalling £321k.

Fixtures and Fittings

All fixtures & fittings were abandoned when the Company vacated the Runcorn office site on 19 December 2018, after attempts to sell back to the landlord and at auction were unsuccessful.

Third party and leased assets

At the date of our appointment, the Company held a number of leased assets including vehicles and IT equipment. Immediately on appointment, we began the process of identifying which assets were leased and which parties held a legal or valid economic interest in these assets.

A number of leased assets were required for a period of time in the administration, such as accounting software and company vans, and we provided commitments to pay the ongoing costs of those assets required post administration for the benefit of continued trading. All leased assets were repatriated to lessors as the assets became surplus to requirements.

Third Party Funds

We received c.£188k, which related to debtor monies payable to a Group company, Following our enquiries these funds were released to the relevant Group company.

Pre-appointment insurance matters

Our insurance brokers dealt with various pre-appointment insurance claims for the estate, which resulted in the settlement of an insurance claim for £2.5k being received. The remaining claims were claims against the estate,

which would not result in any recoveries to the estate, and our insurance brokers have confirmed that all pre-appointment insurance claims are now closed.

Employees

On the date of appointment, the Company employed 67 members of staff employed across a head office and multiple client-site locations. We initially retained all employees to assist with an orderly wind down of the Company's operations and to ensure key projects could still be delivered in the short term to protect contractual value and debtor balances due to the Company, whilst strategy to maximise recoveries was finalised

37 employees have been made redundant, 27 TUPE transferred to another Group company, and three resigned. We retained the services of one former employee who provided support assisting with asset realisations and the wind down process as a subcontractor. Following the completion of the asset realisations and final distributions to creditors, no further work was required by the former employee.

Connected party transactions

In accordance with SIP 13, we are required to disclose any known connected party transactions that occurred in the period following our appointment, or any proposed connected party transactions. During the administration the following connected party transactions were disclosed in our previous reports:-

- Funding and indemnities were provided by Group companies to enable the administration to execute the recovery strategy;
- We transferred two employees to DDNS, a connected company within the wider Group network. The transfer took place on 24 July 2018 under TUPE regulations. The transfer occurred as a result of DDNS sub-contracting certain work to the Company pre administration. The Company employed the services of these two employees in completing this work. This work has continued to be performed by DDNS post administration and as such the employees have transferred to DDNS under TUPE regulations;
- On 8 October 2018, we transferred a further 25 employees to DDNS. The transfer took place on 8 October 2018 under TUPE regulations. The transfer occurred as a result of the novation of the contract referred to above as "Contract 1" on 8 October 2018;
- We sold the Company's remaining IT equipment and testers during the reporting period to DDNS, a connected party within the wider Group network. Our agents valued these assets at £29k on a piecemeal basis. Following discussions with both our agents and DDNS, we agreed to sell the equipment for £30k plus VAT and these funds were paid into the administration account; and
- £471k was determined as being due from Dimension Data Holdings Limited, a Group company, in consideration for the surrender of the Company's pre-appointment tax losses to the wider Group. The tax losses could not be sold to a third party and the level of consideration (determined by the shortfall under the prescribed part) was deemed appropriate, as any realisation over and above that amount would only reduce the shortfall due to the secured creditor, which will ultimately be paid by Group under the cross guarantee position.

Statutory and compliance matters

During the administration we complied with our statutory duties as administrators and dealing with the Company's tax and VAT affairs. We also continue to deal with any other incidental tasks associated with achieving the purpose of the administration.

Progress since our previous progress report

No further realisations were made since our last report and we've now completed all remaining matters relating to the administration.

Approval of our proposals

We issued to creditors our proposals dated 5 September 2018 for achieving the purpose of administration.

We said in our proposals that we thought the Company does not have enough assets to pay a dividend to unsecured creditors other than from the prescribed part.

This meant that we did not have to seek a decision from creditors regarding the approval of proposals and our proposals would be treated as approved if creditors did not request a decision in the required manner. As creditors did not request a decision be sought, our proposals were treated as approved on 17 September 2018.

We attach a summary of our proposals at Appendix A.

Investigations and actions

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

Our final receipts and payments account

We set out in Appendix B an account of our final receipts and payments in the administration from 12 July 2018 to 29 June 2022

Our expenses

We set out in Appendix C a statement of the final expenses that we incurred to the date covered by this report.

Our fees

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

Pre-administration costs

You can find in Appendix E 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 IR16. This information can also be found in the guide to fees at:

<https://www.icaew.com/-/media/corporate/files/technical/insolvency/creditors-guides/2021/administration-creditor-fee-guide-1-april-2021.ashx?la=en>

You can also get a copy free of charge by telephoning Sara Myers on 0113 289 4566 or by emailing sara.myers@pwc.com

Yours faithfully
For and on behalf of the Company



Jane Steer
Joint administrator

Appendices

Appendix A: Summary of our proposals

Pursuing objective 3(1)(b) of Sch B1 IA86, i.e. 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).

Our principal objective is to achieve the best possible outcome for creditors, typically achieved by maximising the value of the Company's assets and minimising costs and claims against the Company. In this case, we concluded that the best realisations for creditors would be achieved by allowing the business to operate under our supervision for a short period whilst we:

- Consider third party interest in the Company's trade and assets;
- Investigate the Company's rights in relation to selling or novating any contracts for value;
- Liaise with customers to ascertain whether continuing to operate contracts to completion and/ or a point where contracts could be passed to a new provider would be in the best interests of creditors (via preserving a debtor balance and/or generating a profit in the post administration period); and
- Develop and implement a strategy to bill and collect pre appointment debtor balances owed.
- In the absence of any sale of business/assets we will eventually wind down business. We do not consider that a sale of the business is likely

We consider the primary source of recovery in the administration will be through the realisation of the billed debtor ledger and the conversion, billing and realisation of the WIP ledger.

On appointment there were no available funds in the administration as a result of the HSBC account being in a significantly overdrawn position. Given the Group essentially retain economic interest in administration, it has signed up to a funding agreement which involved:

- Providing the administration with Day 1 funding to execute its recovery strategy. Initial funding totalled £1,939,868.83, together with a further £150,000 and is intended to be repaid from realisations in the administration as an expense of the administration; and
- Providing a guarantee that should the costs of the post administration recovery strategy exceed the actual recoveries achieved, Group will fund the shortfall.

Secured creditors - we anticipate the secured creditor will recover a proportion of their debt.

Preferential creditors - we anticipate that preferential creditors will be paid their claims in full.

Unsecured Creditors - we think that there may be sufficient funds to pay a small dividend to unsecured creditors by way only of the prescribed part

Our exit route will depend on the outcome of the administration. At the moment we think that the most likely exit routes are as follows:

- We do not think there will be a dividend for unsecured creditors aside from the prescribed part. Assuming that is the case, once we have paid any prescribed part dividend and finished our other work, we will file a notice with the Registrar of Companies and the Company will be dissolved three months later. However, if we think that there are matters that should be investigated in a liquidation rather than in the administration because, for example, the costs of extending the administration would outweigh the benefit to creditors, we may instead apply for a court order ending the administration and for the Company to be wound up.
- We think there will be a dividend for unsecured creditors from the prescribed part. However we do not currently envisage there to be any surplus funds once the prescribed part has been distributed. In the unlikely event that there are any surplus funds, we will apply to the Court for permission to pay any surplus funds to unsecured creditors. If this is granted, we will end the administration by filing a notice with the Registrar of Companies and the Company will be dissolved three months later. If we don't get permission we will put the Company into creditors' voluntary liquidation, or comply with the terms of any court order if different. If the Company goes into creditors' voluntary liquidation, we propose that Lyn Vardy and Peter Dickens are appointed as joint liquidators and that any act required or authorised to be done by the joint liquidators can be done by either or of them. Creditors may, before these proposals are approved, nominate a different person or persons as liquidator(s), in accordance with paragraph 83(7)(a) Sch B1 IA86 and rule 3.60(6) IR16.

We propose that our fees be based on the time we and our staff spend on the case at our normal charge out rates for this type of work. We also propose that disbursements for services provided by our firm (defined as Category 2 disbursements in SIP 9) are charged as per our firm's policy. If the creditors choose to call a meeting of creditors and appoint a creditors committee, it will be up to the creditors' committee to fix the basis of our fees and Category 2 disbursements. If there is no committee, because we've said we think the Company doesn't have enough assets to pay anything to unsecured creditors other than via the prescribed part, we will ask the secured creditor and

preferential creditors to do so instead. If creditors or the committee do not fix the basis of our fees and Category 2 disbursements, we may apply to the court to fix them no later than 18 months after the date of our appointment. Prior to requesting approval for the basis of our fees, we will circulate a remuneration report to the creditors giving further information on the estimated costs of administration and giving details of our time charging and disbursements policies.

We will be discharged from liability in respect of any of our actions as Administrators at a time set by the secured and preferential creditors or at a time set by the court.

Appendix B: Receipts and payments

Non trading account

Statement of Affairs	Notes	12 July 2018 to 11 January 2022	12 January 2022 to 29 June 2022	12 July 2018 to 29 June 2022
£		£	£	£
<u>Floating Charge Receipts</u>				
21,000 Fixed Assets	1	-	-	-
75,000 Stock		93,961.00	-	93,961.00
190 Cash in hand		204.84	-	204.84
Bank interest		21,431.61	6.72	21,438.33
Group Funding		1,997,330.71	-	1,997,330.71
Uncertain Trade debtors		2,223,715.61	-	2,223,715.61
45,000 Other debtors		321,158.32	-	321,158.32
Insurance settlement		2,500.00	-	2,500.00
Sale of tax losses	2	470,732.00	-	470,732.00
Third Party Funds	3	187,966.82	-	187,966.82
141,190 Total Floating Charge Receipts		5,319,000.91	6.72	5,319,007.63
<u>Floating Charge Payments</u>				
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		16,771.71	-	16,771.71
Duress/Settlement payments		952,140.77	-	952,140.77
Repairs & Maintenance		7,387.57	-	7,387.57
General overheads		23,406.88	-	23,406.88
Agents fees & expenses		3,972.06	-	3,972.06
Legal fees & expenses		1,192,112.78	-	1,192,112.78
Group Funding		17,560.00	-	17,560.00
Postal redirection		169.21	-	169.21
Storage		28,598.71	-	28,598.71
Statutory Advertising		162.00	-	162.00
Corporation tax		2,036.59	-	2,036.59
Office holder's - Pre-Appointment Costs		26,539.00	-	26,539.00
Office holder's remuneration		848,461.00	95,676.11	944,137.11
Office holder's disbursements	-	-	36,946.00	36,946.00
Wages & Salaries, PAYE/NIC & Pension Deductions		500,747.31	-	500,747.31
Employee/Subcontractor Costs & Expenses		270,654.27	-	270,654.27
Finance/ Bank interest & Charges		331.69	40.19	371.88
Property/Asset expenses		115.22	-	115.22
Third Party Funds	3	187,966.82	-	187,966.82
Total Floating Charge Payments		4,128,623.42	132,662.30	4,261,285.72
<u>Distributions</u>				
Secured Creditor - c2.9p in the £	2	502,073.00	-	502,073.00
Preferential Creditors - 100 p in the £	4	90,988.12	-	90,988.12
Unsecured Creditors - 14.2 p in the £	5	530,000.00	-	530,000.00
Total Distributions		1,123,061.12	-	1,123,061.12
VAT Control Account		27,609.61	37,729.60	65,339.21
Total net floating charge realisations		94,925.98	(94,925.98)	-
Total Net Floating Charge Realisations		94,925.98	(94,925.98)	-
Total Net Trading Position		-	-	-
Cash at Bank	6	94,925.98	(94,925.98)	-

Trading account

Notes	12 July 2018 to 11 January 2022 £	12 January 2022 to 29 June 2022 £	12 July 2018 to 29 June 2022 £
Receipts			
Trade debtors	394,058.86	-	394,058.86
Third Party- Contribution to Trading Costs	82,988.83	-	82,988.83
Group Funding	297,344.12	-	297,344.12
Total Trading Receipts	774,391.81	-	774,391.81
Payments			
Subcontractors	11,597.17	-	11,597.17
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	9,905.63	-	9,905.63
Duress payments	216,537.68	-	216,537.68
Repairs & Maintenance	367.70	-	367.70
General overhead	1,354.63	-	1,354.63
Legal fees & expenses	9,857.75	-	9,857.75
Property/Asset expenses	24.36	-	24.36
Wages & Salaries, PAYE/NIC & Pension Deductions	320,431.21	-	320,431.21
Employee/Subcontractor Costs & Expenses	185,138.94	-	185,138.94
Total Trading Payments	774,391.81	-	774,391.81
VAT Control Account	-	-	-
Total Net Trading Position	-	-	-

Notes to non-trading and trading account

1. There are no fixed assets with a realisable value (i.e. leasehold property, fixtures and fittings).
2. To avoid the circular flow of funds (Group paying the consideration due for the tax losses, the Company making a distribution to the Bank, the Bank discharging its remaining debt from Group funds it held and returning funds equivalent to the distribution to Group) a set off agreement was agreed. Under the terms of the agreement, the sales consideration of £471k was deemed to have been received from Group and a corresponding distribution for the same amount paid to the Bank. A further cash distribution of £31k was paid from the administration.
3. Third party funds relate to funds received into the administration account due to another Group company
4. 100p in the £ dividend was declared to the preferential creditors on 27 March 2020 and paid shortly thereafter
5. 14.2p in the £ dividend was declared to the unsecured creditors on 23 November 2021 and paid shortly thereafter. The Administrators costs for dealing with the prescribed part of £70k are included in the office holder's remuneration.
6. Funds were held in the joint administrators non-interest bearing bank account.
7. The receipts and payments account shows the amounts paid in the period and the total to date. There have been no payments made to us, our firm, or our associates other than from the insolvent estate as shown in the receipts and payments account provided above.

Appendix C: Expenses

Expenses are amounts properly payable by us as administrators, but excludes our fees and distributions to creditors. These include disbursements which are expenses met by and reimbursed to an office holder in connection with an insolvency appointment.

Expenses fall into two categories:

Expense	SIP 9 definition
Category 1	Payments to persons providing the service to which the expense relates who are not an associate of the office holder.
Category 2	Payments to our firm or our associates or which have an element of shared costs (for example, photocopying and mileage disbursements, or costs shared between different insolvent estates).

We don't need approval from creditors to draw Category 1 expenses as these have all been provided by third parties but we do need approval to draw Category 2 expenses. The body of creditors which approves our fees (in this case the secured and preferential creditors) also has the responsibility for agreeing the policies for payment of Category 2 expenses.

The following table provides a breakdown of the Category 2 expenses that have been incurred by us as administrators or our associates, together with details of the Category 1 expenses that have been incurred by PwC and recharged to the case, during the administration.

Category	Costs incurred by	Policy	Costs incurred £
2	PwC	Photocopying - up to 10 pence per side copied, only charged for circulars to creditors and other bulk copying.	67
2	PwC	Mileage - At a maximum of 71 pence per mile (up to 2,000cc) or 93 pence per mile (over 2,000cc)	1,847
1	PWC	Postage	1,075
1	PWC	Storage of Company records	31,051
1	PWC	Travel, accommodation and subsistence	1,718
1	PWC	Courier	958
1	PWC	Legal Fees	221
1	PWC	Bonding	10
			36,946

The expense policy set out above has been approved by the secured and preferential creditors.

The table below provides details of the expenses incurred in the administration and 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.

<i>Nature of expense</i>	<i>Expenses incurred to 11 January 2022 (£)</i>	<i>Expenses incurred in the period (£)</i>	<i>Expenses incurred to 29 June 2022 (£)</i>	<i>Initial Estimate (£)</i>	<i>Variance (£)</i>
Non trading expenses					
Property expenses	54,997	-	54,997	59,997	(5,000)
Motor & travel expenses	1,995	-	1,995	1,995	-
Insurance	16,772	-	16,772	26,438	(9,666)
Duress/Settlement payment (Note 1)	952,141	-	952,141	27,141	925,000
Subcontractors	270,155	-	270,155	Uncertain	-
Agents fees & expenses	3,972	-	3,972	3,972	-
Legal fees & expenses	1,253,037	-	1,253,037	Uncertain	-
Statutory advertising	162	-	162	225	(63)
General overheads	23,406	-	23,406	27,982	(4,576)
Wages, PAYE/NIC and Pension	500,747	-	500,747	500,747	-
Bank charges	333	40	373	540	(167)
Corporation Tax	2,037	-	2,037	-	2,037
Office holder's time costs (Note 2)	1,305,052	45,667	1,350,719	1,002,033	348,686
Office holder's expenses	7,001	-	7,001	Uncertain	-
Pre administration costs	26,539	-	26,539	26,539	-
Storage costs	58,545	-	58,545	21,547	36,998
Postal redirection	169	-	169	169	-
Total	4,477,060	45,707	4,522,767	Uncertain	
Trading expenses					
Property expenses	9,158	-	9,158	9,158	-
Motor & travel expenses	10,410	-	10,410	10,410	-
Insurance	9,906	-	9,906	240	9,666
Duress payment	216,538	-	216,538	216,538	-
Subcontractors	196,736	-	196,736	193,120	3,616
Legal fees & expenses	9,858	-	9,858	9,858	-
General overheads	1,355	-	1,355	1,179	176
Wages, PAYE/NIC and Pension	320,431	-	320,431	320,431	-
Total (Note 3)	774,392	-	774,392	760,934	13,458
Total expenses (excl VAT)	5,251,452	45,707	5,297,159	Uncertain	

Notes

1 - Duress/Settlement payment - The variance as against initial estimate arises from a cost of settlement which was covered by the indemnity/funding provided by Group, with no net impact on the administration estate.

2 - Office holders' time costs - Due to the additional costs dealing with various aspects of the administration our time costs have exceeded our fee estimate. However, we did not seek further approval from the fee approving body to draw fees above the fee estimate, and the fees drawn did not exceed the amount approved by creditors on 6 January 2020 following issuance of our remuneration report on 18 December 2019.

3 - Trading expenses - The Company has been indemnified by Group in respect of certain legal and subcontractor costs and Group. The receipts and payments account at Appendix A reflects the reallocation of Group's funding to cover the losses incurred on the trading contract.

Appendix D: Remuneration update

Our fees were approved on a time costs basis by the secured and preferential creditors. In line with the approval given, during the administration we have drawn total fees of £944,137 plus VAT on account of our time costs incurred

Since our appointment we have incurred time costs of £1,350,719 to 31 May 2022, of which £45,667 was incurred in the period 12 January 2022 to 31 May 2022. The level of time costs incurred does not reflect how much we have drawn as fees during the administration.

Our time costs have exceeded our fees estimate set out in our remuneration report dated 18 December 2019, due to the additional costs dealing with various aspects of the administration whilst we continued to progress the realisation of the debt collection and other assets; these additional costs have included the statutory and compliance matters, the unsecured claims agreement work and the additional costs incurred liaising with key stakeholders in relation to the strategy for the administration. Whilst our time costs exceeded our fees estimate, we did not seek further approval from the fee approving body to draw fees above the initial fee estimate of £1,002,033.

We set out in the table below an analysis of time incurred in the period and a comparison with our initial fees estimate. We set out later in this Appendix details of our work, disbursements, subcontracted work and payments to associates.

Our hours and average rates

Period 12 January 2022 to 31 May 2022

Category of Work	Hours						Total hours	Time cost £	Average hourly rate £
	Partner	Director	Senior Manager	Manager	Senior Associates	Associates / Other			
Creditors	-	-	0.30	0.50	12.90	5.80	19.50	7,423.00	381
Statutory & Compliance	9.50	-	3.35	21.85	7.75	0.10	42.55	25,564.50	601
Administration	0.50	-	2.25	2.40	11.80	6.20	23.15	10,191.75	440
Tax & VAT	-	-	0.40	2.30	0.05	2.80	5.55	2,487.75	448
Total	10.00	-	6.30	27.05	32.50	14.90	90.75	45,667.00	503

Comparison of our total costs to 31 May 2022 with our fee estimate

Category of work	FEE ESTIMATE			ACTUAL TO 31 MAY 2022				
	Hours	Fees estimate (£k)	Average hourly rate (£/hour)	Hours incurred	Time costs incurred (£)	Average hourly rate (£/hour)	Variance Hours	ance Time cost:
Assets	402	152,266	379	436	181,613	417	(34)	(29,347)
Creditors	311	88,614	285	474	157,385	332	(164)	(68,771)
Employees & Pensions	381	133,191	349	341	108,865	319	40	24,326
Trading	808	255,357	316	793	249,939	315	15	5,418
Statutory & Compliance	521	185,674	357	651	284,665	438	(130)	(98,991)
Administration	191	64,345	337	416	168,472	405	(225)	(104,127)
Tax & VAT	276	122,586	444	439	199,780	455	(163)	(77,194)
Total	2,889	1,002,033	347	3,550	1,350,719	381	(661)	(348,685)

As mentioned above, whilst our time costs exceeded our fee estimate we did not seek further approval from the fee approving body to draw fees above the fee estimate.

Our time charging policy and hourly rates

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

All of our staff who worked on the administration (including our cashiers, support and secretarial staff) charged time directly to the case and were 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 was charged for separately and isn't included in the hourly rates charged by partners or other staff members. Time has been charged in six minute units. The minimum time chargeable is three minutes (i.e. 0.05 units). We didn't charge general or overhead costs.

We set out below the maximum charge-out rates per hour for the grades of our staff who worked on the administration.

Grade	Insolvency Staff	Specialist Staff	
	From 1 July 2021 £	From 1 September 2020 £	From 1 July 2021 £
Partner	875	1,600	1,680
Director	740	1,465	1,540
Senior Manager	625	1,355	1,425
Manager	525	815	860
Senior Associate	425	605	640
Associate	280	325	345
Support Staff	130	230	190

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

Payments to associates

No payments have been made to associates or any party who could reasonably be perceived as an associate during the period of this report. Relevant parties have been chosen due to their specific area of expertise or technical knowledge and payments to those parties based on standard commercial terms.

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

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

- Debt collection activities; and
- VAT and tax calculations.

A former director was retained on a sub-contractor basis to assist with the above. Their fees are based on time costs and disbursements, which are reviewed by us prior to approval and payment. As all realisations have now been completed and the distribution made to creditors, no further work will be required from the former employee.

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
Creditors	<ul style="list-style-type: none"> • Liaising with creditors regarding any queries they had in relation to the distributions or administration • Dealing with re-issued dividend payments • Dealing with unclaimed dividends 	<ul style="list-style-type: none"> • To keep creditors informed of the progress of the Administration 	<ul style="list-style-type: none"> • Statutory requirement
Statutory and compliance	<ul style="list-style-type: none"> • Conducting case reviews every six months • Preparing and issuing the six monthly progress reports to creditors and the Registrar • Updating checklists and internal diary management system • Preparing closure document including the final progress report and filing the notice of move to dissolution with the Registrar • Issuing ceasing to act notices to pensions schemes 	<ul style="list-style-type: none"> • Statutory and regulatory requirement 	<ul style="list-style-type: none"> • Required by statute
Administration	<ul style="list-style-type: none"> • Carrying out bank reconciliations and managing investment of funds • Closing the bank accounts • Obtaining clearances from third parties • Completing checklists and diary management system • Closing down internal systems 	<ul style="list-style-type: none"> • Proper and efficient accounting for administration funds • Closure of the administration bank accounts • 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 final VAT submission. • Preparation and submission of VAT426 to reclaim outstanding VAT due to Company • Completing assignment of final VAT reclaim 	<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

Legal and other professional firms

We instructed the following professionals on this case:

Service provided	Name of firm / organisation	Reason selected	Basis of fees
Legal services: - General advice on the administration - Extension application	Eversheds Sutherland (International) LLP	Industry knowledge/insolvency expertise	Time costs & disbursements
Legal services: - Debtor recoveries	Hill Dickinson LLP	Industry expertise	Time costs & disbursements
Insurance advice; - Review initial insurance requirements - Insurance premiums, including Insurance Premium tax - Liaising with pre appointment brokers regarding any potential insurance claims	Marsh Limited (previously JLT)	Insolvency knowledge/insolvency expertise	Contingent fee Fixed premium
Storage of Company books and records	Iron Mountain Ltd	Industry experience	Fixed fee per unit
Statutory advertising: - Notice of appointment and Notice of Intended dividends	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 of debtor balances - Valuation services - stock and equipment	Moorlands Associates Limited S Wilde- CAD services Maitland QS Ltd	Industry expertise	Fixed fee

We required 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:

- Compare costs incurred with upfront budgets;
- Request and review time costs analysis;
- Review of disbursements claimed; and
- Engage in ongoing dialogue with regards to the work being performed.

Appendix E: Pre-administration costs

The following costs incurred before our appointment with a view to the Company going into administration were approved for payment by the secured and preferential creditors on 6 January 2020. During the administration we drew fees of £26,539 plus VAT in settlement of the outstanding pre-appointment costs.

Nature of costs	Amount paid (net) (£)	Payment made by
Our fees as Administrators- in -waiting	70,642	the Group
	26,539	Company in administration
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	97,181	*

*As detailed in our Proposals dated 5 September 2018 and subsequent remuneration report dated 18 December 2019, from our initial agreement in June 2018 up to the date of our appointment, we incurred time costs of £135,842 and agreed to apply a discount to our hourly rate to reduce the amount payable to £97,181.

Appendix F: Other information

Court details for the administration:	High Court of Justice, Business and Property Courts in Manchester, Insolvency and 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>Jane Steer, PwC, Central Square, 29 Wellington Street, Leeds, LS1 4DL (from 30 November 2021)</p> <p>Toby Scott Underwood, PwC, Central Square, 29 Wellington Street, Leeds, LS1 4DL (from 10 May 2019 to 30 November 2021)</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>
Extensions to the initial period of appointment:	<p>12 month extension to 11 July 2020 - approved by secured and preferential creditors</p> <p>12 month extension to 11 July 2021 - approved by the Court</p> <p>12 month extension to 11 July 2022 - approved by the Court</p>