

AM10

Notice of administrator's progress report



Companies House

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1 Company details

Company number 03919682

Company name in full PRZ REALISATIONS LIMITED

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

2 Administrator's name

Full forename(s) MATTHEW BOYD

Surname CALLAGHAN

3 Administrator's address

Building name/number 200 ALDERSGATE

Street ALDERSGATE STREET

Post town LONDON

County/Region GREATER LONDON

Postcode EC1A 4HD

Country UNITED KINGDOM

4 Administrator's name ①

Full forename(s) ANDREW

Surname JOHNSON

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

5 Administrator's address ②

Building name/number 200 ALDERSGATE

Street ALDERSGATE STREET

Post town LONDON

County/Region GREATER LONDON

Postcode EC1A 4HD

Country UNITED KINGDOM

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

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Period of progress report


From date	<div><div>d</div><div>1</div></div>	<div><div>d</div><div>0</div></div>	<div><div>m</div><div>0</div></div>	<div><div>m</div><div>2</div></div>	<div><div>y</div><div>2</div></div>	<div><div>y</div><div>0</div></div>	<div><div>y</div><div>2</div></div>	<div><div>y</div><div>1</div></div>	
To date	<div><div>d</div><div>0</div></div>	<div><div>d</div><div>9</div></div>	<div><div>m</div><div>0</div></div>	<div><div>m</div><div>8</div></div>	<div><div>y</div><div>2</div></div>	<div><div>y</div><div>0</div></div>	<div><div>y</div><div>2</div></div>	<div><div>y</div><div>1</div></div>	

7

Progress report

☒ I attach a copy of the progress report**8**

Sign and date

Administrator's signature	Signature X 	X							
Signature date	<div><div>d</div><div>0</div></div>	<div><div>d</div><div>9</div></div>	<div><div>m</div><div>0</div></div>	<div><div>m</div><div>9</div></div>	<div><div>y</div><div>2</div></div>	<div><div>y</div><div>0</div></div>	<div><div>y</div><div>2</div></div>	<div><div>y</div><div>1</div></div>	

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Notice of administrator's progress report



Presenter information

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Contact name Tom Hatfull

Company name FTI Consulting

Address 200 Aldersgate

Aldersgate Street

Post town London

County/Region Greater London

Postcode E C 1 A 4 H D

Country United Kingdom

DX

Telephone



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- ☐ You have attached the required documents.
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Continuation page

Name and address of insolvency practitioner

✓ **What this form is for**
Use this continuation page to tell us about another insolvency practitioner where more than 2 are already jointly appointed. Attach this to the relevant form. ❶
Use extra copies to tell us of additional insolvency practitioners.

✗ **What this form is NOT for**
You can't use this continuation page to tell us about an appointment, resignation, removal or vacation of office.

→ **Filling in this form**
Please complete in typescript or in bold black capitals.
All fields are mandatory unless specified or indicated by *

1 Appointment type

Tick to show the nature of the appointment:

- ☒ Administrator
- ☐ Administrative receiver
- ☐ Receiver
- ☐ Manager
- ☐ Nominee
- ☐ Supervisor
- ☐ Liquidator
- ☐ Provisional liquidator

❶ You can use this continuation page with the following forms:
- VAM1, VAM2, VAM3, VAM4, VAM6, VAM7
- CVA1, CVA3, CVA4
- AM02, AM03, AM04, AM05, AM06, AM07, AM08, AM09, AM10, AM12, AM13, AM14, AM19, AM20, AM21, AM22, AM23, AM24, AM25
- REC1, REC2, REC3
- LIQ02, LIQ03, LIQ05, LIQ13, LIQ14,
- WU07, WU15
- COM1, COM2, COM3, COM4
- NDISC

2 Insolvency practitioner's name

Full forename(s)

ALI

Surname

KHAKI

3 Insolvency practitioner's address

Building name/number 200 ALDERSGATE

Street ALDERSGATE STREET

Post town LONDON

County/Region GREATER LONDON

Postcode E C 1 A 4 H D

Country UNITED KINGDOM

JOINT ADMINISTRATORS' REPORT FOR THE PERIOD 10 FEBRUARY 2021 TO 9 AUGUST 2021

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Glossary

Abbreviation / Term	Meaning / Definition
Act / IA86	Insolvency Act 1986 (as amended)
Administration	The Administration of Prezzo Holdings Limited and Prezzo Limited (together “the Group” or “the Companies”)
ASA	Asset Sale Agreement
Appointment date	10 February 2021
BEIS	Department for Business, Energy and Industrial Strategy
Joint Administrators / Administrators / we / our / us	Matthew Callaghan, Andrew Johnson and Ali Khaki
c	Approximately
CDDA	Company Directors Disqualification Act 1986
CI	Cain International LP
CT	Corporation Tax
EBITDA	Earnings Before Interest, Taxes, Depreciation, Amortization
FTI / FTI UK	FTI Consulting LLP
HMRC	HM Revenue & Customs
LTO	Licence to occupy leasehold premises, granted to the Purchaser for initial periods of between one and six months whilst new leases or lease assignments were negotiated
Lucid	Lucid Agency and Trustee Services Limited, the security agent for the Secured Creditors
PAYE	Pay-as-you-earn tax
Preferential Creditors	<p>First ranking: Principally employee claims for unpaid wages (maximum £800 per employee), holiday pay and certain unpaid pension contributions</p> <p>Second ranking: HMRC in respect of certain specified debts, including unpaid VAT and PAYE / NIC</p>
Prescribed Part	Amount set aside for Unsecured Creditors from floating charge net realisations in accordance with Section 176A of the Act
PHL	Prezzo Holdings Limited

Abbreviation / Term	Meaning / Definition
PL	Prezzo Limited
Proposals	The Joint Administrators' proposals, dated 25 February 2021
Purchaser	Prezzo Trading Limited
RPS	Redundancy Payments Service, part of the Insolvency Service (an executive agency of BEIS)
Rules / IR16	Insolvency (England and Wales) Rules 2016 (as amended)
Secured Creditors	A creditor with security in respect of its debt in accordance with Section 248 of the Act. The secured creditors of the Companies are CI and Warwick.
Secured Debt	Three facilities totalling c£57m with the majority of the debt provided by CI and c£1.0m provided by Warwick Capital Partners LLP.
Sch B1	Schedule B1 to the Act
SIP	Statement of Insolvency Practice. SIPs set principles and key compliance standards with which insolvency practitioners are required to comply. They apply in parallel to the prevailing statutory framework. SIPs are issued to insolvency practitioners under procedures agreed between the insolvency regulatory authorities, acting through the Joint Insolvency Committee.
SIP 2	Investigations by office holders in administration and insolvent liquidations
SIP 7	Presentation of financial information in insolvency proceedings
SIP 9	Remuneration of insolvency office holders
SIP 16	Pre-packaged sales in administration
Transaction	Pre-packaged sale of the Group's assets to the Purchaser, which is ultimately owned by CI, on 10 February 2021
TUPE	Transfer of Undertakings (Protection of Employment) Regulations 2006
Unsecured Creditors	All creditors without security or preferential status. Typically, this includes trade creditors, suppliers, customers, contractors and some employee claims.
Warwick	Warwick Capital Partners LLP in its capacity as a minority holder of Group secured debt totalling £1m.

1. Introduction

- 1.1 Matthew Boyd Callaghan, Andrew Johnson and Ali Khaki were appointed joint administrators' of the Companies on 10 February 2021 by the directors.
- 1.2 Pursuant to Rule 18.6 IR16, we are required to provide creditors with a report setting out what has happened in the Administrations during the six-month period since our appointment. This report covers the period from 10 February 2021 to 9 August 2021.
- 1.3 Full details of the statutory information relating to our appointments are set out in Appendix A.
- 1.4 During this period, we have undertaken work required to progress the Administrations, including but not limited to:
 - Completing the Transaction immediately following our appointment and providing post-transaction support to the Purchaser;
 - Completion of statutory CDDA investigations and reporting to BEIS;
 - Co-ordinating lease assignments, surrenders and new leases for properties under an LTO and ensuring the costs of ongoing liabilities (including monthly rent chargeable by landlords) are satisfied;
 - Dealing with external stakeholders and responding on various issues e.g. landlords, creditors and HM Revenue & Customs;
 - Realisation of residual assets not transferred as part of the ASA, including regular cash sweeps of residual balances held in pre-appointment accounts and business rates recoveries (with the support of specialist agents);
 - Accounting for Value Added Tax ("VAT") on a quarterly basis;
 - Liaising with the directors to receive the required Statements of Affairs for each of the entities and responding to related queries; and
 - Reviewing the possibility of submitting a business interruption claim regarding the loss of trading income suffered by PRZ Realisations Limited during the first national lockdown caused by Covid-19.
- 1.5 This report together with the appendices, contains information in relation to the activities undertaken, receipts and payments in the insolvency estates (Appendix B) and our costs in accordance with SIP 9 (Appendix C) for the Period.
- 1.6 Further details surrounding the Administrations of the Prezzo Group can be found in our Proposals dated 25 February 2021 and can be found online here:

<https://www.fticonsulting-emea.com/cip/prezzo-restaurants>
- 1.7 FTI uses personal information in order to fulfil the legal obligations of our Insolvency Practitioners under the Insolvency Act and other relevant legislation, and also to fulfil the legitimate interests of keeping creditors and others informed about the insolvency proceedings. The privacy and security of personal information is very important to us. You can find more information on how FTI uses your personal information at:

<https://www.fticonsulting-emea.com/~media/Files/emea--files/creditors-portal/cip-emea-forms-info/cip-data-privacy.pdf>
- 1.8 No Creditors' Committee has been formed in the administration of either of the Companies.
- 1.9 The estimated return to creditors is set out in Section 3 of this report.

2. Progress of the Administration

Pre-pack Sale of the Business and Assets

- 2.1 The background to the Companies' appointment of joint administrators and the pre-pack sale is set out in our Proposals and SIP 16 statement which should be read in conjunction with this report. A brief summary is given below.
- 2.2 The Group operated 178 restaurants under the Prezzo brand, employing 2,766 people across the UK. For reasons disclosed in the Proposals and our SIP 16 statement, the Companies were unable to avoid entering an insolvency process, however we reported that the majority of the Group's business and assets were sold to the Purchaser, a wholly owned subsidiary of Cain International LP, immediately following our appointment as joint administrators.
- 2.3 The Transaction minimised business disruption, ensuring continuity for the business and its suppliers and protected the majority of the Group's employees, with 2,553 jobs preserved. Unfortunately, 213 redundancies were necessary. Of the 178 Prezzo restaurants, 156 have continued to trade following the lifting of the national lockdown.
- 2.4 The total sale consideration was £5.04m and relates to assets held by PL only. The consideration was allocated between fixed and floating charge security as shown in Appendix B.
- 2.5 As previously disclosed, in respect of PHL and under the terms of the ASA, the Purchaser has acquired an option to buy any assets held by PHL (subject to certain exceptions) for aggregate consideration of £1. For the avoidance of doubt and based on information that has been made available to us, PHL holds no assets with realisable value.
- 2.6 The transfer of employees to the Purchaser significantly mitigated the value of first-ranking preferential claims against PL. The transaction also maximised value from floating charge assets (in excess of what would have been realised on a break-up basis). Together these are expected to produce a full return to creditors with first-ranking preferential status (employee-related debts), as well as a significant return to HMRC in relation to its second-ranking preferential claim.
- 2.7 As set out in the ASA dated 10 February 2021, the Purchaser continued to occupy PL's properties pursuant to the License to Occupy (LTO) agreements. The ongoing property-related costs rank as expenses of the Administration of PL, in accordance with Paragraph 99 Sch B1 and Rules 3.50 and 3.51 IR16. The Purchaser has given an indemnity (and provides regular funding in advance) for these costs.
- 2.8 To date, 108 lease assignments have completed, with the majority of remaining leases having agreed Heads of Terms to assign. Leases have been surrendered to their landlords at a small number of sites, where they had been vacated and keys returned. An extension to the LTO for an additional two months has been agreed in order to facilitate the assignment of the remaining leases.

Asset Realisations

Asset realisations from the pre-packaged sale were set out in our Proposals and SIP 16 statement. They are also shown in the enclosed receipts and payments account (Appendix B). Set out below are details of additional realisations during the Period and potential future realisations.

Business Rates

- 2.9 DWD LLP has been instructed to recover any historic business rates overpayments. All leases were held by PL so all business rates recoveries will be received by this entity. No business rate recoveries are anticipated for PHL.
- 2.10 Rate savings were expected to be available for the period 1 April 2017 to 27 September 2020. However, DWD LLP has indicated that the majority of potential savings will be for the period to 31 March 2020, as a result of the Expanded Retail Relief from business rates granted by the Government as a consequence of Covid-19.
- 2.11 To 9 August 2021, two recoveries have been made, totaling c.£25k. The timing and likelihood of any further business rates realisations remains unclear and consequently (once all other work has been completed) we will assess whether it may be beneficial for PL to remain in Administration to pursue these, given the associated costs of doing so.

Business Interruption Insurance Claim

- 2.12 We contacted the Companies' former insurance brokers regarding the possibility of a business interruption claim. However, the insurers have confirmed that in their view, the Companies do not have a valid claim.
- 2.13 We are continuing to review the position with the support of our legal advisors and will update creditors on the outcome in our next report.

Pre-Administration Bank Accounts

- 2.14 Since appointment, we have recovered £988k from regular bank sweeps of PL's pre-administration bank accounts, a significant proportion of which is properly due to the Purchaser. A summary is given below:
- **£159k** - balance of PL's pre-administration accounts as at 10 February 2021. This realisation is for the benefit of PL.
 - **£438k** - cash received into pre-administration accounts after 10 February 2021 properly due to PL. The majority of this consists of grant income received in respect of the period prior to the Administration. The remainder relates to sales made in the period immediately preceding the Administration.
 - **£390k** - cash received into pre-administration accounts after 10 February 2021 due (and subsequently transferred) to the Purchaser in respect of grant income from local authorities for the period during which the Purchaser has occupied the properties. It also includes receipts from Amex and Just Eat that were incorrectly paid to historic bank accounts but relate to the Purchaser's post-acquisition trading period.
- 2.15 Some amounts continue to flow into pre-administration accounts and consequently further minor recoveries are anticipated. We are in discussions with the Companies' former bankers and will request the accounts be closed once no further returns are anticipated into the pre-administration bank accounts.

British Gas Deposit

- 2.16 PL had lodged an £800k deposit with British Gas in relation to its electricity supply and the deposit was considered likely to be partially available upon an insolvency.
- 2.17 However, British Gas had a contractual right to set off the deposit against unpaid balances and termination fees estimated to be in the region of £626k and £46k. This would leave a potential net recovery of £125k having applied a small amount of both legal and office holder costs in respect of realising the asset.

- 2.18 On the basis of the above the purchaser paid £125k in the period for the benefit of the deposit following a novation of the British Gas contract.

Insurance Repayment

- 2.19 Insurance Policies were taken by PL in relation to property and business interruption, car insurance and employers and public liability, with each of these policies due to expire on 30 June 2021. As is common with insurance each of these amounts had been pre-paid at date of appointment for the period to 30 June 2021 for an amount totaling £156k.
- 2.20 These insurance contracts were successfully novated and the purchaser has paid 100p in the £ for the benefit of this ongoing cover, resulting to a benefit in the estate of the £156k detailed above.

Employees

- 2.21 When PL entered Administration, 213 of its employees were made redundant, being those located at sites not transferred to the Purchaser.
- 2.22 ERA Solutions, who specialise in employee matters for insolvent companies, were engaged to manage matters in relation to the redundancy of these employees and have specifically assisted with the following:
- Aiding employees with the submission of their relevant claims;
 - Corresponding and submitting claims to the Redundancy Payments Service; and
 - Dealing with queries in relation to the anticipated timing of payments.
- 2.23 Throughout the period, we have maintained a regular dialogue with ERA Solutions and have supported the resolution of employee queries as and when required.
- 2.24 We understand that 191 of the 213 employees made redundant have submitted a claim to the RPS. As such and given the period of time passed, we have requested confirmation of a final claim from the RPS. Once this is received we intend to give notice to PL's creditors of our intention to distribute a first and final dividend for first-ranking preferential creditors. We anticipate dividend payments being made prior to the end of December 2021.
- 2.25 Other than the 213 employee redundancies detailed above, all other employee contracts were novated to the Purchaser on 10 February 2021, as part of the Transaction and under TUPE.

Unsecured Creditor Queries

- 2.26 We have continued to deal with queries received from unsecured creditors. We have also provided reasonable assistance (as required by the ASA) in the novation of various pre-appointment supplier agreements to the Purchaser, where this service was required for the ongoing business.

Taxation

- 2.27 Following our appointment, CT, PAYE and VAT notifications were issued to HMRC.
- 2.28 The first VAT return for the period ended 30 June 2021 was submitted to HMRC in July 2021 and resulted in a significant payment falling due from PL as a consequence of income received from the Purchaser for amounts due under the LTO. The next return for the period ending 30 September 2021 is due for submission prior to the end of October 2021 for which we expect that there will be a significant receivable balance due from HMRC.

- 2.29 Pre-appointment CT returns for the periods ended 31 December 2019, 31 December 2020 and 9 February 2021 are currently being prepared and CT returns will be prepared and submitted to HMRC for subsequent periods as required. We have been working closely with the Purchaser (as custodians of the Companies' books and records) alongside our internal tax specialists to ensure that we have the relevant information to complete the outstanding CT returns. All the information required has now been provided by the Purchaser.
- 2.30 Given the transfer or redundancy of all employees immediately on appointment, no PAYE filings are required for the post-Administration period.
- 2.31 As LTOs were granted for leases that could not transfer prior to receiving landlord's consent, VAT options to tax were made on all leasehold property interests to minimise costs to PL in relation to VAT on rental charges from landlords. In addition, this mitigated any requirement to make VAT adjustments under the Capital Goods Scheme for historic capex or fit out works to properties.

Statutory Investigations

- 2.32 We have submitted information to the Department for Business, Energy and Industrial Strategy following our review into the conduct of the Companies' directors. The content of our investigatory findings is confidential, however based on the information reviewed we concluded that there were no recovery actions that could be pursued in respect of the conduct of the Companies' directors.
- 2.33 Our investigation work was performed in accordance with SIP 2 and included a review of:
- Questionnaires completed by the Companies' directors who held office in the three-year period prior to the Administrations;
 - The statements of affairs prepared by the directors;
 - Board Minutes in the 12 months leading up to appointment;
 - The Companies' financial information;
 - Correspondence from creditors who had been invited to bring any matters of concern to our attention; and
 - Consideration of knowledge and information obtained during the course of our work prior to the Administrations.

Other Work Undertaken

- 2.34 There is certain work that is required by insolvency legislation in connection with the Administrations that provides no direct financial benefit for the creditors. An overview of the key areas of work undertaken since appointment is provided at Appendix C.
- 2.35 As detailed in our Proposals, the directors were required to provide a statement of affairs for each of the Companies. The purpose of a statement of affairs is to set out the financial position of a company as at the date it entered administration. Both statements of affairs have been received from the directors' and have been filed with the Register of Companies. We provided some guidance on the completion of the statements, however this was limited and general in nature as it is only the responsibility of the directors to estimate the financial position of the Companies.
- 2.36 A significant amount of time has been spent in dealing with landlords and the Purchaser's staff in relation to the LTO, which has included the following:
- Invoicing to the Purchaser for the anticipated property expenses to be incurred in the following month;
 - Regular payment runs on invoices received from landlords for rental and other property-based arrears in the preceding period;
 - Reviewing (with support from our legal advisors) lease assignment documents agreed by the landlord and Purchaser to ensure that any risk for PL is mitigated;
 - Providing credit notes where assignments have been agreed and a balance is due back to the Purchaser;

- Agreeing and arranging a two-month extension of the LTO and liaising with our legal advisors in relation to this;
- Discussing with the Purchaser the current position regarding LTO funds held by us; and
- Where the Purchaser has taken the decision that they are no longer seeking an assignment of a particular leasehold, we have confirmed to the landlord that there is no remaining interest in the property and therefore offered a surrender of the lease.

Remaining Steps

2.37 The remaining steps that need to be taken before concluding the Administrations, as summarized below:

- Co-ordinate remaining lease assignments (or surrender and new leases) for properties under an LTO and ensure that the costs of ongoing lease liabilities are met in the meantime;
- Distribute realisations to creditors in accordance with any relevant statutory provisions; in the circumstances of this case, it is only anticipated that preferential creditor distributions will be available;
- Agree a further extension of the LTO, should it be required;
- Resolve and finalise any CT/VAT issues, including submission of appropriate post-appointment returns;
- Continue to pursue recoveries in relation to both business rates and the business interruption insurance claim (if possible); and
- Progress any other matters required to bring the Administrations to conclusion and for the Companies to be dissolved in an orderly manner.

Exit Route and Extensions

- 2.38 In accordance with the provisions of the Act, the Administrations will automatically expire one year after their commencement, unless an extension is granted by the court or with the consent of creditors.
- 2.39 On current information and considering the current rate of lease assignments, we expect to be able to complete the Administrations within this one year period. However, should this not be possible due to delays in completing assignments (or for any other reason), we will seek an extension to the period of the Administrations at the appropriate time.
- 2.40 The Administrations are most likely to end by the filing of a notice of dissolution with the Registrar of Companies. The Companies will then automatically be dissolved by the Registrar of Companies three months after the notices are registered, if no alternative action is taken.
- 2.41 Other than those set out in this report, there are no further recovery actions expected at this stage. In the unlikely event that a recovery action is identified and pursued that leads to the prospect of a dividend for unsecured creditors (other than via the prescribed part), as stated in our Proposals, we would seek to place the relevant company into CVL. In such circumstances, the Joint Administrators would be appointed as joint liquidators, with any of them being able to undertake any act required or authorised under any enactment individually.

Joint Administrators' Receipts and Payments

- 2.42 An account of receipts and payments for the period covered by this report is provided at Appendix B. As shown, there have been no receipts or payments in relation to PHL.
- 2.43 Receipts in the period consist largely of the consideration received for the pre-packaged sale of PL's business and assets, LTO funds received from the Purchaser to meet ongoing property liabilities incurred as an expense of the Administration and recoveries into PL's pre-administration bank accounts in relation to grant income for the period prior to the Administration.

- 2.44 Payments in the period are predominantly those due to landlords for the period of occupation under the LTO and a fixed charge distribution from PL to the Secured Creditor totaling £2.44m. Legal fees incurred during the pre-administration period have also been paid, following approval from the Secured Creditors and requisite majority of Preferential Creditors.

As there are no assets in PHL, the costs relating to a mandatory insurance bond and statutory advertising have been paid from the estate of PL on its behalf (in the total sum of £122). Payment was made from PL's fixed charge realisations with agreement from the Secured Creditors and therefore does not impact the outcome for any other class of creditor.

Joint Administrators' Remuneration

- 2.45 Our fees and disbursements (plus VAT) in relation to PL are to be drawn on the basis of a set fee in relation to fixed charge asset realisations and on a time cost basis in relation to realisations from floating charge asset realisations. There are no assets in PHL and therefore we are unable to draw a fee for acting as joint administrators of PHL.
- 2.46 During the period, no fees have been drawn in relation to PL. However, the above basis of remuneration has been approved by each Secured Creditor and also by the requisite majority of Preferential Creditors (in a decision procedure that ended on 15 July 2021). We expect to draw fees shortly.
- 2.47 Further information in relation to our remuneration is set out in Appendix C.
- 2.48 Fees relating to our advisory services provided to PL prior to the date of the Administration were covered by letters of engagement dated 22 December 2020 and 6 January 2021. There were no unpaid costs at the date of our appointment.
- 2.49 However, there were unpaid legal costs (payable to Addleshaw Goddard LLP) that required approval for payment as an expense of the Administration. These have been approved by the same classes of creditors as for our remuneration (see above) and have now been paid.

Creditors' Right to Challenge Remuneration and/or Expenses

- 2.50 Any secured creditor, or unsecured creditor with the support of at least 10% in value of the unsecured creditors, or with the leave of the Court, may apply to the Court for one or more orders (in accordance with Rule 18.36 or 18.37 IR16), challenging the amount or the basis of the remuneration which we are entitled to charge or otherwise challenging some or all of the expenses incurred. Such application must be made within eight weeks of receipt by the applicant(s) of the report detailing the remuneration and/or expenses in question, in accordance with Rule 18.34 IR16.

Creditors Right to Request Information

- 2.51 Any secured creditor, or unsecured creditor with the support of at least 5% in value of the unsecured creditors, or with the leave of the Court, may, in writing, request us to provide additional information regarding remuneration or expenses to that already supplied within this document. Such requests must be made within 21 days of receipt of this report, in accordance with Rule 18.9 IR16.

3. Estimated Outcomes

Secured Creditors

- 3.1 As at 10 February 2021 (the date of our appointment), the Companies were indebted to the Secured Lenders in the amount of £59.4m, plus interests and costs. The subsequent distribution of £2.4m has reduced the total indebtedness by a corresponding amount to £57m plus interest and costs.
- 3.2 We engaged Addleshaw Goddard LLP, an independent law firm, to undertake a review of all security and comment on its validity. They have confirmed the validity of the security.
- 3.3 Aside from the £2.4m detailed above, we currently anticipate no further return to the Companies' Secured Creditors. For the avoidance of doubt, all funds distributed to the Secured Creditor were distributed via PL; no distribution is expected to be made from PHL.

Preferential Creditors

- 3.4 The Preferential Creditors are split into two categories: (1) first-ranking preferential creditors mainly consisting of amounts due in relation to employee debts, including holiday pay and arrears of wages and (2) second-ranking preferential creditors consisting of specified amounts owed to HMRC. In the case of PL this includes VAT, PAYE, student loan repayments and NICs.
- 3.5 Dividends to Preferential Creditors are paid from floating charge realisations, after deducting the costs and expenses of the Administration.
- 3.6 First-ranking Preferential Creditors in the estate of PL are expected to be paid in full in due course. As set out earlier in this report, we understand that the RPS has finished paying statutory amounts claimed directly by employees. We have therefore requested details of the RPS's final claim so we can initiate the process of paying a first and final preferential dividend.
- 3.7 For second-ranking Preferential Creditors, we anticipate a dividend of c£1.2m will be paid to HMRC by PL. This estimate is based on certain cost assumptions that may alter depending on issues arising during the Administration. Based on current information and events to date, we do not anticipate any significant movement in the anticipated return to HMRC in its capacity as a second-ranking preferential creditor.
- 3.8 There are not expected to be any first-ranking Preferential Creditors in PHL, as this entity did not have any employees. PHL is not expected to have any assets with which to make a distribution to HMRC (as second-ranking Preferential Creditor) in respect of the Group VAT liability.

Unsecured Creditors/ Prescribed Part

- 3.9 Unsecured Creditors rank behind both Secured and Preferential Creditors. There will not be sufficient funds to repay the Secured or Preferential Creditors in full and therefore a distribution to Unsecured creditors will not be available.
- 3.10 Under Section 176A of the Act, where after 15 September 2003 a company has granted floating charge security, a proportion of the net property of the company (derived from floating charge asset realisations) must be made available for the benefit of the company's Unsecured Creditors; this is known as the Prescribed Part.
- 3.11 As a consequence of the shortfall to the Preferential Creditors, there will not be a payment by way of a Prescribed Part dividend to the Unsecured Creditors of either of the Companies.

Shareholders

- 3.12 There will be no return to the Companies' shareholders as there will be a material shortfall to their creditors.

4. Next Report, Discharge and Further Information

- 4.1 We are required to provide a further progress report to all creditors within one month of the end of the period ending 10 February 2022, or when the Administrations come to an end, whichever is sooner.
- 4.2 All documents will be retained on the website and will remain live until two months after the conclusion of the proceedings. If you require hard copy documents, please contact the Prezzo Group Administrators at FTI Consulting LLP, 200 Aldersgate, Aldersgate Street, London, EC1A 4HD and you will be provided, free of charge, a hard copy of documents posted to the website, either now or in the future.
- 4.3 If you have any specific queries in relation to this report or the Administration in general, please contact the Administrators at prezzo@fticonsulting.com or on 020 3727 1079.
- 4.4 Pursuant to Paragraph 98 Sch B1, administrators are discharged from liability in respect of their actions as joint administrators at a time appointed by either the court or the creditors (either via any creditors' committee or by decision of the relevant class(es) of creditors).
- 4.5 In this case and in accordance with Paragraph 98(3)(b) Sch B1, the Secured and Preferential Creditors have determined that we will be discharged from liability in respect of any action of ours as joint administrators of the Companies, with effect from the date that our appointment as administrators ceases to have effect.

For and on behalf of the Companies



Matthew Boyd Callaghan
Joint Administrator

The affairs, business and property of the Companies are being managed by the Joint Administrators. The Joint Administrators act as agents of the Companies and without personal liability.

Matthew Boyd Callaghan, Andrew Johnson and Ali Khaki are licensed in the United Kingdom to act as Insolvency Practitioners by the Institute of Chartered Accountants in England and Wales, under section 390A(2)(a) of the Insolvency Act 1986.

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>.

FTI Consulting LLP ("FTI") uses personal information in order to fulfil the legal obligations of our Insolvency Practitioners under the Insolvency Act and other relevant legislation, and also to fulfil the legitimate interests of keeping creditors and others informed about the insolvency proceedings. You can find more information on how FTI uses your personal information on our website at <https://www.fticonsulting-emea.com/~media/Files/emea--files/creditors-portal/cip-emea-forms-info/cip-data-privacy.pdf>.

Appendix A: Statutory Information

Company Name:	PRZ Realisations Limited		
Previous Name	Prezzo Plc, Prezzo Limited		
Court Reference	CR-2021-000236		
Registered Number	03919682		
Date of Incorporation	4 February 2000		
Shareholdings held by directors / secretary	Director Name	Status	Shareholding
	Karen Elisabeth Dind Jones	Current director	Nil
	Dean Challenger	Current director	Nil
	CI Milan Limited	Current director	Nil
Trading Names	Prezzo		
Registered Office	c/o FTI Consulting LLP, 200 Aldersgate Street, London EC1A 4HD		
Former Registered Office	Johnston House, 8 Johnston Road, Woodford Green, Essex, IG8 0XA		
Court Name / Address	High Court of Justice, Business and Property Courts of England and Wales, Insolvency and Companies List (ChD)		
Administrators' Names and Insolvency Practitioner Numbers	Matthew Boyd Callaghan (14630), Andrew Johnson (17670) and Ali Khaki (25690)		
Administrators' Address	FTI Consulting LLP, 200 Aldersgate Street, London EC1A 4HD		
Administrators' Regulator	ICAEW		
Functions of Administrators	Pursuant to Paragraph 100 Sch B1, the Administrators may exercise any of the powers conferred on them by the Act jointly or individually		
Appointment Date	10 February 2021		
Appointer / Applicant	The Directors of the company		
Appointment Type	By the directors of the company pursuant to Paragraph 22 Sch B1. Pursuant to Paragraph 26(1) Sch B1, the appointor gave written notice of their intention to appoint administrators.		
Objective being pursued	Objective (c): Realising property in order to make a distribution to one or more secured or preferential creditors.		
Security	Fixed and floating charges over all of its assets in favour of Lucid, the security agent for the Secured Creditors		
Current Administration End Date	9 February 2022		

The affairs, business and property of PL are being managed by the Joint Administrators. The Joint Administrators act as agents of PL and without personal liability. FTI Consulting LLP ("FTI") uses personal information in order to fulfil the legal obligations of our Insolvency Practitioners under the Insolvency Act and other relevant legislation, and also to fulfil the legitimate interests of keeping creditors and others informed about the insolvency proceedings. You can find more information on how FTI uses your personal information on our website at <https://www.fticonsulting-emea.com/~media/Files/emea--files/creditors-portal/cip-emea-forms-info/cip-data-privacy.pdf>

Company Name:	PRZ Realisations (2) Limited		
Previous Name	Papa Bidco Limited, Prezzo Holdings Limited		
Court Reference	CR-2021-000237		
Registered Number	09278104		
Date of Incorporation	23 October 2014		
Shareholdings held by directors / secretary	Director Name	Status	Shareholding
	Karen Elisabeth Dind Jones	Current director	Nil
	Dean Challenger	Current director	Nil
	CI Milan Limited	Current director	Nil
Trading Names	N/A		
Registered Office	c/o FTI Consulting LLP, 200 Aldersgate Street, London EC1A 4HD		
Former Registered Office	Johnston House 6 Johnston Road, Woodford Green, London, IG8 0XA		
Court Name / Address	High Court of Justice Business and Property Courts of England and Wales Insolvency and Companies List (ChD)		
Administrators' Names and Insolvency Practitioner Numbers	Matthew Boyd Callaghan (14630), Andrew Johnson (17670) and Ali Khaki (25690)		
Administrators' Address	FTI Consulting LLP, 200 Aldersgate Street, London EC1A 4HD		
Administrators' Regulator	ICAEW		
Functions of Administrators	Pursuant to Paragraph 100 Sch B1, the Administrators may exercise any of the powers conferred on them by the Act jointly or individually		
Appointment Date	10 February 2021		
Appointer / Applicant	The Directors of the company		
Appointment Type	By the directors of the company pursuant to Paragraph 22 Sch B1. Pursuant with Paragraph 26(1) Sch B1, the appointor gave written notice of their intention to appoint administrators.		
Objective being pursued	Objective (c): Realising property in order to make a distribution to one or more secured or preferential creditors.		
Security	Fixed and floating charges over all of its assets in favour of Lucid, the security agent for the Secured Creditors		
Current Administration End Date	9 February 2022		

The affairs, business and property of PHL are being managed by the Joint Administrators. The Joint Administrators act as agents of PHL and without personal liability. FTI Consulting LLP ("FTI") uses personal information in order to fulfil the legal obligations of our Insolvency Practitioners under the Insolvency Act and other relevant legislation, and also to fulfil the legitimate interests of keeping creditors and others informed about the insolvency proceedings. You can find more information on how FTI uses your personal information on our website at <https://www.fticonsulting-emea.com/~media/Files/emea--files/creditors-portal/cip-emea-forms-info/cip-data-privacy.pdf>.

Appendix B: Joint Administrators' Receipts and Payments

Joint Administrators' Account of Receipts and Payments for the period 10 February 2021 to 9 August 2021					
GBP	Note	Statement of Affairs (PRZ Realisations Limited)	PRZ Realisations Limited	Statement of Affairs (PRZ Realisations 2 Limited)	PRZ Realisations 2 Limited
Fixed Charge Receipts					
Business Name		290,000.00	290,000.00	-	-
Domain Names		50,000.00	50,000.00	-	-
Goodwill		3,200,000.00	3,200,000.00	-	-
Transferred Intellectual Property		100,000.00	100,000.00	-	-
Properties		1.00	1.00	-	-
Bank Interest		-	170.54	-	-
Tax Refunds		-	119.17	-	-
License to Occupy ("LTO")	1	-	3,657,913.62	-	-
Subtotal		3,640,001.00	7,298,204.33	-	-
Fixed Charge Payments					
Distribution to security agent		-	40,000.00	-	-
Distribution to charge holder		-	2,400,001.00	-	-
Payments under the LTO	1	-	1,070,761.19	-	-
Bank Charges		-	135.00	-	-
Advertising		-	184.00	-	-
VAT		-	478,379.17	-	-
Subtotal		-	3,989,460.36	-	-
Floating Charge Receipts					
Customer Contracts		-	1.00	-	-
Supply Contracts		-	1.00	-	-
Plant and Machinery and Chattels		1,200,000.00	1,200,000.00	-	-
Stock		200,000.00	200,000.00	-	-
Systems		1.00	1.00	-	-
Transferred Records		1.00	1.00	-	-
British Gas deposit	3	125,000.00	125,000.00	-	-
Insurance prepayment	3	156,411.00	156,411.00	-	-
Newco repayment for car lease		3,750.09	3,750.09	-	-
Business Rates Refund		-	25,713.75	-	-
Cash and cash equivalents	4	159,169.00	597,367.71	-	-
Subtotal		1,844,332.09	2,308,246.55	-	-
Floating Charge Payments					
Employment Specialist Fees		-	8,810.00	-	-
Pre-Administration Costs		-	141,417.50	-	-
Subtotal		-	150,227.50	-	-
Balance	5	-	5,466,763.02	-	-

Return to fixed charge holder (p in the £)

4

Notes

- The LTO is a license requiring PTL to meet any properly incurred property expenses during the administration. The LTO was entered into alongside the pre-packaged transaction on 10 February 2021.
- All receipts and payments are shown net of VAT with VAT accounted for separately (Fixed Charge VAT Payable)
- Both the British Gas deposit and Insurance prepayments were assets of the Company sold to PTL.
- To date, £987,890 has been received from the Company's pre-administration bank accounts of which £390,521.84 relates to grant income and receivables that were payable to and have subsequently been transferred to Prezzo Trading Limited.
- The balance is being held in two locations:
 - Administration fixed and floating Company bank accounts (£5,462,178.42)
 - Addleshaw Goddard Client Account (£4,585.60)

Appendix C: Joint Administrators' Time Costs and Expenses

Pre-Administration Costs

Details of pre-Administration costs were set out in our Proposals, including the scope of work undertaken prior to the Administrations, why this work was required prior to the appointment and how the work was intended to further the objective of the Administrations. A brief summary is set out below:

- Under engagement letters dated 22 December 2020 and 6 January 2021, FTI incurred total time costs of £464,351 (plus VAT) for work undertaken in the period prior to the Administrations for which FTI were paid in full ahead of the appointment of the Joint Administrators over the Companies.
- The work carried out with a view to the Companies entering Administration principally related to the pre-pack transaction and other preparatory work required for the Companies to enter Administration in an orderly manner and for the purpose of maximising the outcome for creditors.
- Addleshaw Goddard LLP were instructed to undertake the necessary legal work to place the Companies into Administration. AG's total pre-appointment time costs were £199,417.50 of which £58,000 plus VAT was paid by PL in advance of the Administration. This left an unpaid pre-Administration balance in relation to AG's pre-appointment time costs of £141,417.50. Subsequently (and by a decision by correspondence of PL's Preferential and Secured Creditors) the following resolution was approved on 15 July 2021:

"That the unpaid pre-Administration costs be paid as an expense of the Administration. As explained in Appendix C of our proposals, these are legal expenses totaling £141,417.50 incurred in relation to the drafting of the ASA and the preparation of documents specific to the appointment of the Joint Administrators."

All payments made to the Joint Administrators in respect of pre-Administration fees was paid by PL.

Post -Appointment fee Basis

In the remainder of this appendix, we have provided the following information that specifically relates to our work as joint administrators:

- A description of the work we have already done, work that is ongoing and that we propose to undertake;
- Details of the expenses we consider have been, or that we think are likely to be incurred; and
- A fees estimate for the part of our remuneration that we are proposing will be determined by reference to the time properly given by the Administrators and their staff in attending to matters arising in the Administration.

Summary of our work in the Administrations

The main body of our report includes narrative on the main areas of our post-appointment work on the Administrations. The table below provides more information on these key areas of work, with an indication as to whether this work is ongoing (O), completed (C) or intended future work (F). We have also indicated in the table below the rationale for undertaking the work, for example, whether it was required by statute or compliance with the SIPs, or whether it had a potential direct benefit for creditors.

Category	Description	Rationale/ Benefit to Creditors
Administration & Planning	<ul style="list-style-type: none"> • Case planning - devising appropriate strategies for both entities, dealing with the cases and giving instructions to relevant staff members to undertake specific workstreams as and when required (O). • Issuing the statutory notifications to creditors and others required on appointment as office holder, including gazetting the office holders' appointments (C). • Routine administrative tasks, such as setting up case files, dealing with routine correspondence (O). • Obtaining specific penalty bonds (this is insurance required by statute that every insolvency office holder has to obtain for the protection of each estate) (C). Review of this bond on a quarterly basis (O). • Cashiering – including opening, maintaining and managing the office holders' estate bank accounts, processing of receipts and payments and bank reconciliations (O). • Undertaking periodic reviews of the progress of the cases (O). • If appropriate, seeking consent for extensions to the period of the Administrations and filing the relevant notices with the Registrar of Companies (F). 	Statutory / compliance requirements, and to ensure efficient project management
Investigations	<ul style="list-style-type: none"> • Where required: recovering, listing and reviewing the books and records for the cases (C). • Submitting online returns on the conduct of the directors for each of Companies as required by the Company Directors Disqualification Act (C). • Conducting initial investigations with a view to identifying potential asset recoveries by seeking and obtaining information from relevant third parties, such as the bank, accountants, solicitors, etc. (C). • Liaising with the Companies' directors in relation to the completion of the Statement of Affairs (C). • Reviewing certain books and records to identify any transactions or actions the office holder may take against a third party in order to recover funds for the benefit of creditors (C). 	Statutory requirement and to assess whether potential claims exist against third parties for the benefit of creditors
Realisation of Assets	<ul style="list-style-type: none"> • Completing the sale of substantially all the assets in the Companies immediately following appointment (C). • Monitoring of quantum and timing of Business Rates refunds (O). • Liaising with the Companies' bankers regarding pre-appointment accounts and arranging for periodic transfers of funds, including pre-appointment debtors, and closure of the accounts (O). 	Identify, assess and seek to realise value for creditors

Landlords & Property	<ul style="list-style-type: none"> • Arranging suitable insurance cover for assets including the leasehold properties where LTOs have been granted (C). • Regularly monitoring the suitability and appropriateness of the insurance cover in place (O). • Administration of lease surrenders and correspondence with non-retained landlords (O). • Administration of LTO's for retained sites, including invoicing and payment of rent during the LTO period (O). • Handling the surrender of non-retained landlords and dealing with the claims these landlords have in the relevant Administrations (O). • Accounting for receipts and payments from both the Purchaser and landlords in relation to the LTO (O). • Reviewing and completing lease assignments agreed between the landlords, Purchaser and the Companies (O). • Continued correspondence with the Purchaser in relation to the assignments and issues faced at various of the leasehold properties (O) 	Required under the terms of the ASA and LTO which provided significant benefit to the Companies' creditors
Creditors	<ul style="list-style-type: none"> • Obtaining information from the case records about employee claims (C). • Completing documentation for submission to the Redundancy Payments Service (O). • Corresponding with employees regarding their claims (O). • Liaising with specialist agents to assist in dealing with employee claims; obtaining reports and updates from them on the work done (O). • Dealing with creditor correspondence, emails and telephone conversations regarding their claims (O). • Maintaining up-to-date creditor information on the case management system (O). • Reviewing proofs of debt received from creditors, adjudicating on them and formally admitting them for the payment of a dividend (F). • Calculating and paying dividends to Preferential Creditors (F). • Issuing the notice of declaration of dividend (F). • Paying to HMRC tax deducted from the dividends paid to employees (F). 	<p>Statutory requirements and required for orderly case management.</p> <p>Dividends represent the distribution of available assets to creditors in respect of their claims.</p>
Tax	<ul style="list-style-type: none"> • Preparing and filing VAT returns (O). • Preparing and filing Corporation Tax returns (O). • Seeking closure clearance from HMRC and other relevant parties (F). 	Statutory requirements, but necessary to ensure tax is accounted for accurately and on time to ensure no financial detriment to creditors.
Reporting	<ul style="list-style-type: none"> • Preparing, reviewing and issuing Proposals to the creditors and members (C). • Filing the Proposals at Companies House (C). 	Required by statute and to inform creditors on the progress of the Administrations

	<ul style="list-style-type: none"> • Reporting on the outcome of the approval of the Proposals to the creditors, Companies House and the Court (C). • Reporting to the Lenders on the progress of the Administration (O). • Preparing, reviewing and issuing six-monthly progress reports to creditors (O). • Filing progress reports at Companies House (O). • Preparing, reviewing and issuing final reports to creditors (F). • Filing final reports at Companies House (F). 	
Technology	<ul style="list-style-type: none"> • Where required, registering with the Information Commissioners Office to ensure GDPR compliance (C). 	Compliance/legal requirement

Approval of fee basis and estimates

Fee Basis

During the Period, PL's Secured and Preferential Creditors were provided with the relevant information to be able to make a decision on the basis of our fees. In this case, as no dividends are expected for Unsecured Creditors, these matters do not need to be determined by the Unsecured Creditors.

A decision was sought on the following resolutions (as set out in our Proposals) and the requisite approvals were received from both the Secured and Preferential Creditors in July 2021:

- 1) A set amount of £900,000, to be paid only from fixed charge asset realisations;
- 2) A time cost basis (with a fees estimate of £415,000) and to be paid from floating charge asset realisations; and
- 3) A percentage of realisations, being 100% of the VAT-exclusive amount invoiced by the Company to the Purchasers in relation to work done only for the benefit of the Purchasers and only in relation to work undertaken because of an extension of the licence to occupy period beyond the initial six months granted.

Fee Estimate

The table below shows the fees estimate as set out in our Proposals. This provides a breakdown of our estimated time costs to be paid from floating charge realisations and the amount that has been incurred to date (with further detail in Appendix D).

Fee Estimate									
Category	Incurred to date			To be incurred			Estimate		
	Hr	£	£/Hr	Hr	£	£/Hr	Hr	£	£/Hr
Administration and Planning	174	62,488	359	16	22,512	1,420	190	85,000	447
Investigations	27	13,090	483	73	36,911	506	100	50,000	500
Realisation of Assets	33	25,873	796	93	34,128	369	125	60,000	480
Creditors & shareholders	301	83,682	278	(71)	8,819	(124)	230	92,500	402
Tax	32	10,938	343	98	44,062	449	130	55,000	423
Reporting	79	54,801	693	81	10,199	126	160	65,000	406
Media	-	-	-	25	7,500	300	25	7,500	300
Total	646	250,870	388	314	164,130	522	960	415,000	432

We have used the following methodology in charging our time in the Administration of PL:

- 1) Work done in relation to fixed charge assets, property or the Secured Creditors has been allocated to fixed charge realisations and will be drawn from the set fee;
- 2) Work done in relation to floating charge assets or the Preferential and Unsecured Creditors has been allocated to floating charge realisations and will be drawn from the time cost fee (subject to the fees estimate); and
- 3) Work not solely or directly attributable to either of the above has been split equally between those categories.

On current information we do not see any reason for the above fee estimate to be exceeded, however, should the position change (e.g. the Administration goes beyond its one year anniversary) we would notify creditors that this is the case and seek their approval to an increased estimate.

Cost Estimates

Provided below is a breakdown of our estimated external costs (exclusive of any applicable VAT). These costs have largely been incurred in PL. Certain expenses relating to both EPE Reynell and Aon UK Limited have been paid out of the estate of PL despite also relating to PHL. This has been agreed with the Secured Creditor and will be paid from fixed charged realisations; and therefore does not impact any other creditor.

Estimate of Costs (Exc VAT)					
Payee	Type of Cost	Paid to Date (£)	Estimated Future (£)	Estimated Total (£)	Previous Estimated Total in Proposals (£)
Aon UK Ltd	Bonding	510	-	510	388
EPE Reynell	Gazetting	184	-	184	184
ERA Solutions	Employee Claims	8,810	-	8,810	8,890
Aon UK Ltd	Insurance	-	15,221	15,221	15,221
Addleshaw Goddard LLP	Legal Support	141,418	149,583	291,000	291,000
Walker Morris LLP	Legal Support (Where AG have conflict)	-	9,000	9,000	9,000
Total		150,922	173,804	324,725	324,683

Total costs have exceeded our previous estimate due to an increase in bonding fees as a result of additional floating charge realisations not anticipated at the date of appointment. Additionally, we previously had not provided for the bonding costs for PHL which totalled £30.

Professional Advisors and Subcontracted Work

The table below provides details of professional advisors and subcontractors that we have engaged on this project. The use of subcontractors is in relation to work that we could have done, but that we have outsourced. The estimated costs for engaging these third parties is shown in the previous table.

Professional Advisors and Subcontracted Work		
Name of Professional Advisor/ Subcontractor	Service Provided	Basis of Fee Arrangement
ERA Solutions	Employee Claims	Fixed fee based on the number of employees
Addleshaw Goddard LLP	Legal Advice	Time costs and a fixed fee for property assignments
Walker Morris LLP	Legal Advice	Time costs and a fixed fee for property assignments
EPE Reynell	Gazette Notices	Fixed fee
DWD LLP	Business Rates Recovery	15% of liability saving achieved

Our choice of ERA Solutions to assist with employee claims, Addleshaw Goddard LLP to provide legal support and DWD LLP to assist with historic business rates recoveries was based on our perception of their experience and ability to perform this type of work and the complexity and nature of the assignment. We also considered that the fee arrangements were reasonable in the circumstances of the case. Other than the legal advice, the work could have been undertaken by our teams, but we have outsourced this work as we consider it to be more cost effective and the providers have relevant specialist experience.

We have also utilised the services of other teams within FTI Consulting LLP to assist with the Administration process. The fees of our tax and strategic communications teams have been included within the set fee (strategic communications) and time costs (tax) bases. By working closely with our internal teams, we believe a more coordinated and cost-effective approach to the Administration workstreams has been possible.

Expenses

The table below provides an analysis of expenses paid by our firm but recoverable from the Administration. Category 1 expenses are payments to independent third parties where there is specific expenditure directly referable to the case. The type of disbursements that may be charged as a Category 1 expenses to a case generally comprise of external supplies of incidental services specifically identifiable to the case such as postage, statutory case advertising, invoiced travel, external printing, room hire, and document storage.

Also chargeable will be any properly reimbursed expenses incurred by personnel in connection with the case. Approval from creditors is not required for these expenses to be drawn. Category 1 disbursements incurred to date as well as the estimates provided in our Proposals are set out in the table below:

Category 1 Expenses Incurred to Date		
Expense	Amount Estimated in Proposals (£)	Amount (£)
Postage	5,000	174
Stationary	5,000	73
Total	10,000	247

Category 2 disbursements are costs that are directly referable to the case but not a payment to an independent third party; these may include shared or allocated costs. We do require approval before drawing Category 2 disbursements. The body of creditors who approve our fees would have responsibility for approving of Category 2 disbursements, however as no Category 2 disbursements have been incurred or are likely to be incurred, no such approval has been sought.

Other Fee Disclosures

A copy of the Creditors' Guide to Administrators' Fees, providing further information on administrators' fees and your rights, and a copy of the SIP 9 Guidance Notes are available at: <https://www.fticonsulting.com/emea/cip/forms-and-information>. Where creditors are unable to access these guides online, please request hard copies from the Joint Administrators' and they will be provided to you free of charge. Further information about creditors' rights can also be obtained by visiting the creditors' information micro-site published by the Association of Business Recovery Professionals (R3) at <http://www.creditorinsolvencyguide.co.uk/>.

There are no business or personal relationships with parties responsible for approving remuneration or who provide services where the relationship could give rise to a conflict of interest. No payments have been made to any associate of FTI or any third party that we consider could be perceived to have an association with FTI, and no such payments are expected.

Appendix D: Time Cost Analysis

Analysis of Floating Charge Time Costs In Accordance with SIP9 for the period 10 February 2021 to 9 August 2021

Category	Sr Managing Dir	Managing Dir	Senior Director	Director	Sr Consultant	Consultant	Associate	Total Cost	Total Time	Average Cost
Administration and Planning										
Strategy and planning	8,788	1,984	5,420	2	-	-	2,063	18,256	31	586
Initial actions	-	-	-	-	-	-	376	376	2	235
Appointment and related formalities	-	1,193	-	-	7,459	-	5,722	14,374	39	372
Receipts and payments accounts	-	517	-	-	-	-	270	787	2	437
Checklist / Reviews / Filing	-	-	-	660	-	-	1,034	1,694	5	314
Cashiering and reconciliations	-	2,783	-	-	-	-	15,441	18,224	68	267
Bonding and IPS maintenance	-	-	-	-	-	-	364	364	2	235
Case Admin	2,868	-	2,960	-	-	-	5,453	11,281	29	390
Subtotal	11,655	6,476	8,380	662	7,459	-	30,724	65,355	177	369
Investigations										
Directors questionnaire/checklists	1,295	-	-	5,610	-	-	2,146	9,051	19	485
Statement of affairs	1,295	-	-	-	3,305	-	494	5,094	9	557
Reports of Directors' conduct	2,590	875	-	660	-	-	-	4,125	5	842
Subtotal	5,180	875	-	6,270	3,305	-	2,640	18,270	33	559
Realisation of assets										
Cash and investments	3,700	-	-	-	1,170	-	-	4,870	6	812
Other assets	15,725	-	4,440	1,320	3,218	-	-	24,703	31	810
Subtotal	19,425	-	4,440	1,320	4,388	-	-	29,573	37	810
Creditors (correspondence and claims)										
Unsecured creditors	-	-	-	-	4,973	-	59,297	64,269	258	249
Employees	4,625	159	-	10,560	-	-	3,596	18,940	37	519
Lease creditors	-	2,067	1,480	-	-	-	1,551	5,098	11	455
Subtotal	4,625	2,226	1,480	10,560	4,973	-	64,443	88,307	306	288
Tax										
Pre-appointment CT	346	146	-	-	-	-	-	492	1	820
Post appointment CT	-	183	-	-	-	-	-	183	0	730
Post appointment VAT	-	730	-	1,216	-	-	24	1,970	3	657
Tax advice on transactions	2,035	-	-	1,485	-	-	-	3,520	4	791
Other post appointment tax	-	1,460	-	-	-	-	5,349	6,809	26	264
Subtotal	2,381	2,519	-	2,701	-	-	5,372	12,973	34	381
Reporting										
SIP16	2,775	2,768	-	4,422	-	-	-	9,965	13	755
Proposals	-	4,650	-	5,280	10,325	-	1,774	22,030	39	562
Other statutory reports/meetings	5,180	1,709	-	1,320	-	-	353	8,562	11	761
Subtotal	7,955	9,127	-	11,022	10,325	-	2,127	40,556	64	637
Total by Grade	51,221	21,222	14,300	32,535	30,449	-	105,306	255,032	650	392
Total time by Grade	55	27	22	51	52	-	443			
Average hourly cost by Grade	925	776	665	640	585	N/A	238			

Appendix E: Creditors' Statement of Claim Form

Rule 14.4 The Insolvency (England and Wales) Rules 2016

IN THE HIGH COURT OF JUSTICE BUSINESS AND PROPERTY COURTS OF ENGLAND AND WALES INSOLVENCY AND COMPANIES LIST

Company Name	Company Number	Court Reference Number (of 2021)
Prezzo Limited	03919682	CR-2021-000236
Prezzo Holdings Limited	09278104	CR-2021-000237
Together "the Companies" (In Administration)		

Date of Administrations:

10 February 2021

1 Name of creditor

(If a company, please also provide the company registration number).

2 Correspondence address of creditor (including any email address)
3 Total amount of claim (£)

(include any Value Added Tax)

4 Name of Prezzo entity to which your claim relates
5 Details of how and when the debt was incurred.
 (If you need more space, attach a continuation sheet to this form)

6 Details of any security held, the value of the security and the date it was given.
7 Details of any reservation of title claimed in respect of goods supplied to which the debt relates.

8 Details of any document by reference to which the debt can be substantiated

9 Signature of creditor
(or person authorised to act on the creditor's behalf)

10 Address of person signing if different from 2 above

11 Name in BLOCK LETTERS:

12 Position with, or relation to, creditor

13 Date of signature

14 Bank account details, including Sort Code and Account Number if UK account

Notes:

1. This form can be authenticated for submission by email by entering your name in block capitals and sending the form as an attachment from an email address which clearly identifies you or has been previously notified to the office holder. If completing on behalf of a company, please state your relationship to the company.

Please submit this form along with supporting documentation by email to prezzo@fticonsulting.com or by post at:

**Prezzo Group (in Administration)
c/o FTI Consulting LLP
200 Aldersgate
London
EC1A 4HD**

The affairs, business and property of the Companies are being managed by the Joint Administrators. The Joint Administrators act as agents of the Companies and without personal liability.

Matthew Boyd Callaghan, Andrew Johnson and Ali Khaki are licensed in the United Kingdom to act as insolvency practitioners by the Institute of Chartered Accountants in England and Wales, under section 390A(2)(a) of the Insolvency Act 1986.

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>.

FTI Consulting LLP ("FTI") uses personal information in order to fulfil the legal obligations of our Insolvency Practitioners under the Insolvency Act and other relevant legislation, and also to fulfil the legitimate interests of keeping creditors and others informed about the insolvency proceedings. You can find more information on how FTI uses your personal information on our website at <https://www.fticonsulting-emea.com/~media/Files/emea--files/creditors-portal/cip-emea-forms-info/cip-data-privacy.pdf>.