

The Insolvency Act 1986

**Administrator's progress report**

Name of Company

Republic (UK) Limited – in Administration

Company number

04221841

In the

Chancery Division of the High Court District Registry

[full name of court]

Court case number

1018 of 2013

(a) Insert full name(s)  
and address(es) of  
administrator(s)I / We (a) R H Kelly, A M Hudson and J P SumptonErnst & Young LLP, 1 Bridgewater Place, Water Lane, Leeds, LS11 5QR

administrator(s) of the above company attach a progress report for the period

from

to

(b) Insert date


(b)

13 August 2013

(b)

10 February 2014

Signed

  
Former Joint Administrator(s)

Dated

18 February 2014**Contact Details:**

You do not have to give any contact information in the box opposite but if you do, it will help Companies House to contact you if there is a query on the form. The contact information that you give will be visible to searchers of the public record.

Hayley Coy

Ernst &amp; Young LLP, 1 Bndgewater Place, Water Lane, Leeds, LS11 5QR

Tel 0113 298 2336

DX Number

DX Exchange



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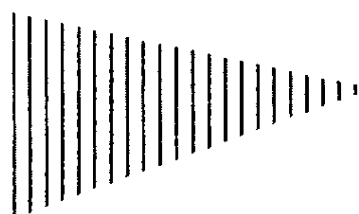
DX 33050 Cardiff

Republic (UK) Limited- in Administration ("the  
Company")

Joint Administrators' final progress report

17 February 2014

Ernst & Young LLP



Building a better  
working world

## Abbreviations

The following abbreviations are used in this report:

the Act	The Insolvency Act 1986
the Company	Republic (UK) Limited
the Group	TPG Raincoat III Limited, TPG Raincoat IV Limited, Teen Bidco Limited, Teen Topco Limited, Inhoco 3017 Limited, Republic (UK) Limited and Guild Realisations Limited (formerly Republic (Retail) Limited)
the Lenders	Lloyds TSB Bank plc, Banca IMI S p A, Investec Bank plc, BAWAG P.S.K Bank, The Co-Operative Bank plc and TPG Aquatic
the Proposals	The Joint Administrators' Proposals dated 8 April 2013
Guild	Guild Realisations Limited (formerly Republic (Retail) Limited)
CVL	Creditors' Voluntary Liquidation
the Rules	The Insolvency Rules 1986

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## 1. Introduction

I write, in accordance with Rule 2.117A of the Insolvency Rules 1986, to provide creditors with my final progress report in the Administration, which includes details of the outcome. This report covers the period from 13 August 2013 to 10 February 2014 and should be read in conjunction with the Proposals and the Joint Administrator's progress report dated 5 September 2013.

### 1.1 Republic (UK) Limited

**Court reference:** Chancery Division of the High Court District Registry (the Rolls Building) (No 1018 of 2013)

**Registered office address:** c/o Ernst & Young LLP, Bridgewater Place, Water Lane, Leeds, LS11 5QR

Republic (UK) Limited, registered number 04221841, entered Administration on 13 February 2013 and R H Kelly and J P Sumpton of Ernst & Young LLP, Bridgewater Place, Water Lane, Leeds, LS11 5QR and A M Hudson of Ernst & Young LLP, 1 More London Place, London, SE1 2AF were appointed to act as Joint Administrators. The appointment was made by the Company's Directors under the provisions of paragraph 22(2) of Schedule B1 to the Insolvency Act 1986.

Under the terms of the appointment, any act required or authorised to be done by the Joint Administrators can be done by either of them.

### 1.2 Summary of the Administrators' Proposals

The Proposals detailed that the principal objective of the Administration would be to achieve a better result for the Company's creditors as a whole than would have been likely if the Company were wound up without first being in Administration.

As outlined in the Proposals, the Company's only asset other than shares in Guild is an outstanding inter-company debt from Guild of £49m.

The Company was placed into Administration at the same time as Guild to minimise administrative expenses. This has enabled statutory duties and reporting requirements to be dealt with jointly and in a more cost effective manner than if the Company had initially been wound up.

We understand the Prescribed Part in Guild will not be distributed until after Guild moves into Liquidation (which is likely to be in summer 2014). It was therefore deemed more appropriate to move the Company into Creditors' Voluntary Liquidation to await the Prescribed Part distribution.

The Joint Administrators' work to date has included the following.

- ▶ Investigating the inter-company balances to enable a claim to be submitted against Guild and therefore allow the Company to participate in Guild's Prescribed Part.
- ▶ Dealing with statutory duties, including statutory reporting to creditors;
- ▶ Investigating the conduct of the directors under CDDA and compliance obligations, and
- ▶ Finalising the Administration and moving the Company into Creditors' Voluntary Liquidation.

It was proposed that if, at the end of the Administration, the Company holds any property which might permit a distribution to its creditors (including in respect of the Prescribed Part), it will be placed into Creditors' Voluntary Liquidation upon filing with the Registrar of Companies a notice pursuant to paragraph 83 of Schedule B1 to the Act. In accordance with the Proposals, the Joint Liquidators will be R H Kelly, J P Sumpton and A M Hudson of Ernst & Young LLP, in accordance with the Proposals.

The Joint Administrators consider that there will be sufficient funds available to non-preferential unsecured creditors following receipt of a dividend from Guild by way of the Prescribed Part. Therefore, the Company has been placed into Creditors' Voluntary Liquidation in order to distribute these funds to both the secured and the non-preferential unsecured creditors (the latter will be via Prescribed Part distribution).

Key tasks to perform in the Liquidation will include

- ▶ Submitting a claim against Guild in respect of the inter-company debt in a subsequent liquidation of Guild,
- ▶ Distributing realisations to the secured creditors,
- ▶ Distributing funds to the non-preferential unsecured creditors under the Prescribed Part; and
- ▶ Complying with statutory and regulatory obligations associated with the Liquidation

## **2. Summary of progress since the Joint Administrators' progress report dated 5 September 2013**

The Company is a non-trading holding company. It is the immediate parent company of Guild (which carried out the trading activities of the Group).

The background and circumstances leading up to the appointment of the Joint Administrators are detailed in the Proposals.

### **2.1 Investment in subsidiary**

The Company holds 100% of the shares in Guild. However, these shares have no realisable value as Guild is in Administration and will not be able to repay its creditors in full.

### **2.2 Intercompany debt**

As previously advised, the only realisable asset in the Company is the intercompany debt of c. £49m owed by Guild. This debt ranks as an unsecured claim against Guild.

The Joint Administrators expect that the only distribution to Guild's non-preferential creditors will be by virtue of the Prescribed Part which is unlikely to be until early 2015. Whilst the ultimate recoveries are dependent on the quantum of unsecured claims received in Guild, we understand that the dividend for the Company may be in the region of £0.2m.

### **2.3 Other assets**

The Company has no other assets to realise in the Administration or subsequent Liquidation.

### 3. Details of assets which remain to be realised

The only asset to be realised in the subsequent Liquidation is the inter-company debt of

#### 4. Receipts and payments account

There have been no receipts or payments during the Administration.

## **5. Outcome for creditors**

### **5.1 Secured creditors**

As previously advised, the Group had secured borrowings of £64.4m from the Lenders. However, net realisations from the Group as a whole (whose other entities are also in Administration) will be insufficient to enable the Lenders to be repaid in full

### **5.2 Preferential creditors**

The Company has no preferential creditors

### **5.3 Unsecured creditors**

A proof of debt form accompanies this report for unsecured creditors to complete and return to the Joint Liquidators, if they have not already done so. We do not anticipate any dividend to unsecured creditors of the Company other than under the Prescribed Part, as set out below

#### **5.3.1 The Prescribed Part**

The Prescribed Part is a proportion of floating charge assets set aside for unsecured creditors pursuant to section 176A of the Insolvency Act 1986. The Prescribed Part applies to floating charges created on or after 15 September 2003.

The value of the Company's net property is dependent on the dividend ultimately recovered from Guild. Based on current estimates this may be in the region of c. £0.2m, giving a Prescribed Part of c. £41,000.

## 6. Administrators' remuneration and disbursements

The statutory provisions relating to remuneration are set out in Rule 2.106 of the Insolvency Rules 1986. Further information is given in the Association of Business Recovery Professionals' publication 'A Creditors' Guide to Administrators' Fees', a copy of which may be accessed from the web site of the Insolvency Practitioners Association at <http://www.insolvency-practitioners.org.uk/regulation-and-guidance/guides-to-fees>, or is available in hard copy upon written request to the Joint Administrators.

In accordance with Rule 2.106(5A) of the Rules, as a creditors' meeting was not requisitioned following receipt of the Proposals, the Joint Administrators' remuneration has been fixed by the secured creditors on the basis of time properly given by them and their staff in dealing with matters arising in the Administration.

To date, the Joint Administrators have incurred time costs of £31,849 in the Company, against which no fees have been drawn.

Since our last progress report, our time has been spent on the following matters.

- ▶ Statutory duties, including reports to creditors, preparing for the closure of the Administration and the subsequent move into Creditors' Voluntary Liquidation, and
- ▶ Other matters arising out of the Administration.

An analysis of the time spent is attached as Appendix A to this report. At Appendix B there is a statement of the Administrators' policy in relation to charging time.

During the Administration the following expenses have been incurred:

Type of expense	Incurred	Paid	Outstanding
Bonding	£90.00	£nil	£90.00
Total	£90.00	£nil	£90.00

There is a statement of the Administrators' policy in relation to charging disbursements along with an analysis of Category 2 disbursements (i.e. those disbursements paid to the Joint Administrators' firm) at Appendix C.

In certain circumstances, creditors are entitled to request further information regarding the Administrators' remuneration or expenses, or to apply to court on the grounds that the costs are considered to be excessive (Rules 2.48A and 2.109 of the Insolvency Rules 1986). Further information is provided in Appendix D.

## 7. Outcome of the Administration

In accordance with the Proposals, the Company moved from Administration to Creditors' Voluntary Liquidation on 10 February 2014 and R H Kelly, J P Sumpton and A M Hudson of Ernst & Young LLP became the Joint Liquidators.

Should you have any queries please do not hesitate to contact my colleague Andrew Emmerson on 0113 298 2496

Yours faithfully



J P Sumpton  
Former Joint Administrator

Enc     Summary of Joint Administrators' time costs  
          Form 2 34B Notice of move from Administration to Creditors' Voluntary Liquidation  
          Proof of Debt form

R H Kelly is licensed in the United Kingdom to act as an insolvency practitioner by The Institute of Chartered Accountants of Scotland. J P Sumpton and A M Hudson are licensed in the United Kingdom to act as insolvency practitioners by The Association of Chartered Certified Accountants.

We may collect, use, transfer, store or otherwise process (collectively "Process") information that can be linked to specific individuals ("Personal Data"). We may Process Personal Data in various jurisdictions in accordance with applicable law and professional regulations including (without limitation) the Data Protection Act 1998.

## Appendix A      Summary of Joint Administrators' Time Costs from 13 February 2013 to 10 February 2014

Hours	Partner	Executive Director	Assistant Director	Senior Executive	Executive	Analyst	Total
Accounting and Administration	-	-	-	-	9.0	2.0	11.0
Bank & Statutory Reporting	2.0	1.0	1.5	5.0	15.5	5.0	30.0
Creditors	-	-	7.5	5.0	-	6.3	18.8
Investigation/CDDA	-	-	-	-	14.5	-	14.5
Job Acceptance & Strategy	1.0	-	-	-	-	-	1.0
Other Matters	-	3.0	3.0	-	5.0	5.0	16.0
Property	-	-	-	-	-	12.0	12.0
Statutory Duties	-	-	3.0	5.0	2.5	3.2	13.7
<b>Total Hours</b>	<b>3.0</b>	<b>4.0</b>	<b>15.0</b>	<b>15.0</b>	<b>46.5</b>	<b>33.5</b>	<b>117.0</b>
<b>Time Costs (£)</b>	<b>1,800</b>	<b>2,280</b>	<b>6,450</b>	<b>4,920</b>	<b>11,639</b>	<b>4,760</b>	<b>31,849</b>
<b>Average Hourly Rate (£)</b>	<b>600</b>	<b>570</b>	<b>430</b>	<b>328</b>	<b>250</b>	<b>142</b>	<b>272</b>

## Appendix B Statement of Administrators' charging policy for remuneration pursuant to Statement of Insolvency Practice No. 9

### Charging and disbursement policy

#### *Administrator's charging policy for remuneration*

The Insolvency Rules 1986 provide that the Administrators' remuneration may be fixed on the basis of time properly spent by the Administrators and their staff attending to matters arising in the Administrations

The Administrators did not convene creditors' meetings as we did not believe there was a prospect of any funds becoming available to unsecured creditors other than by virtue of the Prescribed Part. The Administrators' remuneration has therefore been agreed with the secured creditors in accordance with the provisions of Rule 2.106(5A) of the Insolvency Rules 1986

The Administrators have engaged managers and other staff to work on the Administrations. The work required is delegated to the most appropriate level of staff taking account of the nature of the work and the individual's experience. Additional assistance is provided by accounting and treasury executives dealing with the Companies' bank accounts and statutory compliance diaries. Work carried out by all staff is subject to the overall supervision of the Administrators

All time spent by staff working directly on case-related matters is charged to a time code established for the case. Each member of staff has a specific hourly rate, which is subject to change over time and are summarised below. The average hourly rate for each category of staff over the period is shown below

It is our firm's policy to review the charge out rates annually on 1 July. The current hourly rates may be higher than the average rates if hourly rates have increased over the period covered by this report

A copy of the R3 (Association of Business Recovery Professionals) creditors' guide to Administrators' fees may be obtained by contacting Chris Percy at the above address, or at <http://www.insolvency-practitioners.org.uk/regulation-and-guidance/guides-to-fees>

Effective from	Hourly rate	
	1 July 2012	1 July 2013
Partner	570 - 1,100	600 - 1,170
Executive Director	545 - 780	570 - 815
Assistant Director	410 - 570	430 - 595
Senior Executive	320 - 540	335 - 565
Executive	230 - 310	240 - 325
Analyst		
Level 1	185 - 280	195 - 295
Level 2	140 - 220	145 - 230
Level 3	130 - 200	135 - 210

## Appendix C      Statement of Administrators' charging policy for disbursements pursuant to Statement of Insolvency Practice No. 9

Statement of Insolvency Practice No. 9 ("SIP 9") published by R3 (The Association of Business Recovery Professionals) divides disbursements into two categories

Category 1 disbursements comprise payments made by the office holders' firm, which comprise specific expenditure relating to the administration of the insolvent's affairs and referable to payment to an independent third party. These disbursements can be paid from the insolvent's assets without approval from the Committee. In line with SIP 9, it is our policy to disclose such disbursements drawn but not to seek approval for their payment

Category 2 disbursements comprise payments made by the office holders' firm which include elements of shared or overhead costs. Such disbursements were subject to approval from the secured creditors as if they were remuneration. In line with SIP 9, approval was obtained for Category 2 disbursements before they were drawn

### **Category 2 disbursements**

The Joint Administrators have not incurred any category 2 disbursements

## Appendix D Creditors' request for further information regarding an Administrator's remuneration or expenses - Rule 2.48A Insolvency Rules 1986

1) If-

(a) within 21 days of receipt of a progress report under Rule 2.47-

(i) a secured creditor, or

(ii) an unsecured creditor with the concurrence of at least 5% in value of the unsecured creditors (including the creditor in question), or

(b) with the permission of the court upon an application made within that period of 21 days, any unsecured creditor, makes a request in writing to the Administrator for further information about remuneration or expenses (other than pre-Administration costs) set out in a statement required by Rule 2.47(1)(db) or (dc), the Administrator must, within 14 days of receipt of the request, comply with paragraph (2)

(2) The Administrator complies with this paragraph by either-

(a) providing all of the information asked for, or

(b) so far as the Administrator considers that-

(i) the time or cost of preparation of the information would be excessive, or

(ii) disclosure of the information would be prejudicial to the conduct of the Administration or might reasonably be expected to lead to violence against any person, or

(iii) the Administrator is subject to an obligation of confidentiality in respect of the information, giving reasons for not providing all of the information.

(3) Any creditor, who need not be the same as the creditor who requested further information under paragraph (1), may apply to the court within 21 days of-

(a) the giving by the Administrator of reasons for not providing all of the information asked for, or

(b) the expiry of the 14 days provided for in paragraph (1),

and the court may make such order as it thinks just.

(4) Without prejudice to the generality of paragraph (3), the order of the court under that paragraph may extend the period of 8 weeks provided for in Rule 2.109(1B) by such further period as the court thinks just "

Creditors' claim that remuneration is excessive - extract from Rule 2.109 of the Insolvency Rules 1986

“(1) Any secured creditor, or any unsecured creditor with either the concurrence of at least 10% in value of the unsecured creditors (including that creditor) or the permission of the court, may apply to the court for one or more of the orders in paragraph (4)

(1A) Application may be made on the grounds that–

(a) the remuneration charged by the Administrator,

(b) the basis fixed for the Administrator's remuneration under Rule 2.106, or

(c) expenses incurred by the Administrator,

is or are, in all the circumstances, excessive or, in the case of an application under sub-paragraph (b), inappropriate

(1B) The application must, subject to any order of the court under Rule 2.48A(4), be made no later than 8 weeks after receipt by the applicant of the progress report which first reports the charging of the remuneration or the incurring of the expenses in question (“the relevant report”) ”