

# AM10

## Notice of administrator's progress report



Companies House

THURSDAY



A28 \*A84LW79N\* #26  
02/05/2019  
COMPANIES HOUSE

### 1 Company details

Company number 0 9 7 5 0 7 1 0

Company name in full Conviviality Brands Limited

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

### 2 Administrator's name

Full forename(s) David Robert

Surname Baxendale

### 3 Administrator's address

Building name/number 7 More London Riverside

Street

Post town London

County/Region

Postcode S E 1 2 R T

Country

### 4 Administrator's name ①

Full forename(s) Matthew Boyd

Surname Callaghan

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

### 5 Administrator's address ②

Building name/number 7 More London Riverside

Street

Post town London

County/Region

Postcode S E 1 2 R T

Country

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

# 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. ①  
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

① 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) Ian David

Surname Green

## 3 Insolvency practitioner's address

Building name/number 7 More London Riverside

Street

Post town London

County/Region

Postcode S E 1 2 R T

Country

# AM10

## Notice of administrator's progress report

### 6 Period of progress report

From date	<sup>d</sup> 0	<sup>d</sup> 4	<sup>m</sup> 1	<sup>m</sup> 0	<sup>y</sup> 2	<sup>y</sup> 0	<sup>y</sup> 1	<sup>y</sup> 8
To date	<sup>d</sup> 0	<sup>d</sup> 3	<sup>m</sup> 0	<sup>m</sup> 4	<sup>y</sup> 2	<sup>y</sup> 0	<sup>y</sup> 1	<sup>y</sup> 9

### 7 Progress report

☒ I attach a copy of the progress report

### 8 Sign and date

Administrator's  
signature

Signature

X



X

Signature date	<sup>d</sup> 2	<sup>d</sup> 9	<sup>m</sup> 0	<sup>m</sup> 4	<sup>y</sup> 2	<sup>y</sup> 0	<sup>y</sup> 1	<sup>y</sup> 9
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# AM10

## Notice of administrator's progress report



### Presenter information

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

Contact name **Andy Lilley**

Company name **PricewaterhouseCoopers LLP**

Address **8th Floor Central Square**

**29 Wellington Street**

Post town **Leeds**

County/Region

Postcode **L S 1 4 D L**

Country

DX

Telephone **0113 289 4153**



### 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](http://www.gov.uk/companieshouse) or email [enquiries@companieshouse.gov.uk](mailto: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](http://www.gov.uk/companieshouse)**

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Joint administrators' progress report  
from 4 October 2018 to 3 April 2019

***Conviviality Brands Limited***  
(in administration)

High Court of Justice

Business and Property Courts in Manchester

Insolvency & Companies List (ChD)

Case no. 2304 of 2018

29 April 2019

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# Abbreviations and definitions

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

Abbreviation or definition	Meaning
Company / Brands	Conviviality Brands Limited
Administrators / we / us / our	David Robert Baxendale, Ian David Green and Matthew Boyd Callaghan.
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
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
The Lenders / Secured Creditors	Barclays Bank Plc ("Barclays"), HSBC Bank Plc ("HSBC") and National Westminster Bank Plc ("NatWest") as Lenders under the Senior Term and Revolving Facilities Agreement; and HSBC Invoice Finance (UK) Limited, RBS Invoice Finance Limited and Barclays in their capacities as ID Providers under the Receivables Financing Agreement ("RFA")
secured creditors	Creditors with security in respect of their debt, in accordance with Section 248 IA86
preferential Creditors	Claims for unpaid wages earned in the four months before the insolvency up to £800, holiday pay and unpaid pension contributions in certain circumstances
RPS	Redundancy Payments Service, an executive agency sponsored by the Department for Business, Energy & Industrial Strategy, which authorises and pays the statutory claims of employees of insolvent companies under the Employment Rights Act 1996
unsecured creditors	Creditors who are neither secured nor preferential
ROT claims	Claims to retention of title over goods supplied to the Company but not paid for before the Administrators' appointment
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.
Proposals	Joint Administrators proposals for achieving the purpose of the administration dated 24 May 2018.
Group	Conviviality Plc and its subsidiaries
Direct business	The Direct business distributed drinks across the On and Off Trade, through its Matthew Clark and Bibendum businesses, serving over 23,000 On Trade outlets, ranging from national prestige hotel chains to independent food-led pubs and restaurants. Subsidiary businesses included those known as Catalyst, Peppermint, Elastic and the Royal-warranted wine merchant, Walker & Wodehouse.

<b>Abbreviation or definition</b>	<b>Meaning</b>
Retail business	The Retail business with over 370 franchisees operated more than 700 stores, traded primarily under the brands of Bargain Booze, Bargain Booze Select Convenience and Wine Rack. In December 2017, the Group acquired WS Retail from P&H, which traded under the Central Convenience brand.
The Purchaser	C & C Holdings (NI) Limited
TUPE	Transfer of Undertakings (Protection of Employment) Regulations 2006
WRR	WR Realisations (2018) Limited (formerly Wine Rack Limited)
BBL	BB Realisations (2018) Limited (formerly Bargain Booze Limited)
CRL	CVL Realisations (2018) Limited (formerly Conviviality Retail Logistics Limited)
Plc	Conviviality Plc (formerly Conviviality Retail Plc)
NOMAD	A firm or company approved by the London Stock Exchange as a 'nominated adviser' for the Alternative Investment Market (AIM)
Bestway	Bestway Retail Limited (formerly Besway Direct Limited)
PLB	PLB Group Limited (part of the direct business acquired by the Purchaser)



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## ***Key messages***

### ***Why we've sent you this report***

We're writing to update you on the progress of the administration of the Company in the six months to 3 April 2019. You may wish to refer to our previous report, which can still be accessed online at [www.pwc.co.uk/conviviality](http://www.pwc.co.uk/conviviality).

### ***Pre-pack transaction of the direct business owned by Conviviality Brands Limited***

As previously reported, following the appointment of joint administrators to Conviviality Brands Limited on 4 April 2018, a sale of Brands' shareholdings in Matthew Clark (Holdings) Limited and Bibendum BLB (Topco) Limited to C&C Holdings (NI) Limited was completed. No other transactions or asset realisations are expected in relation to Brands. The sale allowed for the survival of the main operating entities within the Group's direct business, maintaining the position of its customers and suppliers; and a substantial recovery for secured lenders. The transaction also preserved nearly 2,000 jobs.

### ***Pre-pack transaction of the retail business operated by BBL, CRL and WRR***

As previously reported, following the appointment of joint administrators to BBL, CRL and WRR (all owned by Brands) on 6 April 2018, a sale of their businesses and assets to Bestway Direct Limited was completed. The sale represented the best offer received and so provided the best available outcome for creditors of those companies as a whole in all the circumstances. The sale resulted in over 2,200 jobs being saved, with the associated reduction in preferential claims. It also helped mitigate the level of unsecured creditor claims by reducing any contractual claims that could have arisen from supply contracts that were transferred.

### ***Secured creditors***

The secured creditors were owed c£169m by the Group when Brands entered administration on 4 April 2018. The immediate sale of shareholdings in the Direct business to C&C Holdings (NI) Limited, resulted in the repayment of £102m of this secured debt.

In addition, the secured creditors have recovered some of their remaining debt from the Group's Retail business, in particular from debts owed to the retail business at the time of our appointment. We continue to expect that the secured creditors will suffer a significant shortfall on their lending.

Further distributions are expected and of the initial Group debt, we currently anticipate a recovery for the secured creditors of over 70%. We are not providing precise recovery estimates in this document for commercial reasons, as book debt collections represent the main source for future recoveries and it is likely to take several more months to be completed.

### ***Preferential creditors***

No preferential creditors are expected as the Company did not have any employees.

### ***Unsecured creditors***

We currently do not expect sufficient funds to be available to make a distribution to unsecured creditors. Therefore, only the secured creditors have a financial interest in the outcome of the administration.

### ***What you need to do***

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

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# ***Recap on the administration***

## ***Sale of the Direct business***

A sale of Brands' shareholdings in Matthew Clark (Holdings) Limited and Bibendum BLB (Topco) Limited was completed on 4 April 2018 to C&C Holdings (NI) Limited, immediately following the appointment of joint administrators.

The sale consideration was £1 plus an obligation on the purchaser to repay £102m of the Group's secured lending, which has now been paid in full. Intercompany balances were settled for a nominal sum. As the transaction was a sale of shares, all employees, customers and suppliers in the direct business were unaffected by the administration appointment.

However, the sale did not generate sufficient assets to repay the creditors of Brands itself and therefore there will be no return to its shareholder, Conviviality Plc.

Whilst Plc still owns 100% of the shareholdings in Brands, as the shares no longer have any value they are expected to transfer to the Crown (as *bona vacantia* property) when the Company is ultimately dissolved at the end of the administration.

## ***Sale of the Retail business***

A sale of (substantially the whole of) the business and assets of BBL, CRL and WRR completed on 6 April 2018, to Bestway. The sale consideration was £7.25m plus £255k in respect of cash floats.

The sale excluded debts subjects to a financing agreement, which the Purchaser has been assisting in collecting on behalf of the Secured Creditors.

The sale represented the best offer received, and so provided the best available outcome for creditors of those companies as a whole in all the circumstances. The sale resulted in over 2,200 jobs being saved, with the associated reduction in preferential claims. It also helped mitigate the level of unsecured creditor claims by reducing any contractual claims that could have arisen from supply contracts that were transferred.

However (as for Brands), as there are insufficient assets for unsecured creditors in all three retail companies, there will be no return to any shareholders (ultimately Brands and Conviviality Plc). Intercompany balances owed to Conviviality Plc by the retail business therefore have no value.

We remain in office mainly to provide assistance (as required) to certain regulatory authorities in their investigations into the Company's affairs, and pursue any action that represents opportunities for additional recoveries for the secured creditors.

When we last reported, the key outstanding matters in the administration were:

- Complete the sale of the corporation tax terminal loss relief claims;
- Surrender or assign the final two leasehold properties; and
- Deal with our statutory duties as administrators in dealing with the Company's VAT and tax affairs and other incidental tasks associated with the winding down and ultimate dissolution of the Company.

In the next section, we provide an update on our work in these areas and (where relevant) how they have progressed.

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## ***Progress in the period***

### ***Properties (Units 11/23 Utopia Village, 7 Chalcot Road)***

As previously advised, following our appointment we became aware that the Company had a leasehold interest in two properties that did not form part of the share sale agreement.

PLB remained in occupation of the properties after our appointment but both properties have now been vacated. Surrenders of leases have been offered to the landlord, but have currently not been accepted.

We are in correspondence with CBRE Group (acting on behalf of the landlord) to obtain invoices for outstanding rent and service charges for the period of PLB's occupation. We are holding some funds (provided by PLB) in respect of the outstanding rent, service charges and business rates (as shown in our receipts and payments account). On receipt of the outstanding invoices from CBRE we will be requesting any surplus from PLB prior to settling the outstanding amounts for PLB's period of occupation.

### ***Connected party transactions***

In accordance with SIP13, we are required to disclose any known connected party transactions that occurred in the period following our appointment or any proposed connected party transactions. We can confirm that no such transactions have occurred and none are expected.

### ***Corporation tax***

The corporation tax computations and returns for the companies have been brought up to date and submitted. There was nil tax payable in the period.

### ***Other work***

As administrators, we become responsible for dealing with the Companies' VAT affairs and filing obligations.

We have submitted the VAT return for the quarter ended December 2018 and we are in the process of preparing the March 2019 return.

### ***Investigations and actions***

We have complied with our duties under the Company Directors' Disqualification Act 1986 and SIP2.

As widely reported in the media, the collapse of the Group resulted in the commencement of enquiries and/or investigations by certain regulatory bodies. We have cooperated with information requests received to date and will continue to do so.

We also have a duty to consider what potential claims against third parties may exist and what recoveries could be made. Our work on this matter is ongoing.

### ***Sale of tax losses***

Following our work in calculating the corporation tax group terminal loss relief claims, we entered into correspondence with the Purchaser with a view to negotiating a sale of these. A further update will be provided in due course.

### ***Our receipts and payments account***

We set out in Appendix A an account of our receipts and payments in the administration from 4 October 2018 to 3 April 2019.

## *Pre-administration costs*

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

## *Extension of the administration*

During the period, we asked the secured creditors to grant an extension to the statutory one year period of the administration of the Company. The extension was granted and the administration must be concluded before 5 April 2020, unless further extended by an order of the Court.

## *Our expenses*

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

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

## *Our fees*

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

## *Secured creditor funding*

In each of the five Group companies over which we have been appointed as joint administrators no dividends to preferential or unsecured creditors will be available due to the significant shortfall suffered by the secured creditors. Similarly, we currently do not expect there to be sufficient net floating charge realisations to generate a dividend by virtue of the statutory Prescribed Part fund.

Therefore, the secured creditors are the only class of creditor with a financial interest in the outcome of the administrations. Consequently and for the reasons explained below, it has been necessary to enter into a Funding Agreement with the secured creditors to ensure each administration has sufficient funding to pay the reasonable costs incurred.

The Funding Agreement dated 9 July 2018 permits us to retain c£4m of the sale proceeds from the sale to Bestway that are available to distribute to the secured creditors, for the purpose of discharging the pre-administration costs, administration expenses, our remuneration and legal costs (in each of the Group companies), up to certain limits and to be drawn at the appropriate time with the secured creditors' prior consent.

We are liaising with the secured creditors to obtain the formal approvals to enable us to discharge the professional costs.

## *Creditors' rights*

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

[https://www.r3.org.uk/media/documents/publications/professional/Guide\\_to\\_Administrators\\_fees\\_April\\_2017.pdf](https://www.r3.org.uk/media/documents/publications/professional/Guide_to_Administrators_fees_April_2017.pdf)

You can also get a copy free of charge by telephoning Andy Lilley on 0113 289 4153.

## *What we still need to do*

The key areas of work are expected to be resolving the property issues and any ongoing assistance to regulatory bodies.

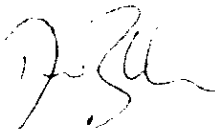
However, before we can finalise our work in the administration of the Company, we also need to deal with our statutory duties as administrators in dealing with the Company's VAT and tax affairs and other incidental tasks associated with the winding down and ultimate dissolution of the Company.

## *Next report*

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

If you've got any questions, please get in touch with Andy Lilley on 0113 289 4153.

Yours faithfully  
For and on behalf of the Company



David Robert Baxendale  
Joint administrator

*David Robert Baxendale, Ian David Green and Matthew Boyd Callaghan have been appointed as Joint Administrators of Conviviality Plc to manage its affairs, business and property as agents and without personal liability. David Robert Baxendale, Ian David Green and Matthew Boyd Callaghan are all 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 Data 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](http://PwC.co.uk) website or by contacting the Joint Administrators.*

# Appendix A: Receipts and payments

Directors' Statement of Affairs	Notes	Total from 4 April 2018 to 3 October 2018	Total from 4 October 2018 to 3 April 2019	Total
£		£	£	£
<b>FIXED CHARGE REALISATIONS</b>				
102,000,000 Investments	1	-	-	-
		-	-	-
<b>COST OF REALISATION / PAYMENTS</b>		-	-	-
		-	-	-
<b>DISTRIBUTION TO FIXED CHARGE HOLDER</b>		-	-	-
		-	-	-
<b>BALANCE OF FIXED CHARGE FUNDS</b>		-	-	-
<b>FLOATING CHARGE REALISATIONS</b>				
Bank Interest		-	407.02	407.02
Rents		103,459.15	-	103,459.15
Rates		31,582.67	-	31,582.67
		135,041.82	407.02	135,448.84
<b>COST OF REALISATION / PAYMENTS</b>				
Insurance		-	(268.80)	(268.80)
Statutory advertising		-	(75.00)	(75.00)
		-	(343.80)	(343.80)
<b>BALANCE OF FLOATING CHARGE FUNDS</b>		135,041.82	63.22	135,105.04
<b>VAT CONTROL ACCOUNT</b>		20,691.83	(20,706.83)	(15.00)
<b>TOTAL BALANCE AT BANK</b>	2	155,733.65	(20,643.61)	135,090.04

Note 1. £102m Investments in the direct business were bought for £1 by C&C Holdings (NI) Limited with a commitment to repaying the secured debt of £102m directly. These payments were not received in the administration estate and have subsequently not been reflected in this receipts and payments account.

Note 2. Balances at bank are held on interest bearing accounts.

All amounts are shown exclusive of VAT.

## Appendix B: Expenses

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

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

	Brought forward from preceding period £	Incurred in the period under review £	Cumulative £	Estimated future £	Anticipated total £	Initial estimate £	Variance £
Insurance	0.00	268.80	268.80	250.00	518.80	0.00	(518.80)
Legal fees and expenses of (DLA Piper UK LLP)	3,985.89	0.00	3,985.89	0.00	3,985.89	5,985.89	2,000.00
Legal fees and expenses of (Hogan Lovells International LLP)	41,261.04	0.00	41,261.04	0.00	41,261.04	66,261.04	25,000.00
Office holders' fees	105,372.20	37,916.24	143,288.44	43,500.00	186,788.44	191,613.39	4,824.95
Office holders' disbursements	19.75	198.96	218.71	200.00	418.71	19.75	(398.96)
Pre-administration costs	121,592.00	0.00	121,592.00	0.00	121,592.00	121,592.00	0.00
Statutory advertising	0.00	75.00	75.00	0.00	75.00	0.00	(75.00)
Storage costs	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>Total</b>	<b>272,230.88</b>	<b>38,459.00</b>	<b>310,689.88</b>	<b>43,950.00</b>	<b>354,639.88</b>	<b>385,472.07</b>	<b>30,832.19</b>

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## ***Appendix C: Remuneration update***

We confirmed in our previous progress report that the Lenders have provided a single facility to ensure that there are sufficient funds in each of the Group companies (over which we have been appointed) to pay the costs of the administrations up to certain limits as agreed with Lenders. The facility becomes available after any floating charge realisations have been utilised in the first instance.

### ***The proposed basis of fees***

In this case we proposed that our remuneration is on a combination of a percentage of realisations and time costs basis as set out below.

#### ***Percentage of realisations (in respect of the retail companies only)***

We are performing certain work only to assist Bestway and which goes beyond our obligations in the sale agreement or as joint administrators. This includes:

- revisions to the sale agreement;
- novation of contracts and trademarks;
- protracted management of Bestway receipts into pre-appointment accounts;
- (since 4 October 2018 when the licence to occupy the various properties was extended) ongoing receipt of licence fees;
- payment of rent (and certain related property costs); and
- cooperation in the assignment and/or surrender of leases.

We agreed to undertake this work on the basis that it had no adverse impact on the outcome for the secured creditors. Therefore we agreed that Bestway would contribute to these additional costs, including legal fees. We are recharging costs to Bestway by reference to time costs incurred by us and our solicitors, or any other appropriate mechanism that may be subsequently agreed with Bestway.

However, we proposed that the remuneration we actually draw for all work that Bestway pays for, is calculated as 100% of the amount received from Bestway (excluding VAT) in respect of costs incurred by our firm. We believe this is an appropriate basis for the following reasons:

- It is a simple mechanism that matches our fees for the work done solely for Bestway directly to the amount received from Bestway; thereby avoiding any adverse impact on the outcome for the secured creditors;
- At the time of determining our fees estimate (for work based on time costs), the duration of ongoing assistance to Bestway was indeterminate and therefore it would have been difficult to estimate the total time required if using the alternative time cost basis; and
- It avoids the statutory costs of additional reporting to creditors (if a time cost basis was used) and seeking further approvals from secured creditors if costs exceeded the initial fees estimate for that work.

It is for the secured creditors to approve this proposed basis of our fees for this work, even though it should not impact the outcome for them.



### Time cost basis (all companies)

We are proposing that the basis of our remuneration for all work (other than that described above), is on a time cost basis. Time will be charged in accordance with the policy set out later in this remuneration update.

As only the secured creditors have a financial interest in the outcome of the administrations and therefore the level of our remuneration, we have already discussed the basis and likely quantum with the secured creditors. In particular, for the purpose of providing regular updates to the secured creditors and entering into the Funding Agreement, we agreed that:

- our remuneration will be on a time cost basis;
- the hourly charge-out rates set out later in this section, will apply; and
- that our fees would be capped at £1,601,400 plus VAT across the various Group company administrations.

We believe a time cost basis is appropriate for this work, for the following reasons:

- It ensures that creditors are only charged for work that is performed;
- We are required to perform a number of tasks which do not relate to the realisation of assets (for example: reporting to creditors, investigating the conduct of the directors and dealing with a high volume of creditor queries); and
- We are unable to estimate with any reasonable degree of certainty the total amount of fees necessary to complete all tasks required in the administration (that would make a set fee a suitable alternative basis).

Due to the additional costs that have been incurred by the joint administrators (and future costs that are likely to be incurred) we are seeking further approval from the secured creditors to increase our fees estimate from £1.6m to £2.2m.

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

### Our hours and average rates

Aspect of assignment	Partner	Director	Senior Manager	Manager	Senior Associate	Associate	Support Staff	Total hours	Time cost £	Average hourly rate £
Accounting and Treasury	-	-	-	0.40	1.55	1.05	-	3.01	943.04	313.30
Assets	-	-	-	-	0.40	-	-	0.40	140.00	350.00
Creditors	-	-	-	-	-	0.60	-	0.60	131.40	219.00
Employees & pensions	-	-	-	-	-	-	-	-	-	-
Investigations	-	-	-	-	-	-	-	-	-	-
Secured creditors	-	-	1.00	-	0.35	-	-	1.35	611.50	452.96
Statutory and compliance	-	-	0.60	2.90	13.00	6.45	-	22.95	7,476.85	325.79
Strategy and planning	-	3.00	1.20	-	11.60	0.55	-	16.35	6,705.35	410.11
Debtors	-	-	-	-	-	-	-	-	-	-
Insurance	-	-	-	-	0.15	-	-	0.15	52.50	350.00
Property	-	-	-	3.00	12.80	-	-	15.80	5,743.00	363.48
ROT	-	-	-	-	-	-	-	-	-	-
Shareholders	-	-	-	-	-	-	-	-	-	-
Tax	-	5.00	-	13.20	0.45	20.15	5.35	44.15	14,897.80	328.60
VAT	-	-	-	2.05	1.40	1.15	-	4.60	1,604.90	348.89
<b>Total for the period</b>	-	<b>8.0</b>	<b>2.8</b>	<b>21.6</b>	<b>41.7</b>	<b>30.0</b>	<b>5.4</b>	<b>109.36</b>	<b>37,916.24</b>	<b>346.71</b>
<b>Brought forward from previous period</b>								<b>264.85</b>	<b>105,372.20</b>	
<b>Total</b>								<b>374.21</b>	<b>143,288.44</b>	

*\*We regularly monitor and review our costs and make appropriate adjustments as necessary or appropriate. These reviews resulted in some small adjustments and overall reduction on time previously reported.*

## *Our time charging policy and hourly rates*

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

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

We set out below the maximum charge-out rates per hour for the grades of our staff who already or who are likely to work on the administration.

Grade	From 1 July 2018
Partner	735
Director	646
Senior manager	489
Manager	421
Senior associate – qualified	350
Associate	219
Support staff	110

## *Payments to associates*

We have made no payments to associates during the reporting period.

## *Our work in the period*

Earlier in this section we have included an analysis of the time spent by 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
Accounting & treasury	<ul style="list-style-type: none"><li>• Dealing with receipts, payments and journals.</li><li>• Carrying out bank reconciliations and managing investment of funds.</li><li>• Corresponding with pre appointment banks regarding specific transfers.</li></ul>	<ul style="list-style-type: none"><li>• To manage both the post and pre appointment bank accounts.</li><li>• To ensure receipts and payments are fully and accurately recorded.</li></ul>	<ul style="list-style-type: none"><li>• Ensures proper management of the funds held.</li></ul>

<b>Area of work</b>	<b>Work undertaken</b>	<b>Why the work was necessary</b>	<b>What, if any, financial benefit the work provided to creditors OR whether it was required by statute</b>
Assets	<ul style="list-style-type: none"> <li>Identifying potential asset recoveries.</li> </ul>	<ul style="list-style-type: none"> <li>To ensure returns to the creditors are maximised.</li> </ul>	<ul style="list-style-type: none"> <li>Realises funds for the benefit of creditors.</li> </ul>
Creditors	<ul style="list-style-type: none"> <li>Maintaining a dedicated website for delivery of initial and ongoing communications and reports.</li> </ul>	<ul style="list-style-type: none"> <li>To keep creditors informed on the progress of the case.</li> </ul>	<ul style="list-style-type: none"> <li>Work is required by statute and for the proper administration of the case.</li> </ul>
Insurance	<ul style="list-style-type: none"> <li>Reviewing insurance policies.</li> <li>Corresponding with insurer regarding initial and ongoing insurance requirements.</li> <li>Providing updates to insurers as appropriate.</li> </ul>	<ul style="list-style-type: none"> <li>To ensure the relevant level of insurance cover is in place.</li> </ul>	<ul style="list-style-type: none"> <li>Required by statute.</li> </ul>
Investigations	<ul style="list-style-type: none"> <li>Providing information to Regulators to assist with external investigations.</li> </ul>	<ul style="list-style-type: none"> <li>To comply with our statutory obligations.</li> </ul>	<ul style="list-style-type: none"> <li>Required by statute.</li> </ul>
Property	<ul style="list-style-type: none"> <li>Liaising with agents and landlords regarding the collection and remittance of rent and service charge payments.</li> <li>Correspondence with landlords in relation to lease surrenders.</li> <li>Complete reconciliation of landlord rents and other associated property costs.</li> </ul>	<ul style="list-style-type: none"> <li>To resolve the Company's property affairs.</li> </ul>	<ul style="list-style-type: none"> <li>Work is required for the proper administration of the case.</li> </ul>
Secured Creditors	<ul style="list-style-type: none"> <li>Preparing reports to, and holding meetings with, the secured creditors.</li> <li>Responding to secured creditor's queries.</li> </ul>	<ul style="list-style-type: none"> <li>To keep creditors informed on the progress of the case.</li> </ul>	<ul style="list-style-type: none"> <li>Work is required by statute and for the proper administration of the case.</li> </ul>
Statutory & compliance	<ul style="list-style-type: none"> <li>Conducting case reviews every six months.</li> <li>Preparing and issuing periodic progress reports to creditors and the Registrar.</li> <li>Making applications to secured creditors for the extension of the administration and filing relevant notices.</li> <li>Dealing with records in storage.</li> <li>Filing of documents.</li> </ul>	<ul style="list-style-type: none"> <li>To comply with our statutory obligations.</li> </ul>	<ul style="list-style-type: none"> <li>Required by statute/regulations.</li> </ul>

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
	<ul style="list-style-type: none"> <li>Updating checklists and diary management system.</li> </ul>		
Strategy & planning	<ul style="list-style-type: none"> <li>Team meetings to review strategy and progress.</li> <li>Maintaining fee budgets and monitoring costs.</li> <li>Considering timings for key milestones and key strategic decisions.</li> </ul>	<ul style="list-style-type: none"> <li>To ensure case progression and monitoring costs.</li> </ul>	<ul style="list-style-type: none"> <li>Controls efficiencies, time costs and ensures continued case progression towards closure.</li> </ul>
Tax	<ul style="list-style-type: none"> <li>Preparing tax computations and submit returns as appropriate.</li> </ul>	<ul style="list-style-type: none"> <li>To comply with our statutory obligations.</li> </ul>	<ul style="list-style-type: none"> <li>Required by statute/regulations.</li> </ul>
VAT	<ul style="list-style-type: none"> <li>Preparing quarterly VAT returns</li> <li>Correspondence with HMRC in relation to the Company's VAT matters</li> </ul>	<ul style="list-style-type: none"> <li>To comply with our statutory obligations.</li> </ul>	<ul style="list-style-type: none"> <li>Required by statute/regulations.</li> </ul>

## Our future work

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

Area of work	Work we need to do	Estimated cost £	Whether or not the work will provide a financial benefit to creditors
Strategy & planning	<ul style="list-style-type: none"> <li>Team meetings to review strategy and progress.</li> <li>Maintaining fee budgets and monitoring costs.</li> <li>Considering timings for key milestones and key strategic decisions.</li> </ul>	<ul style="list-style-type: none"> <li>5,000</li> </ul>	<ul style="list-style-type: none"> <li>Controls efficiencies, time costs and ensures continued case progression towards closure.</li> </ul>
Accounting & treasury	<ul style="list-style-type: none"> <li>Dealing with receipts, payments and journals.</li> <li>Carrying out bank reconciliations and managing investment of funds.</li> <li>Making distributions to secured creditors.</li> <li>Closing bank accounts.</li> </ul>	<ul style="list-style-type: none"> <li>2,500</li> </ul>	<ul style="list-style-type: none"> <li>Ensures proper management of the funds held.</li> </ul>
Creditors	<ul style="list-style-type: none"> <li>Reviewing and preparing correspondence to creditors and their representatives.</li> </ul>	<ul style="list-style-type: none"> <li>1,000</li> </ul>	<ul style="list-style-type: none"> <li>Work is required by statute and for the proper administration of the case.</li> </ul>

Area of work	Work we need to do	Estimated cost £	Whether or not the work will provide a financial benefit to creditors
	<ul style="list-style-type: none"> <li>• Maintaining a dedicated website for delivery of initial and ongoing communications and reports.</li> </ul>		
Insurance	<ul style="list-style-type: none"> <li>• Providing updates to insurers as appropriate.</li> </ul>	• 1,500	• Required by statute.
Investigations	<ul style="list-style-type: none"> <li>• Providing information to Regulators to assist with external investigations.</li> </ul>	• 1,000 *	• Required by statute.
Property	<ul style="list-style-type: none"> <li>• Liaising with agents and landlords regarding the collection and remittance of rent and service charge payments.</li> <li>• Correspondence with landlords in relation to lease surrenders.</li> <li>• Complete reconciliation of landlord rents and other associated property costs.</li> </ul>	• 5,000	• To resolve the Company's property affairs.
Secured creditors	<ul style="list-style-type: none"> <li>• Preparing reports to, and holding meetings with, the secured creditors.</li> <li>• Responding to secured creditor's queries.</li> <li>• Making distributions in accordance with security entitlements.</li> </ul>	• 2,500	• Work is required by statute and for the proper administration of the case.
Statutory & compliance	<ul style="list-style-type: none"> <li>• Conducting case reviews every six months.</li> <li>• Preparing and issuing periodic progress reports to creditors and the Registrar.</li> <li>• Sending job files to storage.</li> <li>• Completing checklists and diary management system.</li> <li>• Closing down internal systems.</li> </ul>	• 15,000	• Required by statute/regulations.
Tax	<ul style="list-style-type: none"> <li>• Preparing tax computations.</li> <li>• Liaising with HMRC to obtain tax clearance.</li> </ul>	• 5,000	• Required by statute/regulations.
VAT	<ul style="list-style-type: none"> <li>• Preparing quarterly VAT returns.</li> <li>• Correspondence with HMRC in relation to the Company's VAT matters.</li> </ul>	• 5,000	• Required by statute/regulations.

\* The future estimated cost in relation to investigations should be read in conjunction with our reports for Conviviality Plc and the Retail business.

## *Disbursements*

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

Our expenses policy allows for all properly incurred expenses to be recharged to the administration but has not yet been approved by the secured creditors where required.

The following disbursements arose in the period of this report.

<b>Category</b>	<b>Policy</b>	<b>Costs incurred £</b>
1	Postage	198.96
<b>Total</b>		<b>198.96</b>

## *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.

## *Professionals and subcontractors*

We've instructed the following professionals on this case:

<b>Service provided</b>	<b>Name of firm</b>	<b>Reason selected</b>	<b>Basis of fees</b>
Legal services, including: <ul style="list-style-type: none"><li>• appointment related matters.</li></ul>	DLA Piper UK LLP	Industry knowledge Previous company knowledge	Time costs and disbursements
Legal advice, including: <ul style="list-style-type: none"><li>• appointment related matters (Brands and Plc); and</li><li>• leasehold properties and licence to occupy agreements/surrenders.</li></ul>	Hogan Lovells International LLP	Industry knowledge Previous company knowledge	Time costs and disbursements

## Appendix D: Pre-administration costs

In our Proposals dated 11 April 2018, we provided details on the costs incurred before our appointment as joint administrators but with a view to the various Group companies entering administration. Those costs have now been reviewed, reconciled, updated and are summarised in the following table showing the position at the date of appointment:

	Paid amount (£)	Unpaid amount (£)
Our fees as administrators-in-waiting	649,659	333,327
Expenses incurred by us as administrators-in-waiting *	Nil	818,792
Fees charged by other persons qualified to act as an insolvency practitioner	n/a	n/a
Expenses incurred by other persons qualified to act as an insolvency practitioner	n/a	n/a
<b>Total</b>	<b>649,659</b>	<b>1,152,119</b>

We have subsequently identified an appropriate split of the unpaid amount by each relevant entity, as follows:

Entity in administration	Fees (£)	Expenses (£)
Plc	-	121,592
Brands	-	121,592
BBL	298,327	451,090
CRL	12,000	62,259
WR	23,000	62,259
<b>Total</b>	<b>333,327</b>	<b>818,792</b>

\* expenses are legal costs incurred by DLA and Hogan Lovell's

Details of the work performed that gave rise to the costs above were included in our Proposals (and the joint administrators' proposals for the Retail businesses also available at [www.pwc.co.uk/conviviality](http://www.pwc.co.uk/conviviality)) and are not repeated here.

### *Approval for payment as an expense*

The payment of unpaid pre-administration costs as an expense of the administration requires approval under Rule 3.52 IR16. The secured creditors approved the payment of pre-administration costs in the Funding Agreement dated 9 July 2018.

## ***Appendix E: Other information***

<b>Court details for the administration:</b>	High Court of Justice Business and Property Courts in Manchester Insolvency & Companies List (ChD) Case no. 2304 of 2018
<b>Company's registered name:</b>	Conviviality Brands Limited
<b>Registered number:</b>	09750710
<b>Registered address:</b>	8 <sup>th</sup> Floor Central Square, 29 Wellington Street, Leeds, LS1 4DL
<b>Date of the joint administrators' appointment:</b>	4 April 2018
<b>Joint Administrators' names, addresses and contact details:</b>	David Robert Baxendale, Ian David Green and Matthew Boyd Callaghan, all of PricewaterhouseCoopers LLP 7 More London Riverside, London, SE1 2RT
<b>The European Regulation on Insolvency Proceedings (Council Regulation (EC) No. 1346/2000 of 29 May 2000):</b>	The European Regulation on Insolvency Proceedings applies to this administration and the proceedings are main proceedings.
<b>Split of Administrators' responsibilities</b>	All functions and powers of the Administrators may be exercised by all of the Administrators jointly or by any Administrator separately
<b>Extension to the initial period of appointment</b>	The administration of the Company was due to end automatically on 3 April 2019. An extension of twelve months to 3 April 2020 was granted by the secured creditors on 14 March 2019.