

The Insolvency (Northern Ireland) Order 1989

Administrator's Progress Report**2.24B**

Name of Company Dixons Contractors Limited (In Administration)	Company number NI050218
In the High Court of Justice for Northern Ireland Chancery Division (Company Insolvency)	Court case number 2019/24548

(a) Insert full name(s)
and address(es) of
administrator(s)I / We (a) Andrew Dolliver and Joseph L CharletonErnst & Young LLP, Bedford House, 16 Bedford Street, Belfast, BT2 7DT

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

from

to

(b) Insert date

(b) 30 May 2019

(b) 29 November 2019

Signed



Joint / Administrator(s)

Dated

19 December 2019**Contact Details:**

You do not have to give any contact information in the box opposite but if you do, it will help Companies Registry 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

Liam Morrow	
Ernst & Young LLP, Bedford House, 16 Bedford Street, Belfast, BT2 7DT	
	Tel: 028 9044 1459

When you have completed and signed this form please send it to the Registrar of Companies at the Companies Registry for Northern Ireland

MONDAY



JNI

J8LFKUY0

30/12/2019

COMPANIES HOL. 3E

#6

TO ALL KNOWN CREDITORS

19 December 2019

Ref AD/LM/GS
Direct line 028 9044 1721
Direct fax 028 9044 3501
Gillian Stirling
GStirling@uk.ey.com

Dear Sirs

Dixons Contractors Limited (In Administration) ("the Company")

High Court of Justice in Northern Ireland Chancery Division, Number 2019/24548

Registered office address: EY, Bedford House, 16 Bedford Street, Belfast, Northern Ireland, BT2 7DT

I write in accordance with Rule 2.048 of the Insolvency (Northern Ireland) Rules 1991 to provide creditors with a report on the progress of the Administration. This report covers the period from 30 May 2019 to 29 November 2019 and should be read in conjunction with the Joint Administrators' statement of proposals dated 22 July 2019.

Dixons Contractors Limited, registered number NI050218, entered Administration on 30 May 2019 and Joseph Luke Charleton and I of Ernst & Young were appointed to act as Joint Administrators. The appointment was made by Bank of Ireland (UK) Plc under the provisions of paragraph 15 of Schedule B1 to the Insolvency (Northern Ireland) Order 1989.

As Joint Administrators and Insolvency Practitioners, Joseph Luke Charleton and I are bound by the Insolvency code of ethics when carrying out all professional work relating to an insolvency appointment.

Extensions to the Initial Period of Appointment

The Administration is due to automatically end on 29 May 2020. An extension beyond the initial period is currently not expected.

Summary of Progress since the Administrators' Statement of Proposals

On 22 July 2019, the Administrators sent their proposals to all creditors in respect of the Company. At that time the Administrators believed that there would be funds available to enable a distribution to unsecured creditors. By virtue of Paragraph 52(1) of Schedule B1 of the Insolvency (Northern Ireland) Order 1989, the Administrators convened a creditors meeting on 6 August 2019. At that meeting, a creditors committee was formed with five members and the proposals were approved. A meeting of the committee members was subsequently held to assist with decisions regarding asset realisations.

There have been no amendments to, or deviations from the original proposals.

Asset Realisations

Property

Realised to Date: NIL

The two property assets held by the Company are both agreed for sale. Neither sale was straight forward and have involved multi-party negotiations. The sale of Mountpottinger completed for £450k on 12 December (after the period covered in this report). Further information will be provided in the next progress report. Due to reasons of commercial sensitivity with the ongoing sale, we cannot currently disclose details of the Park Avenue agreement. We expect completion to occur within the next 6 months and therefore will report in detail on both transactions in our next report.

Chattel Assets

Realised to Date: £418,729

The majority of chattel assets were sold via auction shortly after appointment and detailed in our proposals. There are minimal chattel assets remaining which have since been agreed for sale. Further details will be provided once sold.

Debtors and WIP

Realised to Date: £12,275

A debtor collection agency agreement is in the process of being finalised with a related party in order to maximise the realisation of debtor balances.

Negotiations were also undertaken with the Northern Ireland Housing Executive (NIHE) in respect of their outstanding balance, however, it was decided that it would be optimal for this debt to be included in the agency agreement due to the risk involved with collection given the pay less notice received, potential for offset and expected cost of Administrators, quantity surveyor and solicitors to pursue.

Receipts and Payments Account

I enclose a receipts and payments account for the period 30 May 2019 to 29 November 2019 at Appendix 1.

Joint Administrators' Remuneration and Disbursements

The statutory provisions relating to remuneration are set out in 2.107 of the Insolvency Rules (Northern Ireland) 1991. 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> (follow 'Regulation and Guidance' then 'Creditors' Guides to Fees' then 'Administrators Fees (November 2011)'), or is available in hard copy upon written request to the Joint Administrators.

The Administrators' remuneration was fixed on a time-cost basis up to a maximum of £200k for matters in scope by a resolution passed by the creditors committee.

To date, the Administrators have incurred time costs of £239,738.51. An analysis of the time spent is attached as Appendix 2 to this report. At Appendix 3 there is a statement of the Administrators' policy in relation to charging time and disbursements. No fees or disbursements have been drawn to date.

Secured Creditor

The Company's principal secured creditor had total indebtedness at 20 June 2019 of £670,154, interest continues to accrue on the debt. On appointment, a £20,000 overdraft facility was provided by the secured lender to facilitate the initial retention of employees to assist with securing key information and data. Of the available funds, £10,025 was utilised.

Distributions totalling £257,500 have been made to the secured lender in respect of their debt to date. Part of these proceeds have been used to reimburse the overdraft facility provided on appointment.

Preferential Creditors

We currently estimate preferential creditors of £89,500 in respect of claims for employees' salaries, holiday pay, health insurance, childcare vouchers and pension contributions. No formal claim has been received from the Redundancy Payments Service to date. Once this has been received, we will be in a position to finalise the preferential creditor claim.

Non-preferential Creditors

Claims from non-preferential creditors continue to be submitted. Total non-preferential claims received to date total £5,013,032. These claims will be formally reviewed as part of the final dividend process.

At this stage, it is expected sufficient funds will be realised from the floating charge assets of the Company to pay a dividend to unsecured creditors.

If you have not already submitted a claim, please complete the enclosed proof of debt form and send it to EY, Bedford House, 16 Bedford Street, Belfast BT2 7DT along with all supporting documents marked for the attention of Gillian Stirling.

The Prescribed Part

The prescribed part is a proportion of floating charge assets set aside for unsecured creditors pursuant to Article 150A of the Insolvency (Northern Ireland) Order 1989. The prescribed part applies to floating charges created on or after 27 March 2006.

The secured lender's floating charge was created prior to 27 March 2006. Consequently, Article 150A of the Insolvency (Northern Ireland) Order 1989 does not apply to this Administration and there is no prescribed part to be set aside for unsecured creditors.

Distributions to Creditors

It is currently estimated there will be a surplus in the region of c£250,000 available for unsecured creditors. In order to make this distribution to unsecured creditors, the Company will need to be moved to Liquidation pursuant to paragraph 84 of Schedule B1 to the Insolvency (Northern Ireland) Order 1989.

Future conduct of the Administration

If the outstanding matters have not been resolved by the end of the Administration or if it is in the best interests of the creditors, the Joint Administrators will seek to either extend the Administration or place the Company into Creditors' Voluntary Liquidation to enable any distributions to be made.

I will report to you again at the conclusion of the Administration or in six months' time, whichever is the sooner.

Should you have any queries, please do not hesitate to contact my colleague Gillian Stirling on dixonscontractors@uk.ey.com.

Yours faithfully
for the Company



A Dolliver
Joint Administrator

Enc: Joint Administrators' Receipts and Payments Account
Summary of Joint Administrators' Time-Costs and Category 2 Disbursements
Joint Administrators' Policy on Fees and Disbursements
Form 2.24B
Proof of Debt Form

Andrew Dolliver is licensed in the United Kingdom to act as an insolvency practitioner by The Insolvency Practitioners Association and Joseph L Charleton is licensed in the United Kingdom to act as an insolvency practitioner by The Institute of Chartered Accountants of Scotland. The affairs, business and property of the Company are being managed by the Joint Administrators, A Dolliver and J L Charleton, who act as agents of the Company only and without personal liability. The Joint Administrators may act as data controllers of personal data as defined by the General Data Protection Regulation 2016/679, depending upon the specific processing activities undertaken. Ernst & Young LLP and/or the Company may act as a data processor on the instructions of the Joint Administrators. Personal data will be kept secure and processed only for matters relating to the Joint Administrator's appointment. The Office Holder Data Privacy Notice is enclosed and can be found at www.ey.com/uk/officeholderprivacy.

Dixons Contractors Limited (In Administration)

Joint Administrators' Abstract of Receipts and Payments

For the Period 30 May 2019 to 29 November 2019

Estimated to
Realise as per
Directors'
Statement of
Affairs

**30 May 2019 -
29 November 2019**

£	RECEIPTS	£
-	Funds Introduced by Secured Lender	10,000.00
400,000	Property	-
190,000	Plant & Machinery	238,750.00
110,000	Motor Vehicles	179,929.15
1,000,000	Debtors	12,275.00
	Contracts	20,000.00
	Stock	50.00
	Bank Interest	229.36
	Flt Vat Payable	86,565.00
<u>1,700,000.00</u>		<u>547,798.51</u>
	PAYMENTS	£
	Employment Costs	34,690.74
	HP Creditors	109,244.41
	Agents Fees	12,462.49
	Legal Fees	4,000.00
	Professional Fees	9,880.00
	Storage Charges	10,775.36
	Telephone, IT & Internet	4,471.41
	Utilities	532.19
	Statutory Costs	258.33
	Bank Charges	33.30
	Distribution to Secured Creditor	257,500.00
	Flt Vat Receivable	8,479.02
	Vat Paid	77,454.59
		<u>529,781.84</u>
	Cash in Bank	<u>18,016.67</u>



Building a better
working world

Appendix 2

Dixons Contractors Limited (In Administration)

Joint Administrators' Time-Costs and Category 1 Disbursements

For the Period 30 May 2019 to 29 November 2019

Classification of work function	Partner/ Director	Assistant Director	Manager	Executive	Assistants	Total hours	Time Cost (£)	Average Hourly Rate (£)
Accounting and Administration	9.80	33.70	2.00	102.30	35.40	183.20	36,980.49	201.86
Employee Matters	7.90	10.40	-	106.50	3.60	128.40	27,174.64	211.64
Creditors	13.50	17.40	-	128.50	39.40	198.80	37,844.57	190.37
Immediate Tasks	28.00	43.10	-	38.50	1.50	111.10	33,865.24	304.82
Property	12.60	62.40	-	52.40	11.50	138.90	36,601.91	263.51
Other Assets (Mandatory)	11.30	39.30	-	84.60	19.50	154.70	34,862.87	225.36
Investigation / CDDA	5.90	10.30	-	23.40	-	39.60	10,407.84	262.82
Retention of Title	1.40	3.90	-	9.70	2.30	17.30	3,845.87	222.30
Legal Issues	6.80	14.60	-	21.60	-	43.00	11,884.27	276.38
VAT & Taxation	1.20	10.30	-	12.40	-	23.90	6,270.80	262.38
Total	98.40	245.40	2.00	579.90	113.20	1,038.90	239,738.51	
Total Time Costs (£)	43,157.10	81,116.67	510.00	109,425.47	5,529.27	239,738.51		
Average Hourly rate	438.59	330.55	255.00	188.70	48.85	230.76		

Current fee rates	£	£
Partner	820	410 - 492
Director	690	345 - 414
Assistant Director	580	290 - 348
Manager	445	223 - 267
Executive	335	168 - 201
Accounting & Treasury	90-135	45-81

Please note that the above reflects between a 40-50% reduction on our standard rates

Category 1 Disbursements	£
Travel, accommodation & subsistence	222.02
Ground Transportation	198.00
	420.02

Appendix 3**Dixons Contractors Limited (In Administration)****Office Holders' Charging Policy for Fees**

The secured creditor has determined that the Administrators' remuneration should be fixed on the basis of time properly spent by the Administrators and their staff in attending to matters arising in the Administration.

The Administrators have engaged a manager and other staff to work on the cases. 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 company's 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 separate time code established for each case. Each member of staff has a specific hourly rate, which is subject to change over time. The average hourly rate for each category of staff over the period is shown in Appendix 2, as are the current hourly rates used. The current hourly rates may be higher than the average rates, if hourly rates have increased over the period covered by this report.

Office Holders' Charging Policy for Disbursements

Statement of Insolvency Practice No. 9 (Northern Ireland) ("SIP 9A") published by the Joint Insolvency Committee 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 9A, 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 are subject to approval from the secured creditor as if they were remuneration. It is our policy, in line with SIP 9, to seek approval for this category of disbursement before they are drawn.