

AM10

Notice of administrator's progress report



Companies House

THURSDAY



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05/11/2020

#159

COMPANIES HOUSE

1 Company details

Company number 0 2 4 3 0 9 5 5

Company name in full SUK Retail Limited

→ Filling in this form

Please complete in typescript or in
bold black capitals.

2 Administrator's name

Full forename(s) Richard Michael

Surname Hawes

3 Administrator's address

Building name/number 5 Callaghan Square

Street Cardiff

Post town CF10 5BT

County/Region

Postcode

Country

4 Administrator's name ①

Full forename(s) Daniel Francis

Surname Butters

① Other administrator

Use this section to tell us about
another administrator.

5 Administrator's address ②

Building name/number 1 New Street Square

Street London

Post town EC4A 3HQ

County/Region

Postcode

Country

② Other administrator

Use this section to tell us about
another administrator.

AM10

Notice of administrator's progress report

6 Period of progress report

From date	^d 1	^d 8	^m 0	^m 3	^y 2	^y 0	^y 2	^y 0
To date	^d 1	^d 7	^m 0	^m 9	^y 2	^y 0	^y 2	^y 0

7 Progress report

☒ I attach a copy of the progress report

8 Sign and date

Administrator's
signature



X

Signature date	^d 1	^d 6	^m 1	^m 0	^y 2	^y 0	^y 2	^y 0
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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 **Lorn Wickham**

Company name **Deloitte LLP**

Address **Four Brindleyplace**

Birmingham

Post town **B1 2HZ**

County/Region

Postcode

Country

DX

Telephone **+44 121 632 6000**



Checklist

We may return forms completed incorrectly or with information missing.

Please make sure you have remembered the following:

- ☐ The company name and number match the information held on the public Register.
- ☐ You have attached the required documents.
- ☐ You have signed the form.



Important information

All information on this form will appear on the public record.



Where to send

You may return this form to any Companies House address, however for expediency we advise you to return it to the address below:

The Registrar of Companies, Companies House,
Crown Way, Cardiff, Wales, CF14 3UZ.
DX 33050 Cardiff.



Further information

For further information please see the guidance notes on the website at www.gov.uk/companieshouse or email enquiries@companieshouse.gov.uk

This form is available in an alternative format. Please visit the forms page on the website at www.gov.uk/companieshouse



**SUK Retail Limited t/a Office Outlet
(formerly Staples UK Retail Limited)
("SUK Retail") and SUK Oldco Limited
(formerly Staples UK Real Estate Limited)
("Oldco")(both in administration)
(together "the Companies")**

Court Case Numbers: 248 and 249 of 2019
High Court of Justice
Chancery Division
Birmingham District

Company Numbers: 02759437 and 02430955
Registered Office: c/o Deloitte LLP
Four Brindleyplace
Birmingham
B1 2HZ






Progress report to creditors for the period 18 March 2020 to 17 September 2020 pursuant to rules 18.2 to 18.6 inclusive of the Insolvency (England & Wales) Rules 2016 ("the Rules")

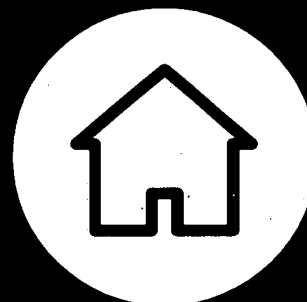
Richard Michael Hawes and Daniel Francis Butters ("the Joint Administrators") were appointed Joint Administrators of SUK Retail Limited and SUK Oldco Limited on 18 March 2019 by the directors of the Companies. The affairs, business and property of the Companies are managed by the Joint Administrators. The Joint Administrators act as agents of the Companies and contract without personal liability. All licensed Insolvency Practitioners of Deloitte LLP ("Deloitte") are licensed in the UK to act as Insolvency Practitioners by the Institute of Chartered Accountants in England and Wales.

For the purposes of paragraph 100(2) of Schedule B1 of the Insolvency Act 1986 (as amended), ("the Act"), the Joint Administrators confirm that they are authorised to carry out all functions, duties and powers by either of them jointly and severally.

Council Regulation (EU) No 2015/848 applies and these are the main proceedings as defined in Article 3(1) of that regulation.

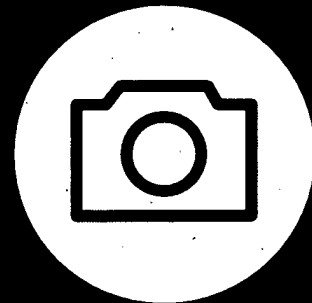
16 October 2020

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Key messages



Key messages

Joint Administrators of the Company

Richard Michael Hawes
Deloitte LLP
5 Callaghan Square
Cardiff
CF10 5BT

Daniel Francis Butters
Deloitte LLP
1 New Street Square
London
EC4A 3HQ

Contact Details

Email: radkaur@deloitte.co.uk
Website: www.deloitte.com/uk/suk
Tel: +44 121 695 5049



	Commentary
Purpose of administration	<ul style="list-style-type: none">The purpose of the administration is to achieve a better result for the Company's creditors as a whole than a liquidation.
Progress of administration	<ul style="list-style-type: none">We have continued to conclude all trade matters, including rent, suppliers and utility payments. Property agents have continued to assist with matters in relation to rents and rates.A further distribution was made to OO Retail Limited ("the Secured Creditor") during the report period.Preferential creditors have been paid a dividend of 100p in the £ during the report period.During the report period we have liaised with the Redundancy Payments Service ("RPO") to obtain their unsecured claim and details of the employee claims they have paid.We have continued to liaise with all creditors and have responded to queries raised.
Costs	<ul style="list-style-type: none">The basis of our remuneration for SUK Retail has been fixed as a set fee of £975,000 and 20% of any recoveries for the estate in respect of Ongoing Litigation.We have not fixed the basis of our remuneration in Oldco because based on present information, it is unlikely that any fee will be recovered.We have incurred disbursements of £1,394 in SUK Retail and no disbursements were incurred in Oldco. Please see page 15 for further detail.Third party costs of £120,829 have been paid in the report period. Please see page 7 for further details.
Outstanding matters	<ul style="list-style-type: none">Finalise outstanding trading payments, including rent and utilities.Progress matters in relation to the Ongoing LitigationAdjudicate all unsecured claims in order to pay the Prescribed Part dividend from SUK Retail.Final distribution to Secured Creditors.
Dividend prospects	<p>On current information, we anticipate the following outcome for each category of creditor:</p> <ul style="list-style-type: none">Secured creditor – the Secured Creditor will not be repaid in full from either administration.Preferential creditors – A distribution of 100p in the £ was made to preferential creditors on 30 April 2020.Unsecured creditors – There will be insufficient funds to allow a distribution for unsecured creditors of SUK Retail, other than by virtue of the Prescribed Part. We do not anticipate a dividend in Oldco.
Extension to administration period	<ul style="list-style-type: none">The period of the administration has been extended for 12 months by the Secured and Preferential creditor for SUK Retail and the Secured Creditor for Oldco on 17 February 2020 and will now end on or before 18 March 2021.



Progress of the administration

Summary	5
Receipts and payments	7





Progress of the administration Summary

Work done during the report period

During the period, we have continued to carry out various tasks relating to fulfilment of statutory and compliance obligations, as well as finalising trading matters.

SUK Retail

Trading

Trading ceased on 21 June 2019. We are continuing to chase for final trading invoices and will settle these costs as soon as possible. We anticipate a trading surplus of £1m.

Refunds

SUK Retail received rates refunds amounting to £359 during the report period.

Book Debts

We continue to liaise with debtors and are working to recover any residual book debts. There have been no further recoveries during the report period.

Leasehold property

All the sites have now been vacated and the keys have been returned to the respective landlords. Legal advice has been required in relation to the various properties and leases.

Duty Deferment funds

During the period no funds have been received from HMRC. The previous period's duty position had been finalised with a net receipt of £191,175 being the final balance received by SUK Retail.

Distribution

A distribution of £400,000 was paid to a floating charge Secured Creditor of SUK Retail in this period. A preferential dividend of £21,310 was paid to employees in the period.

VAT Return

The latest VAT return has been submitted to HMRC, showing a repayable amount of £24,254. We are still awaiting receipt of funds from HMRC, in relation to the January 2020 period.

Ongoing Litigation

As noted previously, SUK is a claimant in a class legal action commenced prior to our appointment. The matter is being progressed by third parties and our involvement as Joint Administrators in relation to the pursuance of the claim is primarily limited to assistance with matters such as document discovery/production and monitoring progress.

Investigations

We have engaged with Forensics specialists within Deloitte to assist with the following in contemplation of any requirements under the Ongoing Litigation:

- Forensic data capture exercise to obtain electronic copies of the Companies' records;
- Forensic analysis of electronic records, including various key word searches.

Progress of the administration

Summary

Work done during the report period

SUK Retail and Oldco

Statutory tasks

During the period, we have carried out the following tasks which primarily relate to fulfilment of statutory and compliance obligations and other tasks of an administrative nature:

- Case management actions, including updating the insolvency website for the case, filing and regular diary reviews to ensure compliance matters are dealt with accordingly;
- Statutory reporting, including the preparation of progress reports.
- Cashiering functions, including the preparation of monthly bank account reconciliations and various payments and receipts; and
- Interaction with HM Revenue & Customs in respect of VAT and Corporation Tax matters.

These tasks are a necessary part of the engagement but do not generate any direct financial benefit for creditors.

Third party costs incurred during the report period

The following third party expenses have been incurred during the report period in SUK Retail. No third party costs were incurred in Oldco.

SUK Retail

- Storage costs totalling £934 have been paid to Iron Mountain (UK) Ltd during the period in relation to retaining the Companies' books and records.
- Gateley Plc have been paid £2,895 plus VAT during the period in respect of work completed on employee claims. This is in excess of our initial estimate.
- Shoosmiths have been £117k plus VAT for work completed since date of appointment

All costs have been paid, as shown in the receipts and payments account on pages 8 and 10.

All professional costs are reviewed and analysed in detail before payment is approved.



Progress of the administration

Receipts and payments

SUK Retail

Joint Administrators' Receipts & Payments Account 18 March 2020 to 17 September 2020

£	SoA values	Notes	Period	To date
Receipts				
Trading surplus/(deficit)		1	(132,119)	1,455,106
Cash held in stores on appointment	208,708		-	200,298
Insurance claims			-	16,747
Refund			-	569
Lease premium & landlord contributions			-	20,750
Sale of IP			-	50,000
Property funds held on account			-	68,718
Realisation of Office Equipment			-	67,210
Sundry Debtor			-	89,100
Rebates			-	141,536
Rates Refund			359	10,787
Plant & Machinery	279,000		-	361,914
Book Debts	248,000		-	353,433
Insurance Refund			-	6,085
Cash at Bank	2,105,637		-	2,215,566
Berclays cash sweep			-	-
Bank Interest Gross		2	2,011	18,504
Suspense Account			-	20,544
Duty deferment deposit account			-	191,175
Total receipts	2,841,345		(129,748)	5,289,041
Payments				
Property Agents			-	109,160
Arrears of wages			-	1,426,114
Goods not for resale			-	2,145
Administrators' Fees			-	965,000
Administrators' Expenses		3	(3,244)	44,807
Agent Fees			-	16,725
Legal Fees			119,571	127,540
VAT Irrecoverable			18	18
Store clearance costs			-	2,944
Storage Costs			934	22,824
Postage & Redirection			-	211
Statutory Advertising			-	87
Surrender Debt and agreement			-	9,000
Bank Charges		13	-	13
Pre- Appointment Pension Cost			-	76,439
Floating Charge Creditor			400,000	900,000
Preferential Dividend			21,310	21,310
Total payments			538,601	3,724,338
Balance				1,563,703
Made up of:				
IS Current A/C		2		1,499,738
PAYE Payable				3,932
Trade Creditors		4		(103,084)
Vat Control Account		5		163,117
Balance in hand				1,563,703

A receipts and payments account is provided opposite detailing the transactions during the report period and entire period of our appointment.

Notes to receipts and payments account

1 - A trade account is provide on the following page and the final position will be confirmed once all trading costs have been settled.

2 - All funds are held in an interest bearing bank account. The associated corporation tax on interest received will be accounted for to HMRC.

3 - Following the issue of the last report, an adjustment was made and this amount was reallocated to IT Systems, shown in the trading account on the following page.

4 - Invoices received are logged, recorded and posted to the cash book on an accruals basis, the balance noted represents invoices received and posted to the cash book but not yet paid from the bank accounts.

5 - All sums shown opposite are shown net of VAT, which is recoverable and has been accounted for to HMRC.

Rounding note

In preparing this report, figures have been rounded (for presentational purposes only). There may therefore appear to be rounding errors.

Contribution to Fees

We have received a contribution to costs of £20K from Staples Inc during the period and as detailed further on page 14.



Progress of the administration

Receipts and payments

SUK Retail



Joint Administrators' Trading Account 18 March 2020 to 17 September 2020

£	Period	To date
Receipts		
Sales	-	13,321,029
Staples Inc Store Contribution	-	-
Rent Received from DHL	-	76,849
Total receipts	-	13,397,879
Payments		
Direct Labour	-	3,515,910
Direct Expenses	-	69,048
Childcare Vouchers	-	4,522
Indirect Labour	-	2,935
Rents	50,123	870,047
Rates	-	930,765
Costs for Collection of Cash	-	22,474
Telephone	-	22,071
Water suppliers	-	630
Insurance	-	108,046
Bank Charges	-	208,087
Confidential waste disposal	-	14,948
Lease/HP Payments	-	99,363
Hire of Equipment	-	24,482
Repairs & Maintenance	-	17,836
Sundry Expenses	-	225
Returns, chargebacks & other cash costs	-	72,998
Advertising	-	263,262
Waste disposal	-	55,601
IT Systems	15,848	560,869
Delivery/Courier Costs	-	321,988
Security costs	-	56,632
ROT settlements	-	2,458,922
Service Charge	-	100,394
Consultancy Costs	-	36,441
Utilities Deposit	-	6,331
Utilities	66,148	247,949
Retail agent's cost	-	1,400,000
Funds paid to SUK Oldco - Rent	-	450,000
Total payments	132,119	11,942,773
Trading surplus/(deficit)	(132,119)	1,455,106

Notes to trading account

The trading account shown opposite has been prepared on an accruals basis for all invoices received but not yet paid. Trading ceased on 21 June 2019 and we anticipate that, on completion of all trading costs, there will be a trading surplus.

Progress of the administration

Receipts and payments

Oldco

Joint Administrators' Receipts & Payments account 18 March 2020 to 17 September 2020

£	SoA values	Notes	Period	To date
Receipts				
Funds Received from SUK Retail			-	450,000
Bank Interest Gross		1	114	330
Fixtures and Fittings	18,000		-	-
Total receipts	18,000		114	450,330
Payments				
Rents			-	254,229
Rates			-	87,163
Service Charge			-	1,064
Legal Fees			-	1,049
Bank Charges			-	14
Total payments			-	343,518
Balance				106,812
Made up of:				
IB Current Account		1		106,274
Val' Control Account				51,268
Trade Creditors				(50,730)
Balance in hand				106,812

A receipts and payments account is provided opposite detailing the transactions during the report period and entire period of our appointment.

Notes to receipts and payments account

1 - All funds are held in an interest bearing bank account. The associated corporation tax on interest received will be accounted for to HMRC.

Rounding note

In preparing this report, figures have been rounded (for presentational purposes only). There may therefore appear to be rounding errors.

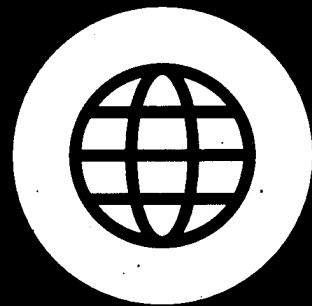




Information for creditors

Outcome

11



Information for creditors

Outcome

Outcome for creditors

Secured creditors

The Companies' records show that OO Retail Limited in its capacity as Secured Creditor was owed £12,326,748 by SUK Retail as at the date of appointment and this was cross-guaranteed by Oldco.

This amount is secured by way of fixed and floating charges granted by the Companies on 24 November 2016.

During the period, a further distribution totalling £400,000 was made to the Secured Creditor from SUK Retail.

Based on currently available information, we do not expect there will be sufficient asset realisations to repay the Secured Creditor in full from either of the Companies.

Preferential Creditors

Preferential claims in SUK Retail consist of amounts owed to employees for arrears of holiday pay up to the date of the Company Voluntary Arrangement on 6 September 2018. There are no other preferential claims.

Preferential creditors were paid in full on 30 April 2020.

Prescribed Part

As previously noted, we anticipate that there will be a prescribed part fund available for distribution to unsecured creditors of SUK Retail, of c.£300k.

Please note that in accordance with Rule 3.50 the costs associated with the prescribed part (which would chiefly comprise our costs incurred in adjudicating and processing claims) must be paid out of the prescribed part fund.

Unsecured creditors

Based on present information, insufficient funds will be realised to enable a dividend to be paid to unsecured creditors in SUK Retail, other than the prescribed part distribution referred to opposite.

Total unsecured claims received to date are c.£3.6m.

On current information, we do not anticipate that there will be sufficient realisations in Oldco to make a distribution to unsecured creditors.

Claims process

SUK Retail

Creditors with debts of £1,000 or less

You do not need to prove your debt for dividend purposes if the amount you are owed is £1,000 or less per the Directors' Statement of Affairs.

We will notify you if funds become available for dividend purposes. Your claim will be admitted in the amount shown in the records/statement of affairs of SUK Retail. If you disagree with that amount you will be provided with an opportunity to notify us of the correct amount.

Please note that should you wish to vote in a decision procedure, you will then need to submit a proof of claim to us.

Creditors with debts of more than £1,000

Unsecured creditors with claims of more than £1,000 are invited to submit their claims to us by downloading and completing a proof of debt form from the case website and return to the address on the cover page. Alternatively, a hard copy proof of debt form will be provided free of charge on request.

Oldco

As there is little prospect of a distribution for unsecured creditors of Oldco, we do not intend to undertake any work to agree any creditor claims received and this work will be performed only once the dividend prospects are certain.



Information for creditors

Outcome

Extensions to the administration

The administration period was extended for both Companies for a period of 12 months by the Secured and Preferential creditors for SUK Retail and the Secured Creditor for Oldco on 17 February 2020 and will now end on or before 18 March 2021. This was to allow for sufficient time to conclude trading and property matters and pay dividends to creditors.

It is unclear if a further extension will be required.

Exit

As detailed in our Proposals, we consider that dissolution is the most appropriate exit route from administration upon completion of all matters.

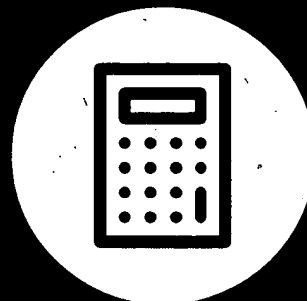




Remuneration and expenses

Joint Administrators' remuneration

14



Remuneration and expenses

Joint Administrators' remuneration

Joint Administrators' remuneration

"A Creditors' Guide to Remuneration" is available for download at www.deloitte.com/uk/suk.

Should you require a paper copy, please send your request in writing to us at the address on the cover page and this will be provided to you at no cost.

Basis of remuneration

The basis of our remuneration for SUK Retail was fixed on 8 July 2019 by the Secured and preferential creditors as a set fee of £975,000 and 20% of any recoveries from the Ongoing Litigation, plus VAT.

We have not fixed the basis of our remuneration in Oldco because, based on present information, it is unlikely that any fee will be recovered.

Fees drawn to date

SUK Retail

Third Party Contribution to Costs

The former parent of the Company, Staples Inc, has made a one off contribution of £20,000 in respect of the additional time costs incurred by us in resolution of lease and property matters.

No fees have been drawn from the estate in this period.

Remuneration as a percentage

No fees have been drawn to date as the litigation matters are still ongoing.



Remuneration and expenses

Detailed information

Category 1 Disbursements

These are payments made by us direct to third parties and for which no approval is required.

Category 2 Disbursements

These are costs and expenses initially paid by us and which are not generally made to a third party, for example, reimbursement to staff engaged on the case for their mileage costs. These may also include shared or allocated costs.

Joint Administrators' remuneration

Details of all disbursements are provided below.

Category 2 Disbursements

Specific approval is required before these costs and expenses can be drawn from the administration estate and was given by the Secured and Preferential creditors on 8 July 2019 for SUK Retail.

We have not received approval in respect of Oldco.

Mileage is calculated at the prevailing standard mileage rate of up to 45p used by Deloitte at the time when the mileage is incurred.

Deloitte charges a fixed cost of £500 for each statutory website set up to cover the costs of setting up and maintaining the website, along with the uploading of statutory notifications, reports and other documents to the website for the duration of the appointments. There is only one charge for the entire Group and this cost has been assigned SUK Retail.

SUK Retail

Category 1 disbursements

£ (net)	Estimated per Proposals	Incurred in report period	Total	Paid	Unpaid
Travel - Train	2,017	-	2,462	2,440	22
Statutory Advertising	-	-	87	87	-
Accommodation	24,730	-	24,596	24,515	81
Telephone	162	-	2,855	2,855	-
Postage/Couriers	3,462	1,394	3,882	2,298	1,584
Meals	-	-	7,647	7,387	260
Subsistence	5,624	-	3,898	3,333	565
Specific Penalty Bond	230	-	230	230	-
Total disbursements	36,225	1,394	45,658	43,146	2,512

Category 2 disbursements

£ (net)	Estimated per Proposals	Incurred in report period	Total	Paid	Unpaid
Mileage	3,709	-	4,405	4,405	-
Website set up	500	-	500	500	-
Total disbursements	4,209	-	4,905	4,905	-

SUK Oldco

Category 1 disbursements

£ (net)	Estimated per Proposals	Incurred in report period	Total	Paid	Unpaid
Postage/Couriers	217	-	7	-	7
Specific Penalty Bond	230	-	230	-	230
Total disbursements	447	-	237	-	7

Category 2 disbursements

£ (net)	Estimated per Proposals	Incurred in report period	Total	Paid	Unpaid
Total disbursements	-	-	-	-	-

Creditors' right to request information

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

Creditors' right to challenge remuneration and/or expenses

Any secured creditor or unsecured creditor (with the support of at least 10% in value of the unsecured creditors or with leave of the Court) may apply to the Court for one or more orders (in accordance with Rule 18.34 of the Rules), reducing the amount or the basis of remuneration which we are entitled to charge or otherwise challenge some or all of the expenses incurred.

Such applications must be made within eight weeks of receipt by the applicant(s) of the progress report detailing the remuneration and/or expenses being complained of, in accordance with Rule 18.34(3) of the Rules.

Please note that such challenges may not disturb remuneration or expenses approved or deemed to be approved under prior progress reports.



Deloitte.

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