

AM23

Notice of move from administration to dissolution



Companies House

For further information, please
refer to our guidance at
www.gov.uk/companieshouse

1 Company details

Company number 0 3 9 1 9 6 8 2

Company name in full PRZ Realisations Limited

→ Filling in this form

Please complete in typescript or in
bold black capitals.

2 Court details

Court name High Court of Justice, Business and Property Courts of England
and Wales, Insolvency and Companies List (ChD)

Court number C R - 2 0 2 1 - 0 0 0 2 3 6

3 Administrator's name

Full forename(s) Matthew Boyd

Surname Callaghan

4 Administrator's address

Building name/number 200 Aldersgate

Street Aldersgate Street

Post town London

County/Region Greater London

Postcode E C 1 A 4 H D

Country United Kingdom

AM23

Notice of move from administration to dissolution

5	Administrator's name ①		
Full forename(s)	Andrew James		① Other administrator Use this section to tell us about another administrator.
Surname	Johnson		
6	Administrator's address ②		
Building name/number	200 Aldersgate		② Other administrator Use this section to tell us about another administrator.
Street	Aldersgate Street		
Post town	London		
County/Region	Greater London		
Postcode	E C 1 A 4 H D		
Country	United Kingdom		
7	Final progress report		
	<input checked="" type="checkbox"/> I have attached a copy of the final progress report		
8	Sign and date		
Administrator's signature	Signature X  X		
Signature date	d 0 3 m 0 2 y 2 0 y 2 3		

**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 Calvin Hung

Company name FTI Consulting LLP

Address 200 Aldersgate

Aldersgate Street

Post town London

County/Region Greater London

Postcode EC1A 4HD

Country

DX

Telephone

**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

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. ❶
Attach this to the relevant form.
Use extra copies to tell us of additional insolvency practitioners.

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

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

1 Appointment type

Tick to show the nature of the appointment:

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

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

2 Insolvency practitioner's name

Full forename(s)

Ali Abbas

Surname

Khaki

3 Insolvency practitioner's address

Building name/number

200 Aldersgate

Street

Aldersgate Street

Post town

London

County/Region

Greater London

Postcode

E C 1 A 4 H D

Country

United Kingdom



PRZ Realisations Limited

PRZ Realisations (2) Limited

Joint Administrators' Final Progress Report

For the period from 10 August 2022 to 3 February 2023

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Glossary

GLOSSARY



Glossary

Abbreviation	Definition	Term	Meaning
APA	Asset Purchase Agreement		
BEIS	Department for Business, Energy and Industrial Strategy	Administration	The Administration of PRZ Realisations Limited, formerly Prezzo Limited and PRZ Realisations (2) Limited, formerly Prezzo Holdings Limited
c.	Approximately	Appointment date	10 February 2021
CDDA	Company Directors Disqualification Act 1986	Administrators / Joint Administrators / we / our / us /	Matthew Boyd Callaghan, Andrew James Johnson and Ali Abbas Khaki
CI	Cain International	Lender / Secured Lender / Secured Creditor	Creditors with security in respect of their debt in accordance with Section 248 IA86. The secured creditors are CI and Warwick.
CT	Corporation Tax	Period	10 August 2022 to 3 February 2023
EBITDA	Earnings Before Interest, Taxes, Depreciation, Amortization	Proposals	The Joint Administrators' Statement of Proposals dated 25 February 2021
FTI / FTI UK	FTI Consulting LLP	Preferential creditors	First ranking: Principally employee claims for unpaid wages (max £800 per employee), holiday pay, and certain unpaid pension contributions Second ranking: HMRC in respect to certain specified debts.
HMRC	HM Revenue & Customs	Prescribed Part	Amount set aside for unsecured creditors from floating charge net realisations in accordance with Section 176A IA86
IA86 / Act	Insolvency Act 1986 (as amended)	NewCo / Purchaser	Prezzo Trading Limited
ICAEW	Institute of Chartered Accountants in England & Wales	Secured Debt	Three facilities totalling c.£57m with the majority of debt owned by CI and c.£1m provided by Warwick
IR16	Insolvency (England and Wales) Rules 2016 (as amended)	Transaction	Pre-packaged sale of the Companies assets to the Purchaser, which is ultimately owned by CI
LBTT	Land and Buildings Transaction Tax	Unsecured creditors	Creditors who are neither secured nor preferential. Principally trade creditors, landlords, intercompany debts and utility providers. HMRC and employee-related claims that do not rank preferentially are also included here.
LTO	Licence to occupy leasehold premises, granted to the Purchaser for initial periods of between one and six months whilst new leases or lease assignments were negotiated	Warwick	Warwick Capital Partners LLP in its capacity as a minority holder of Group secured debt totalling c.£1m
Lucid	Lucid Agency and Trustee Services Limited, the security agent for the Secured Creditors		
PAYE	Pay-as-you-earn tax		
PHL	PRZ Realisations (2) Limited, formerly Prezzo Holdings Limited		
PL	PRZ Realisations, formerly Prezzo Limited		
RPS	Redundancy Payments Service		
Schedule B1	Schedule B1 to the Act		
SIP	Statement of Insolvency Practice		
SIP 2	Investigations by office holders in administrations and insolvent liquidations		
SIP 7	Presentation of financial information in insolvency proceedings		
SIP 9	Payments to insolvency office holders and their associates from an estate		
SIP 16	Pre-packaged sales in administrations		
TUPE	Transfer of Undertakings (Protection of Employment) Regulations 2006		



Introduction

Purpose of this Report

The Administrations have now come to an end. This is our final report to creditors and explains how the Administrations have been concluded since our previous report and confirms the final outcome for creditors.

- Matthew Boyd Callaghan, Andrew James Johnson and Ali Abbas Khaki were appointed as joint administrators of PRZ Realisations Limited (formerly Prezzo Limited) and PRZ Realisations 2 Limited (formerly Prezzo Holdings Limited) on 10 February 2021 by their directors.
- Statutory information relating to our appointments is set out at Appendix A, as required by insolvency legislation.
- Since we issued our Proposals to creditors, we have concluded all matters that remained outstanding in the Administrations at the time our Proposals were issued (which are discussed in detail later in this report).
- As a consequence, we are in a position to conclude the Administrations and this final progress report explains our work in the Administrations in the period since our previous progress report (for the period ending 9 August 2022), as well as providing confirmation of the outcomes for the various classes of creditors in each of the Companies.
- As this is our final progress report, it also includes a summary of our Proposals and an overview of the steps taken during the Administrations, pursuant to Rule 3.53 IR16. A full copy of the Proposals is available online at the website detailed opposite.
- We have also included certain legal notices regarding this report, our appointment and creditors' rights. Please note that no Creditors' Committee was formed in the Administrations.
- Each of the Administrations will conclude by moving the Companies to dissolution pursuant to Paragraph 84 of Schedule B1, as we consider that the Companies have no remaining property which permits a distribution to their creditors beyond the distributions that have already been made (as set out in this report).
- If you have any queries regarding the content of this report or if you would like hard copies of any of the documents made available online, please contact us using the details provided opposite.

How to Contact Us

- Creditors can contact us using the preferred methods below:

Email: prezzo@fticonsulting.com

Post: PRZ Realisations
c/o FTI Consulting LLP
200 Aldersgate
Aldersgate Street
London EC1A 4HD

Tel: 020 3727 1079

- Further information can be found online at:
<https://www.fticonsulting.com/emea/cip/prezzo-restaurants>
- Documents made available via the website will continue to be available for no less than two months after we cease to act as administrators.



Signed: _____

Matthew Boyd Callaghan

Joint Administrator
Acting as agent and without personal liability

Background to the Administrations

In our Proposals, SIP16 statement and previous progress reports, we informed creditors that the business and assets of the Companies were sold immediately following our appointment. Below is a reminder of that transaction.

Background to the Companies and the Administrations

- A background on the Companies and the events leading up to the appointment of administrators were included in our Proposals and SIP16 Statement and are not repeated here for the purposes of this report unless considered necessary or beneficial to do so. Therefore, creditors may wish to review this report in conjunction with our Proposals and SIP16 statement.
- In summary, the Group operated 178 restaurants across the UK, employing 2,716 people. Like many other UK casual diners, the Group was heavily impacted by Covid-19. The nationwide lockdowns through 2020 and in early 2021 resulted in significant declines to Group revenue and despite achieving a solvent sale in December 2020, the subsequent January 2021 lockdown and the uncertainty around its extent and duration, ultimately resulted in the Companies' directors coming to the view that the Group was insolvent.

Sale of the Business and Assets

- For reasons disclosed in the Proposals, the Companies were unable to avoid entering an insolvency process. However, we reported that the majority of the Group's business and assets was sold via a pre-pack administration to NewCo, a wholly owned subsidiary of Cain International LP, immediately following our appointment as joint administrators. Consideration for the sale totalled £5.04m (cash of £2.64m and a secured debt reduction of £2.40m).
- The Transaction minimised business disruption, ensured continuity for the business and its suppliers and protected the Group's employees, thereby preserving over 2,550 jobs.
- Despite the sale of the business, there remained a significant amount of work to do in the Administration of PL (the main trading entity), in particular the management and transfer (or vacation) of a large portfolio of leasehold properties.

Pre-pack Administration

- The term 'pre-pack Administration' refers to an insolvency process, in which the sale of all or part of a company's business or assets is negotiated with a purchaser prior to the appointment of an administrator and the administrator effects the transaction or transactions immediately on or shortly after appointment.
- Shortly after a sale, creditors must be provided with sufficient information such that a reasonable and informed third party would conclude that the pre-pack sale was appropriate, and that the administrator has acted with due regard to the creditors' interests.

150

Completed property assignments

All property assignments from PRZ Realisations Limited to Prezzo Trading Limited have been completed, with the remainder of sites having been vacated.

2,550 jobs

Number of jobs saved

The sale of the business included the transfer of over 2,550 jobs to NewCo, significantly reducing the level of claims against PL.

100%

Dividend to first ranking preferential creditors

The reduced level of employee-related preferential claims have been paid in full from surplus floating charge realisations.



Summary of the Joint Administrators' Proposals

Summary of the Joint Administrators' Proposals

Our strategy was to complete the pre-pack sale of the Companies' assets to the Purchaser to enable a distribution to be made to Secured and Preferential Creditors

Background

- The principal operations and assets of the Companies are summarised below:
 - **PRZ Realisations Limited ("PL"):** The group's main trading entity. PL held all of the group's fixed assets, IT systems, intellectual property, cash and inventory and was party to all of the property lease agreements and employee contracts.
 - **PRZ Realisations 2 Limited ("PHL"):** A holding company which fully owns the shares in PL. Based on financial information provided to us, we concluded that PHL held no assets with realisable value at the date of Administration.
- In December 2020, a sale of the shares in PL and PHL was completed. The transaction included a material discount for the group's debt facilities and a nominal amount being paid for group equity. At this stage, CI became both ultimate owner and secured creditor of PL and PHL.
- Following the above transaction, the extent and duration of national Covid-19 lockdowns worsened, and as a consequence, PL tried to negotiate consensual agreements with its landlords. It quickly became clear given available funding, that these discussions would not result in sufficient rent reductions within the required time frame to protect the group from insolvency.
- CI then concluded it was no longer able to support the business on a solvent basis, and that the Companies should be placed into Administration. It also indicated that it was in the process of preparing an offer to acquire the business and assets of the Companies by way of a pre-pack sale. It confirmed that it would not be willing to fund an accelerated sales process as, in any event, a sales process had been run a few weeks earlier that did not give rise to an offer that would repay the secured debt in full and the market had deteriorated further since this point.
- CI also confirmed that it would not countenance an offer unless it provided a material return over its initial investment. Following the above, an offer from CI was tabled and accepted by the Companies and immediately following our appointment as joint administrators on 10 February 2021, substantially all of the business and assets of the Companies were sold to CI.

Our Strategy

- In our Proposals and SIP16 Statement, we explained the background to the Companies and why a pre-pack sale was considered to be in the best interests of creditors. Those reports continue to be available on our website and therefore the content is not repeated here.
- Considering the anticipated level of realisations and the magnitude of certain liabilities, the purpose of the Administrations was to realise property in order to make a distribution to both the secured and first and second ranking preferential creditors.
- In addition, the Administrations did achieve a better result for the Companies' creditors as a whole than would have been likely had the Companies' been wound up.

Work Anticipated

- In our Proposals, we anticipated to undertake the following work:
 - Co-ordinate lease assignments, surrenders and new leases for properties under a LTO and ensuring the costs of ongoing lease liabilities were met.
 - Realise any residual assets not transferred as part of the APA, including a weekly cash sweep of residual cash balances held in pre-appointment accounts.
 - Distribute realisations to creditors in accordance with security entitlements and relevant statutory priority.
 - Report on the Directors' conduct as required under the CDDA.
 - Correspond with redundant employees and creditors as and when necessary.
 - Complete statutory and compliance work, including notifications, bonding, reporting, collection of books and records and internal reviews.
 - Resolve any taxation/VAT issues including submission of appropriate post-appointment returns.
 - Report to any creditors' committee (if formed) and comply with the associated reporting requirements.
- Later in this report, we summarise the steps taken in the Administrations and the final returns to the secured and preferential creditors.



Progress of the Administrations

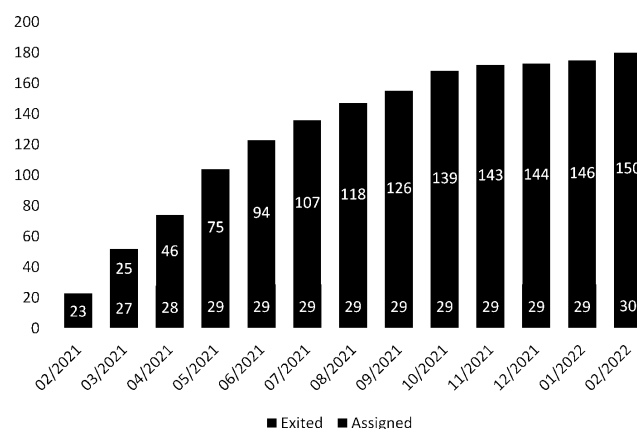
Realising the Assets - Properties

The whole leasehold portfolio of PRZ Realisations Limited was either transferred to the Purchaser or vacated. Over 80% of properties were transferred to the Purchaser.

Leasehold Properties

- As set out in the APA dated 10 February 2021, the Purchaser continued to occupy properties pursuant to License to Occupy (LTO) agreements granted by the Joint Administrators.
- The ongoing property-related expenses incurred ranked as an expense of the Administration of PL, but were indemnified and funded by the Purchaser.
- As shown in the table opposite, all 180 leases have either been assigned or exited. Some 150 (83%) of the completed sites were assigned and 30 were exited. All assignments and vacations were completed by February 2022.
- As the Companies no longer have any leasehold interests (and all other work has been completed), the Administrations are capable of being closed.
- Where sites were vacated, we contacted the landlords to offer and formalise a surrender of the lease, as neither the Joint Administrators nor PL had any remaining interest in it. We also confirmed that no further payments would be made or obligations fulfilled under the terms of the lease. In the Period, one further lease was formally surrendered. In total, surrenders have been formalised with around half of all landlords of vacated properties and we will be unable to facilitate any further surrenders once we have vacated office as joint administrators.
- A significant amount of time was spent in dealing with landlords and the Purchaser's staff in relation to the LTO, which included the following:
 - Invoicing to the Purchaser for the anticipated property expenses to be incurred in the following month;
 - Regular payment runs on invoices received from landlords for rental and other property-based arrears in the preceding period;
 - Reviewing lease assignments alongside our legal advisors, to ensure that any risks for PL and the Joint Administrators were mitigated;

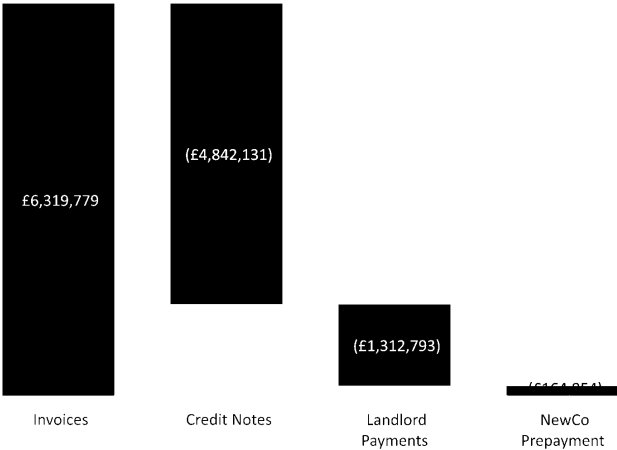
- Providing credit notes where assignments were agreed and a balance was due back to the Purchaser;
- Dealing with an extension of the LTO beyond the previously agreed period, to allow for completion of the remaining required property transfers to the Purchaser;
- Discussing the current position regarding LTO funds held by us with the Purchaser and reconciling differences; and
- Where the Purchaser had taken the decision that they were not seeking an assignment of a particular leasehold, liaising with the landlord to ensure an orderly return and potential surrender of the lease.



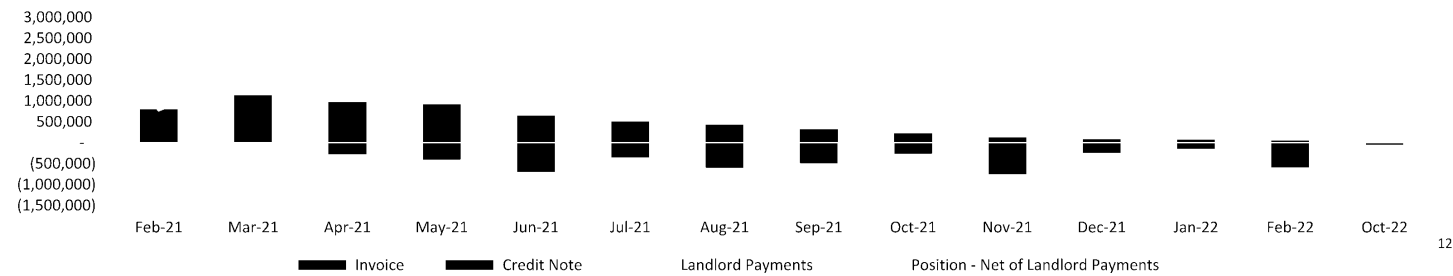
Management of Leasehold Properties

The Company (PL) no longer has an interest in any leasehold properties and surplus funding has been returned to the Purchaser.

- All of the sites had been assigned or exited at the time of our February 2022 progress report. Please refer to that report for further details. We have agreed formal lease surrenders where sites have been vacated if landlords have wished to do so. We will have no authority to formalise surrenders after we cease to act as administrators and the Company's interest in those leases will pass to the Crown as *bona vacantia* property when the Company is dissolved.
- Under the LTO, the Purchaser (occupier) was invoiced for property-related costs up until the date when the relevant property was either transferred to (or exited by) the Purchaser. Further information on the LTO can be found in previous progress reports.
- In respect of a number of properties, rent for certain periods after our appointment had been prepaid by PL. As the Purchaser was invoiced for the benefit of these periods of occupation and no payments were required by landlords (as they were prepaid), the amounts received from the Purchaser were an asset of the Administration. The total amount invoiced and received was £164,854.
- At the end of the previous period ending 10 August 2022, we held funds totalling £46,991 (net of VAT), this figure has moved by c£2k compared our previous progress report following a final reconciliation of LTO monies, mainly in relation to rents due on properties that have been exited but where a surrender has not been agreed. The amounts were due to the Purchaser and have been transferred during the Period and ahead of the Administration concluding.



Funding Held for Post-Appointment Lease Obligations



Realising the Assets

We recovered business rates refunds in relation to various sites and undertook a regular sweep of PL's Pre-Administration Bank accounts.



Prior Period Asset Recoveries

- Various asset recoveries have been achieved in prior periods and have been summarised in our previous correspondence. Please refer to our Proposals and previous six-monthly progress reports for details on additional asset recoveries, which included:
 - British Gas Deposit (£125k);
 - Car lease repayment (£4k);
 - Rental Prepayment (£165k);
 - Business interruption claim (£156K); and
 - Pre-administration bank account balances (£739K). Amounts totalling £390K were received into the pre-administration accounts which were rightly due to/and have been transferred to the Purchaser.



Business Rates

- DWD LLP was instructed to recover historic business rates overpayments. All leases were held by PL, so all business rates recoveries have been received by this entity. No business rate recoveries were anticipated or received for PHL.
- Rates savings were expected to be available for the period 1 April 2017 to 27 September 2020. However, DWD LLP indicated that the majority of potential savings would be for the period prior to 31 March 2020, as a result of the Expanded Retail Relief granted as a consequence of Covid-19.
- Recoveries totalling c.£349,847 have been received during the administration of which £183,517 was received during the period, of this amount £102,273 was received prior to the payment of a first distribution to PL's second ranking preferential creditor (HMRC) whilst £80,884 was received following the distribution.
- In addition and shortly following the first distribution to PL's second ranking preferential creditors, we became aware of significant further business rates recoveries, which were duly pursued and ultimately realised, in the total amount of £80,884.



LBTT Refund

- A small LBTT refund totalling £2,027 was received during the period of which £85 was interest. The remainder of the amount related to the following:
 - A £618 refund from Revenue Scotland as a result of the submission of an outstanding three-year LBTT return.
 - A £1,324 refund from Revenue Scotland as a result of the submission of the LBTT return following the assignment of PL's leasehold interest.
- No further refunds in relation to LBTT were anticipated.



Prezzo Restaurants Ireland Limited

- PL retained an equity interest in the shares in Prezzo Restaurants Ireland Limited ("PIL").
- PIL had net liabilities and held no realisable assets as such it did not have any realisable value for PL.
- PIL's directors were looking to wind down the entity and as a consequence required shareholder assistance to place PIL into a wind down process. As such PL, agreed to sell its equity interest in PIL for £1 to an individual with an ongoing management role.

Managing the Companies' Affairs

Until the Companies are dissolved, they must continue to fulfil many of their usual obligations. In the Final Period, we continued to ensure these obligations were met.

Taxation

- Following our appointment, corporation tax (CT), PAYE and VAT notifications were issued to HMRC for both PL and PHL.
- During the Administration, we liaised with HMRC in relation to their queries on the December 2020 transaction. This involved the provision of a small amount of information, following which no further queries have been raised.

Value Added Tax ("VAT")

- All VAT receivable and payable has been incurred in PL.
- VAT returns have been submitted to HMRC for all required periods. The final VAT return to 30 September 2022 was submitted during the Period. Following submission, the Company was deregistered for VAT purposes.
- After deregistration, further payments were made and additional input VAT became recoverable. Form VAT 426 was prepared and submitted to HMRC requesting a refund of £50k, the benefit of which has been assigned to FTI Consulting LLP in part settlement of the final invoice for our remuneration.
- As LTOs were granted for leases that could not transfer prior to receiving landlord consent, VAT options-to-tax were made on all leasehold property interests.

Corporation Tax ("CT")

- Pre-appointment CT returns for the periods ended 31 December 2019, 31 December 2020 and 9 February 2021 were required and have been submitted during the Administration.
- A c.£2.5m tax liability was due for the period ending 31 December 2019, however given this relates to a pre-Administration period, this is an unsecured claim in the Administration. No amounts were due in respect of the other periods.

- For the post-administration period we have submitted returns for the periods ending 10 February 2022 and 20 December 2022. No tax was payable for either of these periods.
- Shortly following the submission of the December 2022 return, we made additional recoveries into PL consisting predominately business rates refunds as well as small amounts in relation to LBTT and PIL.
- As a consequence of these additional proceeds, a further return was completed and submitted for PL for the period ending 30 January 2023.

Pay As You Earn ("PAYE")

- Given the TUPE transfer or redundancy of all employees immediately on appointment, no PAYE filings were required for the post-Administration period.

Treasury and accounting

- An account of our receipts and payments for the period covered by this report is provided at Appendix B. There were no transactions in PHL as envisaged by the directors' Statement of Affairs.
- Receipts in the Period consist largely of business rates refunds paid by various local authorities as well as the LBTT refund and recoverable VAT.
- Payments made during the Period consist of office-holder fees and expenses, agent's fees relating to the collection of historic business rates, bank charges, insurance payments and distributions made to PL's secured and second ranking preferential creditors.

Stakeholder Correspondence

- During the Period and through the Administration we have liaised with and dealt with various issues and queries from a number of different stakeholders including employees, landlords and trade creditors.
- A regular dialogue has been maintained with the Companies' secured creditors and they have frequently been updated on matters that they have confirmed are of interest to them.



Outcomes for Creditors

Outcome for Creditors

Distributions have been made to the Companies' secured creditor and PL's first and second ranking preferential creditors. There was no distribution to unsecured creditors of either company.

Preferential Creditors – Employees (first-ranking)

- When PL entered Administration, 213 of its employees were made redundant, being those located at sites where the Purchaser did not wish to continue to trade.
- ERA Solutions, who specialise in employee matters for insolvent companies, were instructed by us to manage matters in relation to the redundancy of these employees and have specifically assisted with aiding employees with the submission of their relevant claims, corresponding and submitting claims to the Redundancy Payments Service, and dealing with queries in relation to the anticipated timing of payments.
- Throughout the Administration, we have maintained a dialogue with ERA Solutions and have supported the resolution of employee queries as and when required.
- Following redundancy, employees submitted a claim to the RPS. Where employees did not subsequently receive their full preferential entitlement through the RPS, they had the ability to participate in the first ranking preferential dividend.
- The final claim from the RPS amounted to £204,946.70. Receipt of the claim allowed us to issue a notice to PL's first-ranking preferential creditors of our intention to distribute a first and final dividend. The notice was sent on 9 February 2022 with the dividend declared and paid prior to the end of April 2022.
- Tax deductions payable to HMRC in relation to the above dividend were paid to HMRC during the Period following receipt of the required RTI number from HMRC. The total tax and NI paid was £4,542.10.
- In the Period, funds of £1,997 were transferred to the Unclaimed Dividends account held by the Insolvency Service in relation to eight employees that had not presented their dividend cheques.
- The total amount distributed in respect of first-ranking preferential claims was £220k and represented a dividend of 100p/£.
- Other than the 213 employee redundancies, all other employee contracts were novated to the Purchaser on 10 February 2021, as part of the Transaction and under TUPE regulations.

Preferential Creditors – HMRC (second ranking)

- A Notice of Intended Dividend was issued on 12 October 2022 with a deadline to submit claims of 14 November 2022.
- HMRC finally submitted a preferential claim of £5.27m on 25 November 2022, following multiple requests. Following a review of the Companies' records and the directors' Statement of Affairs, HMRC's preferential claim was admitted in full.
- Following the adjudication of HMRC's claim, a second-ranking preferential distribution was declared and paid on 10 January 2023, the total amount distributed was £1.83m.
- Following the above distribution, additional realisations were recovered (principally business rates), enabling a second and final distribution to second-ranking preferential creditors totalling £65,121, which was declared and paid on 31 January 2023.
- Realisations to second-ranking preferential creditors were significantly above those anticipated in our Proposals, which anticipated a distribution to second-ranking preferential creditors of £1.2m.

Secured Creditors

- As set out in our Proposals and previous progress reports, as at 10 February 2021 (the date of our appointment), the Companies were indebted to the Secured Lenders in the amount of £59.4m, plus interests and costs.
- Addleshaw Goddard LLP, an independent law firm, were engaged to undertake a review of all security and comment on its validity. They confirmed the validity of the security.
- Immediately following the Transaction, a distribution of £2.4m was made reducing the corresponding indebtedness to an amount of £57m plus interest and costs.
- A second distribution of c.£106k was paid to the agents for the Secured Creditors shortly ahead of the conclusion of the Administration. For the avoidance of doubt, all funds distributed to the Secured Creditors have been distributed via PL. The additional £106k distribution was not anticipated in our Proposals.



The Administration Process

Fulfilling our Statutory Duties

As a consequence of the Companies' insolvency, we have a number of responsibilities that include giving notices and updates to stakeholders and investigating the affairs of the Companies.

Statutory Investigations

- In our previous reports, we confirmed that we had submitted information in regard to the conduct of the Companies' directors to the Department for Business, Energy and Industrial Strategy. The content of our investigatory findings is confidential; however, it was concluded that there were no recovery actions relating to the directors conduct that could or should be pursued.
- Our investigation work was performed in accordance with SIP 2 and included a review of:
 - Questionnaires submitted by the directors of the Companies who held office in the three-year period prior to the Administrations;
 - The statements of affairs prepared by the directors of the Companies;
 - The Companies' Board Minutes in the 12 months leading up to appointment;
 - Correspondence received from creditors (who had been invited to bring any matters to our attention); and
 - Certain of the Companies' financial information.

Investigations and submission of conduct reports

- An administrator has a duty to investigate what assets there are (including potential claims against third parties including the directors) and what recoveries can be made. This gives rise to the need for administrators to carry out appropriate investigations, in order to satisfy their specific duties and to allay, if possible, the legitimate concerns of creditors and other interested parties.
- Administrators also have a duty to report to the Department for Business, Energy and Industrial Strategy on the conduct of those that formerly controlled the company.



Objective of the Administrations

- As set out in our Proposals, we were pursuing statutory 'Objective (c)', which was to realise property in order to make a distribution to one or more secured and preferential creditors.
- This was considered appropriate on the basis that the Transaction enabled a distribution to both the first ranking (employees) and second ranking (HMRC) preferential creditors in PL, but not a dividend for unsecured creditors.
- We believe the Transaction provided the best outcome for creditors of the Companies in the circumstances.

Extensions to the Period of the Administrations

- We considered that it was necessary to extend the period of the Administrations for both entities to allow all outstanding matters to be resolved in an orderly manner; including the payment of distributions to both the first ranking and second ranking preferential creditors of PL.
- A request to extend the Administrations of PL and PHL was approved by the Secured Creditors on 25 January 2022 and 4 February 2022 respectively.
- For PL, the preferential creditors also approved the extension of the Administration by way of a decision by deemed consent (with a decision date of 2 February 2022).
- As this was the first extension of the Administrations, only the consent of the relevant classes of creditors was required, with the Administration of PL and PHL being extended for a period of 12 months to 9 February 2023.
- Having sought and obtained relevant approvals, notices of the extensions were delivered to creditors via our website and filed with Companies House.
- A further extension of the PL and PHL Administrations was not required, with the Administrations concluding prior to the expiry of the extended period of the Administrations.

Fulfilling our Statutory Duties

We had a number of responsibilities that included updating creditors on our progress, seeking fee approval and arranging for the closure of the Administrations.

Joint Administrators' Remuneration

- Relevant approvals to draw our remuneration have been received from the secured and preferential creditors. These approvals were as follows:
 - A set amount of £900k plus VAT to be paid only from fixed charge realisations;
 - Time costs (up to a fees estimate of £591k) to be paid from floating charge asset realisations. During the Period, we sought and received approval to increase our fees estimate (from the previously approved £415k) to £591k; and
 - A percentage of realisations, being 100% of the VAT exclusive amount invoiced by PL to the Purchaser in relation to work done only for the benefit of the Purchaser and only in relation to work undertaken as a consequence of an extension of the license to occupy period beyond the initial six months granted.
- The required approvals were received from preferential creditors on 15 July 2021 and 7 October 2022 whilst Secured Creditor approval was received on 17 July 2021 and 1 December 2022 respectively.
- In addition, and as a consequence of the Administrations continuing beyond their anniversaries, the Secured Creditor agreed (on 24 January 2022) that an additional £30k (a set amount) could be drawn as well as a £5k monthly charge where properties remained under the LTO. The final LTO property was assigned in April 2022 resulting in an additional £20k amount being due. In total, the additional remuneration of £50k plus VAT was settled directly by the Secured Creditor and was not taken from estate funds.
- There have not been (and will not be) any asset recoveries in PHL and therefore we were unable to draw a fee for acting as joint administrators of PHL.
- During the Period, we have raised invoices for and drawn all approved remuneration from PL with invoices totalling £1,541k being paid.
- No further fees will be drawn in relation to either PL and PHL.

Discharge from liability

- In accordance with the Insolvency Act 1986, approval for the timing of our discharge from liability was sought from the relevant classes of creditors for each of PL and PHL.
- For the avoidance of doubt, we have received the following approvals in relation to discharge, all of which were received in prior periods:
 - Secured creditor approval for PL was received on 17 July 2021;
 - Preferential creditor approval for PL was received on 16 July 2021 (following a decision by correspondence); and
 - Secured creditor approval from PHL was received on 3 February 2022.
- No further approvals are required in relation to our discharge from liability.

Closure of Administration

- Now that we have concluded all matters in the Administrations, our appointments will cease to have effect and the Administrations will end, upon filing of the requisite notice at Companies House. The Companies will be dissolved three months thereafter.
- We will not be issuing any further reports in respect of the Administrations.

Discharge from liability

- Pursuant to Paragraph 98 of Schedule B1 to the Act, our discharge from liability in respect of our actions as joint administrators of each of the Companies takes effect at the specific time appointed by either the court, the creditors (either via the creditors' committee or by decision of the creditors) or, in specific circumstances, by the secured and (if appropriate) preferential creditors.





Appendices

Appendix A: Statutory Information

Information relating to both Administrations

Registered Office	C/O FTI Consulting LLP, 200 Aldersgate, Aldersgate Street, London EC1A 4HD		
Former Registered Office	Johnson House, 8 Johnston Road, Woodford Green, Essex IGX 0XA		
Administrators' Names	Matthew Boyd Callaghan, Andrew James Johnson and Ali Abbas Khaki		
Administrators' Address	FTI Consulting LLP, 200 Aldersgate, Aldersgate Street, London EC1A 4HD		
Administrators' Regulator	ICAEW		
Court Name / Address	High Court of Justice, Business and Property Courts of England and Wales, Insolvency and Companies List (ChD)		
Functions of Administrators	Pursuant to Paragraph 100 of Schedule B1, the Administrators may exercise any of the powers conferred on them by the Act jointly or individually		
Appointment Date	10 February 2021		
Appointer / Applicant	The Directors of the Companies pursuant to Paragraph 22 of Schedule B1. Pursuant to Paragraph 26(1) of Schedule B1, the appointer had given written notice of their intention to appoint.		
Objective being pursued	Purpose C: Realising property in order to make a distribution to one or more secured and preferential creditors.		
EC Regulation	The EC Regulation on Insolvency Proceedings applies. The proceedings are main proceedings since the centre of main interest is in the United Kingdom.		
Security	Fixed and floating charges over all of its assets in favour of Lucid, the security agent for the Secured Creditors		
Current Administration End Date	9 February 2023 (extended by one year with the consent of the relevant classes of creditors)		
Directors, Officers and their Shareholdings	Director Name	Status	Shareholding
	Dean Challenger	Current director	Nil
	Karen Elisabeth Dind Jones	Current director	Nil
	CI MILAN LIMITED	Current director	100% of PHL, PL is a wholly owned subsidiary of PHL.

Appendix A: Statutory Information

Information specific to each Administration

Company Name	Previous Name(s)	Court Reference	Registered Number	Date of Incorporation	Trading Names
PRZ Realisations Limited	Prezzo Limited, Prezzo PLC	CR-2021-000236	03919682	4 February 2000	N/A
PRZ Realisations (2) Limited	Prezzo Holdings Limited	CR-2021-000237	09278104	23 October 2014	N/A

Appendix B: Receipts and Payments Accounts

PRZ Realisations Limited – Fixed Charge

GBP	Note	Statement of Affairs	From 10 February 2021 To 9 August 2022	From 10 August 2022 To 3 February 2023	From 10 February 2021 To 3 February 2023
Fixed Charge Receipts					
Business Name		290,000.00	290,000.00	-	290,000.00
Domain Name		50,000.00	50,000.00	-	50,000.00
Goodwill		3,200,000.00	3,200,000.00	-	3,200,000.00
Transferred Intellectual Property		100,000.00	100,000.00	-	100,000.00
Properties		1.00	1.00	-	1.00
Bank Interest			433.80	149.75	583.55
Tax Refunds	1		119.17	(57.02)	62.15
Secured Creditor Funding (Administrator Fees)	2		50,000.00	(1.00)	49,999.00
License to Occupy ("LTO")	3		1,358,536.97	-	1,358,536.97
Prezzo Restaurants Ireland	2		-	1.00	1.00
Subtotal		3,640,001.00	5,049,090.94	92.73	5,049,183.67
Fixed Charge Payments					
Office Holders Fees			-	950,000.00	950,000.00
Office Holders Expenses			-	1,398.63	1,398.63
Payments under the LTO	3		1,311,545.52	46,991.45	1,358,536.97
Bank Charges	4		225.00	(165.00)	60.00
Legal Fees			190,449.21	2,379.04	192,828.25
Subtotal			1,502,219.73	1,000,604.12	2,502,823.85
Fixed Charge Balance			3,546,871.21	(1,000,511.39)	2,546,359.82

Appendix B: Receipts and Payments Accounts

PRZ Realisations Limited – Floating Charge

GBP	Note	Statement of Affairs	From 10 February 2021 To 9 August 2022	From 10 August 2022 To 3 February 2023	From 10 February 2021 To 3 February 2023
Floating Charge Receipts					
Customer Contracts			1.00	-	1.00
Supply Contracts			1.00	-	1.00
Plant and Machinery and Chattels		1,200,001.00	1,200,000.00	-	1,200,000.00
Stock		200,000.00	200,000.00	-	200,000.00
Systems		1.00	1.00	-	1.00
Transferred Records			1.00	-	1.00
British Gas deposit		125,000.00	125,000.00	-	125,000.00
Insurance prepayment			156,411.00	-	156,411.00
Newco repayment for car lease			3,750.09	-	3,750.09
Business Rates Refund	5		166,689.35	183,157.15	349,846.50
Bank Interest			682.60	438.70	1,121.30
Tax Refund	1		-	57.02	57.02
Cash and cash equivalents		159,169.00	738,295.47	-	738,295.47
Book Debts		343,519.00	-	-	-
Leasehold Rental Prepayment			164,854.28	-	164,854.28
LLBT Refund			-	2,027.00	2,027.00
Subtotal		2,027,690.00	2,755,686.79	185,679.87	2,941,366.66
Floating Charge Payments					
Employment Specialist Fees			12,070.00	-	12,070.00
Insurance - Public Liability			19,818.40	6,188.00	26,006.40
Rates - Agent Fees			13,170.36	34,950.78	48,121.14
Information Commissioner Fees			40.00	-	40.00
Advertising			184.00	-	184.00
Office Holder Fees	7		-	591,189.00	591,189.00
Office Holder Expenses			-	1,210.92	1,210.92
Postal Expenses			-	329.72	329.72
Bank Charges	4		45.00	299.90	344.90
Legal Fees			1,910.25	-	1,910.25
Pre-Administration Legal Fees			141,417.50	-	141,417.50
VAT Irrecoverable			-	187.07	187.07
ISA Transfer Fee			-	25.75	25.75
Subtotal			404,174.86	634,381.14	823,036.65
Floating Charge Balance			2,351,511.93	(448,701.27)	2,118,330.01

Appendix B: Receipts and Payments Accounts

PRZ Realisations Limited – Distributions

GBP	Note	Statement of Affairs	From 10 February 2021 To 9 August 2022	From 10 August 2022 To 3 February 2023	From 10 February 2021 To 3 February 2023
Secured Creditor Distributions					
1st Distribution to Chargeholder	8	67,870,456	2,440,001.00	-	2,440,001.00
2nd Distribution to Chargeholder	8		-	106,358.82	106,358.82
Sub-Total			2,440,001.00	106,358.82	2,546,359.82
Funds remaining for further secured distribution					0.00
Preferential Distribution					
Employee Arrears/Holiday Pay		234,563	215,519.35	4,560.02	220,079.37
HMRC Preferential Distribution	6	2,422,313	-	1,833,114.11	1,833,114.11
HMRC Additional Preferential Distribution	6		-	65,136.53	65,136.53
Sub-Total			215,519.35	1,902,810.66	2,118,330.01
Funds remaining for preferential distribution			2,009,985.63		0.00

Appendix B: Notes to the Receipts and Payments Accounts

1. An adjustment of £57.02 has been made in the Period to correctly allocate a refund to the floating charge account. Floating charge realisation will be paid within second-ranking preferential distribution (see note 6).
2. The adjustment of £1 in this period is for the purchase of the equity in Prezzo Restaurants Ireland Limited by an individual with an ongoing management role.
3. The LTO is a license requiring the Purchaser to meet any properly incurred property expenses during the Administration. The LTO was entered into alongside the pre-packaged transaction on 10 February 2021.
4. An adjustment of £165.00 has been made in period to correctly allocated bank charges to the fixed and floating accounts.
5. The majority of business rates refunds from councils were received in this latest Period (c.£183k). Additional realisations were made following what was anticipated to be a first and final dividend for second-ranking preferential creditors (HMRC) – see note 6.
6. A second and final distribution to HMRC was made after declaration of what was anticipated to be a first and final distribution to second-ranking preferential creditors. This was a result of the recovery of a number of further realisations that had not previously been anticipated. The total dividend paid to HMRC was c.£1.9m, representing a dividend of 36p/£.
7. Approved remuneration drawn from floating charge assets was on a time cost basis.
8. Distributions to the secured creditor were made only from fixed charge realisations.
9. All amounts are shown net of VAT unless otherwise stated.

Appendix C: Joint Administrators' Remuneration and Expenses

It was approved that our remuneration be determined as a set amount payable from fixed charge assets, a time cost basis payable from floating charge assets and a percentage of realisations for certain property-related work performed for (and funded by) the Purchaser.

Basis of Remuneration

- In our Proposals, we explained that given a large amount of value was to be recovered from assets subject to fixed charge security, we would adopt a methodology to appropriately allocate our remuneration between the fixed and floating charge assets, to reflect both the value obtained for creditors and the amount of work required.
- Given the above, it was agreed with the Secured Creditor that a majority of the remuneration would be paid from assets subject to its fixed charge security and a set fee of £900k was agreed to do this work. As set out earlier in this report, the Secured Creditors subsequently agreed to directly pay a further £50k for additional work in relation to the extension of the Administrations and prolonged period for dealing with property matters.
- We believed that this amount was a reasonable and fair reflection of the work expected to be required in relation to workstreams specific to the fixed charge assets as well as a proportion of the statutory duties and compliance tasks. Such tasks are required as a consequence of our appointment over the Companies, and are not always directly attributable to any particular type of security.
- In addition to the above, we previously explained that where it was necessary to extend the LTO in order to complete the assignment of various leasehold properties, we would seek to charge the Purchaser for the direct costs and indirect costs falling on the Companies as a result, which would include time spent in continuing to administer the property portfolio, as well as additional statutory work arising from a prolonged period of the Administrations. The amount received from the Purchaser would be drawn in full as remuneration for that work (i.e., 100% of realisations).
- It was also set out in our Proposals that our remuneration for all other work (payable from assets subject to floating charge security) would be determined by reference to time properly spent by us and members of our staff at our standard charge-out rates for work of this nature. When administrators seek approval for fees to be charged on a time cost basis, a fees estimate must be provided to creditors.

Fee Estimate

- The fees estimate acts as a cap, whereby fees cannot be drawn over that amount without further approval from those who approved the fees.
- A breakdown of our fees estimate is set out below. As set out earlier in this report, we received approval during the Period from both the preferential and Secured creditors for an increase from the initial fees estimate of £415,000 to a revised fees estimate of £591,189.

PRZ Realisations Limited - Fee Estimate									
	Initial Estimate			Incurred to date			Revised Estimate		
	GBP/Hr	Hr	GBP	GBP/Hr	Hr	GBP	GBP/Hr	Hr	GBP
Administration and Planning	281	409	114,975	365	567	189,736	352	469	165,263
Investigations	485	27	13,090	485	27	27,874	485	27	13,090
Realisation of assets	831	47	39,061	705	84	59,559	637	102	65,077
Creditors	248	541	134,277	324	582	188,471	299	544	162,434
Tax	289	77	22,263	422	148	62,485	408	129	52,774
Reporting	513	178	91,334	482	377	181,446	460	281	129,073
Other	-	-	-	483	7	3,480	483	7	3,480
Total	441	1,279	415,000	393	1,816	713,070	379	1,560	591,189

Appendix C: Joint Administrators' Remuneration and Expenses

The Company's creditors determined that the basis of our fees would be on a time cost basis in respect of floating charge assets. As a result, the manner in which we allocate staff, charge our time and the hourly rates we use, are all important factors.

Staff Allocation and Time Charging Policy

- Our general approach to resourcing our assignments is to allocate staff with the skills and experience to meet the specific requirements of the case. The constitution of the case team at any point in time will usually consist of one or more of the grades shown in the table opposite, depending on the anticipated size and complexity of the assignment.
- Work is delegated to suitable grades of staff, taking into account their experience and any specialist knowledge that is needed and they are supervised accordingly to maximise the cost effectiveness of the work done. Complex issues or important matters of exceptional responsibility are handled by more experienced senior staff or the office-holders themselves.
- All of our staff who work on the case charge time directly to it and are included in any analysis of time charged. Only if there is a large block of time incurred by a member of the secretarial team, e.g. report compilation and distribution, do we seek to charge and recover our time in this regard. Time is charged in six minute units. We don't charge general overhead costs.
- The Administrations also utilise the services of specialist teams within FTI Consulting LLP, principally in relation to VAT and tax matters and the costs of which are included within our fees estimates and all analyses of our time.
- We consider that the rates chargeable for these services are in line with general market practice and that the service is at least comparable to similar firms of professional advisors. In addition, by working closely with our internal teams, we believe a more coordinated and efficient approach to the Administration workstreams is possible.

Hourly Charge-Out Rates

- In the table below, we set out the hourly charge-out rates for 2021, 2022 and post October 2022, for the various grades of staff who have worked on the Administrations.

Grade of Staff	2021 Rate (£/hour)	2022 Rate (£/hour)	Post Oct 2022 Rate (£/hour)
Senior Managing Director	925	960	1080
Managing Director	795	825	930
Senior Director	740	770	865
Director	660	685	770
Senior Consultant	585	610	685
Consultant	500	520	585
Associate (Experienced)	335	350	395
Associate (New)	235	245	275
Administrative Staff	180	185	210

Appendix C: Joint Administrators' Remuneration and Expenses

Further details of our work in the Administrations and any financial benefit for creditors.

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

Appendix C: Joint Administrators' Remuneration and Expenses

Further details of our work in the Administration and any financial benefit for creditors.

Category	Description	Rationale/ Benefit to Creditors
Landlords & Property	<ul style="list-style-type: none"> ■ Arranging suitable insurance over assets including the leasehold properties where LTOs have been granted. ■ Regularly monitoring the suitability and appropriateness of the insurance cover in place. ■ Administration of lease surrenders and correspondence with non-retained landlords. ■ Administration of LTO's for retained sites, including invoicing and payment of rent during the LTO period. ■ Handling the surrender of non-retained leases and dealing with the claims these landlords have in the relevant Administrations. ■ Accounting for receipts and payments from both the Purchaser and landlords in relation to the license to occupy. ■ Reviewing and completing on assignments agreed between the landlords, Purchaser and PL. ■ Continued correspondence with the Purchaser in relation to the assignments and issues faced at various of the leasehold properties. 	<ul style="list-style-type: none"> ■ Required under the terms of the ASA, and LTO which provided significant benefit to the Companies' creditors.
Creditors	<ul style="list-style-type: none"> ■ Obtaining information from the case records about employee claims. ■ Completing documentation for submission to the Redundancy Payments Service. ■ Corresponding with employees regarding their claims. ■ Liaising with third party providers instructed on the case to assist in dealing with employee claims; obtaining reports and updates from them on the work done. ■ Dealing with creditor correspondence, emails and telephone conversations regarding their claims. ■ Maintaining up to date creditor information on the case management system. ■ Reviewing proofs of debt received from both first ranking and second ranking preferential creditors, adjudicating on them and formally admitting them for the payment of a dividend. ■ Calculating and paying dividends to both first and second ranking preferential creditors. ■ Issuing the notice of declaration of dividend to first ranking preferential creditors. ■ Issuing the notice of declaration of dividend to second ranking preferential creditors. ■ Paying tax deducted from the dividends paid to employees. 	<ul style="list-style-type: none"> ■ Statutory requirements and required for orderly case management. Dividends represent the distribution of available assets to creditors in respect of their claims.

Appendix C: Joint Administrators' Remuneration and Expenses

Further details of our work in the Administration and any financial benefit for creditors.

Category	Description	Rationale/ Benefit to Creditors
Tax	<ul style="list-style-type: none"> ■ Preparing and filing VAT returns. ■ Deregistering the Companies for VAT purposes when all income and expenditure had been incurred/realised. ■ Preparing form VAT426 to recover VAT receivable after the submission of the VAT returns. ■ Preparing and filing both pre and post appointment Corporation Tax returns. ■ Seeking closure clearance from HMRC and other relevant parties. 	<ul style="list-style-type: none"> ■ Statutory requirements, but necessary to ensure tax is accounted for accurately and on time to ensure no financial detriment to creditors.
Reporting	<ul style="list-style-type: none"> ■ Preparing, reviewing and issuing Proposals to the creditors and members. ■ Filing the Proposals at Companies House. ■ Reporting to the Lenders on the progress of the Administration. ■ Preparing, reviewing and issuing six-monthly progress reports to creditors. ■ Filing progress reports at Companies House. ■ Preparing, reviewing and issuing this final report to creditors. ■ Filing final reports at Companies House. 	<ul style="list-style-type: none"> ■ Required by statute and to inform creditors on the progress of the Administrations.
Technology	<ul style="list-style-type: none"> ■ Where required, registering with the Information Commissioners Office to ensure GDPR compliance. 	<ul style="list-style-type: none"> ■ Compliance/legal requirement

Appendix C: Joint Administrators' Remuneration and Expenses

Administrators' remuneration and the payment of pre-Administration costs (as an expense of the Administration) have been approved by the relevant classes of creditors.

Pre-Administration Costs

- Details of pre-Administration costs were set out in our Proposals, including the scope of work undertaken prior to the appointment and how the work was intended to further the objective of the Administrations. A brief summary is set out below:
 - Under engagement letters dated 22 December 2020 and 6 January 2021, FTI incurred total time costs of £464,351 (plus VAT) for work undertaken in the period prior to the Administrations for which FTI was paid in full ahead of our appointment over the Companies.
 - The work carried out with a view to the Companies entering Administration principally related to the pre-pack transaction and other preparatory work required for the Companies to enter Administration in an orderly manner and for the purpose of maximising the outcome for creditors.
 - Addleshaw Goddard LLP ("AG") were instructed to undertake the necessary legal work to place the Companies into Administration. AG's total pre-appointment time costs were £199,417.50 of which £58,000 plus VAT was paid by PL in advance of the Administration. This left an unpaid balance in relation to AG's pre-appointment time costs of £141,417.50.
- At the same time as approving the basis of our remuneration, the secured and preferential creditors of PL also approved the following resolution:
 - That the unpaid pre-Administration costs be paid as an expense of the Administration. As explained in Appendix C of our Proposals, these are legal expenses totalling £141,417.50 incurred in relation to the drafting of the ASA and the preparation of documents specific to the appointment of the Joint Administrators'.
- The above amount has been paid to AG as an expense of the Administration. All payments made prior to our appointment were paid by PL.

Appendix C: Joint Administrators' Remuneration and Expenses

We have engaged several third parties to undertake work which (in some cases) we could have done ourselves, further details in relation to these is set out below.

Expenses

- The table below provides an analysis of expenses incurred by our Firm. Category 1 expenses are payments to independent third parties where there is specific expenditure directly referable to the case. The type of disbursements that may be charged as Category 1 expenses to a case generally comprise of external supplies of incidental services specifically identifiable to the case such as postage, statutory case advertising, invoiced travel and subsistence, external printing, room hire, and document storage.
- Also chargeable will be any properly reimbursed expenses incurred by personnel in connection with the case. Approval from creditors is not required for these expenses to be drawn, if they are Category 1.
- Category 2 expenses are costs that may include shared or allocated costs. We do require approval before drawing Category 2 expenses. The body of creditors who approve our fees also have responsibility for the approval of Category 2 expenses.
- Category 1 expenses were incurred throughout the PL Administration, including the most recent period (10 August 2022 to 3 February 2023).
- Category 1 expenses incurred are set out in the table below. There have been no Category 2 expenses incurred during the administration.

Expenses by Category

Type of Cost	Category	Estimated to be incurred (£)	Incurred in period (£)	Total Incurred (£)
Postage	Category 1	5,000	629	799
Stationary	Category 1	5,000	599	669
Statutory Bond	Category 1	1,060	1,453	1,983
Subsistence	Category 1	100	84	84
Total		11,060	2,765	3,535

Professional Advisors and Subcontracted Work

- The table below provides details of professional advisors and subcontractors that we have engaged on this project. The use of subcontractors is in relation to work that we could have done, but that we have outsourced.

Professional Advisors and Subcontracted Work

Advisor/ Subcontractor	Service Provided	Basis of fee arrangement
ERA Solutions	Employee Claims	Fixed fee based on number of employees
Addleshaw Goddard/ Walker Morris	Legal Advice	Time costs and fixed fee of £1,500 per property in relation to lease assignments.
DWD LLP	Business Rates Recovery	15% of cash realisations
AON UK Limited	Insurance services	Insurance premiums, plus IPT

- Our choice of ERA Solutions to assist with employee claims, Addleshaw Goddard (Walker Morris have been instructed on lease assignments where AG are conflicted) to provide legal support and DWD LLP to assist with historic business rates recoveries, was based on our perception of their experience and ability to perform this type of work and the complexity and nature of the assignment.
- We also considered that the basis on which they will charge their fees represented value for money for creditors. Other than the legal advice and insurance services, the work could have been undertaken by our teams, but we have outsourced this work as we consider it to be more cost effective and the providers have relevant specialist experience.
- We have also utilised the services of other teams within FTI Consulting LLP to assist with the Administration process. The fees of our tax and strategic communications teams have been included within the approved fees. By working closely with our internal teams, we believe a more coordinated and cost-effective approach to the Administration workstreams has been possible.

Appendix C: Joint Administrators' Remuneration and Expenses

The main expense incurred in the Period was in relation to Business Rate recoveries.

- Throughout the Administration, DWD LLP have been paid for its business rates recovery services. They are paid on a commission basis at 15% of recovered amounts. All amounts due to them for recoveries have been paid.
- Given DWD have exceeded the amount of business rate recoveries that they had initially anticipated, the corresponding costs have also been above the amount initially anticipated.
- Aon UK Limited costs exceeded their initial budget as a consequence of the property portfolio being retained beyond the one year anniversary of our appointment and the ongoing public liability requirement as a consequence.

Costs incurred (excluding VAT)

Payee	Type of Cost	From 10 February 2021 To 9 February 2022	From 10 February 2022 To 9 August 2022	From 10 August 2022 To 3 February 2023	From 10 February 2021 To 3 February 2023	Previous Estimated Total
Aon UK Limited	Bonding	510	-	-	510	510
EPE Reynell	Gazetting	184	-	-	184	184
ERA Solutions	Employee Claims	12,070	-	-	12,070	8,810
Addleshaw Goddard LLP	Legal Support	245,562	-	2,379	247,941	291,000
Aon UK Ltd	Insurance	19,818	-	6,188	26,006	15,221
Walker Morris	Legal Support	-	-	-	-	9,000
DWD LLP	Business Rates Recovery	-	8,456	34,951	48,121	30,000
Total		278,144	8,456	37,330	328,644	354,725

Appendix C: Joint Administrators' Remuneration and Expenses

Category	Task Code	Sr Managing Dir	Managing Dir	Senior Director	Director	Sr Consultant	Consultant	Associate	Total WIP	Total Time	Average Cost
Administration and Planning											
Receipts and payments accounts	A4	-	-	-	10,200	-	-	4,608	14,808	41	358
Checklist / Reviews / Filing	A5	-	-	-	-	-	-	132	132	1	220
Cashiering and reconciliations	A6	-	2,834	-	-	-	-	8,380	11,215	37	302
Bonding and IPS maintenance	A7	-	818	-	-	-	-	-	818	1	-
Subtotal		-	3,653	-	10,200	-	-	13,120	26,973	80	336
Investigations											
Correspondence with Directors	B1	-	-	-	14,784	-	-	-	14,784	24	616
Subtotal		-	-	-	14,784	-	-	-	14,784	24	616
Realisation of assets											
Other assets	C7	-	-	-	-	-	-	4,483	4,483	12	364
Subtotal		-	-	-	-	-	-	4,483	4,483	12	364
Creditors (correspondence and claims)											
Unsecured creditors	E1	-	4,371	-	19,789	-	-	1,903	26,063	37	714
Preferential Creditors	E4	-	-	-	-	-	-	2,475	2,475	9	275
Subtotal		-	4,371	-	19,789	-	-	4,378	28,538	46	627
Tax											
Pre-Appointment VAT	F3	-	-	-	3,288	-	-	-	3,288	6	548
Post-Appointment CT	F4	-	-	-	-	-	-	352	352	2	220
Post-Appointment VAT	F5	-	474	3,918	3,288	164	-	2,154	9,999	23	433
Tax advice on transactions	F6	-	-	-	-	-	-	-	-	-	-
Other Post-Appointment Tax	F7	-	372	-	-	-	-	700	1,072	3	357
Subtotal		-	846	3,918	6,576	164	-	3,206	14,711	34	437
Reporting											
Other statutory reports/meetings	G3	-	3,961	-	49,806	-	-	8,626	62,393	131	477
Subtotal		-	3,961	-	49,806	-	-	8,626	62,393	131	477
Total by Grade		-	12,831	3,918	101,155	164	-	33,812	151,881	327	465
Total Time by Grade		-	17	6	165	0	-	141			
Average hourly cost by Grade		-	764	632	612	548	-	241			

Summary:

- The table provides details of our **time incurred in the Period** that has been drawn on a time cost basis from floating charge realisations.
- **Total cost: £151,881**
- **Total time: 327 hours**
- **Average cost: £465 per hour**

Appendix C: Joint Administrators' Remuneration and Expenses

Category	Task Code	Sr Managing Dir	Managing Dir	Senior Director	Director	Sr Consultant	Consultant	Associate	Total WIP	Total Time	Average Cost
Administration and Planning											
Strategy and planning	A1	10,638	2,067	5,420	27,382	-	-	18,721	64,228	125	513
Initial actions	A2	-	-	-	-	-	-	376	376	2	188
Appointment and related formalities	A3	6,024	1,193	-	3,836	7,459	-	5,722	24,233	54	452
Receipts and payments accounts	A4	-	3,315	2,590	10,200	-	-	8,161	24,265	83	293
Checklist / Reviews / Filing	A5	-	58	-	660	-	-	3,549	4,267	42	101
Cashiering and reconciliations	A6	307	6,869	-	-	-	-	43,548	50,724	205	247
Bonding and IPS maintenance	A7	-	818	-	-	-	-	940	1,758	7	266
Case Admin	A8	-	330	9,120	-	-	-	10,434	19,884	50	401
Subtotal		16,969	14,648	17,130	42,078	7,459	-	91,452	189,736	567	335
Investigations											
Correspondence with directors	B1	-	-	-	14,784	-	-	-	14,784	24	616
Directors questionnaire/checklists	B2	-	-	-	5,610	-	-	2,146	7,756	17	456
Statement of affairs	B3	-	-	-	-	3,305	-	494	3,799	8	475
Reports of Directors' conduct	B4	-	875	-	660	-	-	-	1,535	2	767
Subtotal		-	875	-	21,054	3,305	-	2,640	27,874	51	547
Realisation of assets											
Cash and investments	C1	-	-	-	-	1,170	-	2,275	3,445	9	405
Post-completion obligations	C3	-	-	-	822	-	-	-	822	1	685
Property, plant and vehicles	C6	-	660	-	-	-	-	-	660	1	825
Other assets	C7	38,180	-	4,440	2,005	3,218	-	6,724	54,556	74	738
Health & Safety/Insurance/Regulatory	C8	-	66	-	-	-	-	-	66	0	825
Subtotal		38,180	726	4,440	2,827	4,388	-	8,999	59,559	84	705
Creditors (correspondence and claims)											
Unsecured Creditors	E1	-	4,701	-	20,132	4,973	-	92,897	122,702	423	290
Preferential Creditors	E4	-	1,305	-	26,315	-	-	32,111	59,731	144	416
Lease Creditors	E7	-	2,067	1,480	-	-	-	2,491	6,038	15	403
Subtotal		-	8,073	1,480	46,447	4,973	-	127,499	188,471	582	324
Tax											
Pre-appointment CT	F2	2,041	146	-	-	-	-	-	2,187	4	547
Pre-appointment VAT	F3	-	-	-	3,288	-	-	-	3,288	6	548
Post appointment CT	F4	1,512	183	-	230	1,264	-	506	3,694	9	421
Post appointment VAT	F5	-	1,483	8,174	15,555	164	-	7,205	32,582	70	465
Tax advice on transactions	F6	-	-	-	1,485	-	-	-	1,485	2	743
Other post appointment tax	F7	-	1,832	-	7,124	-	-	10,293	19,249	57	337
Subtotal		3,553	3,643	8,174	27,682	1,428	-	18,004	62,485	148	422
Reporting											
SIP16	G1	2,775	2,768	-	4,422	-	-	-	9,965	13	767
Proposals	G2	-	4,650	-	5,280	10,325	-	1,774	22,030	39	565
Other statutory reports/meetings	G3	11,691	12,001	-	85,271	-	-	30,509	149,472	325	461
Subtotal		24,466	19,418	-	94,973	10,325	-	32,283	181,466	377	482
Other	H1	2,304	-	-	-	-	-	1,176	3,480	7	483
Total by Grade		85,472	47,384	31,224	235,061	31,877	-	282,052	713,070	1,816	393
Total Time by Grade		81	59	25	356	44	-	726			
Average hourly cost by Grade		1,062	798	1,235	660	729	-	388			

Summary:

- The table provides details of our **time incurred from the date of our appointment** that has been drawn on a time cost basis from floating charge realisations.
- **Total cost: £713,070**
- **Total time: 1,816 hours**
- **Average cost: £393 per hour**

Appendix D: An introduction to insolvency

If you are unfamiliar with an insolvency process, please read this page which describes the typical work and role of an insolvency practitioner. This is only a general overview and does not necessarily reflect our work in this case.

What is an insolvency process?

There are several types of insolvency process, but all are intended to achieve the same basic objective: to realise assets that the company owns and repay (to the extent possible) what it owes to creditors.

The type of process depends on the circumstances and the amount distributable to creditors (in accordance with statutory priorities) depends on the value of assets, the costs of the process and level of claims received.

What is an insolvency practitioner?

Commonly referred to as an 'IP', an insolvency practitioner is an experienced and qualified individual who is licensed and authorised to act in relation to an insolvent company, partnership or person.

IPs typically use the staff and resources of their own firm to complete the work, supported by third party professionals and other specialists as required.

IPs are routinely monitored by their professional body to ensure continued adherence to standards.

Realising the Assets

The IP evaluates possible options and pursues the best route for maximising value for creditors. Options could include an immediate sale of the business, a period of ongoing trading (prior to a sale) or a closure/wind-down of operations.

The costs of realising the assets can vary significantly, so an IP is looking to maximise the net value (after costs). Securing the ongoing employment of the workforce can materially reduce claims against the company.

Work done on realising the assets has a direct financial benefit for creditors.

Managing the Company's Affairs

Until such time as the company is dissolved, it must continue to fulfil many of its usual obligations, such as submitting VAT/tax returns and keeping adequate accounting records.

Whilst appointed to manage the affairs of the company, the IP is responsible for ensuring these obligations are met. Support from VAT/tax specialists in insolvency situations helps to ensure accuracy and minimise liabilities.

Other work might include complying with any licensing or regulatory requirements.

Dealing With Creditors

It can take several months, often longer, but if and when funds become available, the IP will distribute these to creditors once their claims have been received and agreed.

As secured creditors usually have priority rights over the assets, the amount left over for other non-preferential unsecured creditors can often be very small.

IPs keep creditors updated on their work, either through periodic reports or responding to their queries and correspondence.

Fulfilling our Statutory Duties

The impact of an insolvency can be wide ranging, so IPs are required to issue notices and periodic reports to notify those affected parties and keep them updated.

The company's affairs and conduct its directors must also be investigated to see whether any asset recovery (or other actions) need to be taken.

Whilst this work does not have any direct financial benefit for creditors, the purpose of insolvency law is to protect the interests of creditors.

Regular internal case reviews ensure the process progresses cost effectively and on a timely basis.

Appendix E: Legal Notices

We have set out below some important notices regarding this report and the appointment of administrators.

■ About this report

This report has been prepared by the Joint Administrators solely to comply with their statutory duty to report to creditors under the Insolvency (England and Wales) Rules 2016 on the progress of the Administration.

It is not suitable to be relied upon by any other person, or for any other purpose, or in any other context.

This report has not been prepared in contemplation of it being used, and is not suitable to be used, to inform any investment decision in relation to the debt of or any financial interest in the Company [or any other company in the Group].

Any person that chooses to rely on this report for any purpose or in any context other than under the Insolvency (England and Wales) Rules 2016 does so at its own risk. To the fullest extent permitted by law, the Joint Administrators do not assume any responsibility and will not accept any liability in respect of this report to any such person.

Any estimated outcomes for creditors included in this report are illustrative only and cannot be relied upon as guidance as to the actual outcome for creditors.

■ 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 the leave of the Court, may, in writing, request the Joint Administrators of the Company to provide additional information regarding remuneration or expenses to that already supplied within this document. Such requests must be made within 21 days of receipt of this report, in accordance with Rule 18.9 IR16.

■ 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 the leave of the Court, may apply to the Court for one or more orders (in accordance with Rule 18.36 or 18.37 IR16), challenging the amount or the basis of the remuneration which the Joint Administrators are entitled to charge or otherwise challenging some or all of the expenses incurred.

Such application must be made within eight weeks of receipt by the applicant(s) of the report detailing the remuneration and/or expenses in question, in accordance with Rule 18.34 IR16.

■ Data Protection

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

■ Appointment of Administrators and Ethics

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

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

The Joint Administrators are bound by the Insolvency Code of Ethics which can be found at:



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