



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

1 Company details	
Company number	0 0 5 4 9 0 3 4
Company name in full	Studio Retail Group Plc
→ Filling in this form Please complete in typescript or in bold black capitals.	
2 Administrator's name	
Full forename(s)	Daniel James Mark
Surname	Smith
3 Administrator's address	
Building name/number	156 Great Charles Street
Street	Queensway
Post town	Birmingham
County/Region	
Postcode	B 3 3 H N
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	156 Great Charles Street
Street	Queensway
Post town	Birmingham
County/Region	
Postcode	B 3 3 H N
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 2	^d 4	^m 0	^m 2	^y 2	^y 0	^y 2	^y 2
To date	^d 2	^d 3	^m 0	^m 8	^y 2	^y 0	^y 2	^y 2

7 Progress report

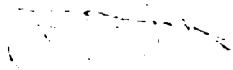
I attach a copy of the progress report

8 Sign and date

Administrator's
signature

Signature

X



X

Signature date

^d 2	^d 2	^m 0	^m 9	^y 2	^y 0	^y 2	^y 2
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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 **Vinay Mistry**

Company name **Teneo Financial Advisory Ltd**

Address **156 Great Charles Street
Queensway**

Post town **Birmingham**

County/Region

Postcode **B 3 3 H N**

Country

DX

Telephone **+44 121 619 0120**

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

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

Further information

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



The Global CEO Advisory Firm

Court Case No. CR-2022-MAN-000136
High Court of Justice
Business & Property Courts of England &
Wales in Manchester
Insolvency and Companies List (ChD)

Company Number: 00549034

Registered Office:
c/o Teneo Financial Advisory Ltd
156 Great Charles Street
Birmingham
B3 3HN

Studio Retail Group Plc (in administration) ("the Company", "SRG")






Progress report to creditors for the period 24 February 2022 to 23 August 2022 pursuant to rules 18.2 to 18.6 inclusive of the Insolvency (England & Wales) Rules 2016 ("the Rules")

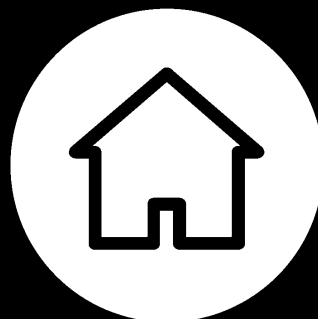
22 September 2022

Daniel James Mark Smith and Daniel Francis Butters ("the Joint Administrators") were appointed Joint Administrators of the Company on 24 February 2022 by the directors of the Company. The affairs, business and property of the Company are managed by the Joint Administrators. The Joint Administrators act as agents of the Company and contract without personal liability. All licensed Insolvency Practitioners of Teneo Financial Advisory Limited ("Teneo") are licensed in the UK to act as Insolvency Practitioners by the Institute of Chartered Accountants in England and Wales.

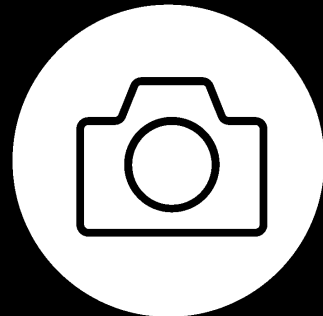
For the purposes of paragraph 100(2) of Schedule B1 of the Insolvency Act 1986 (as amended), ("the Act"), the Joint Administrators confirm that they are authorised to carry out all functions, duties and powers by either of them jointly and severally. As stated in the administration appointment documents, these are COMI proceedings (i.e. the centre of main interests is in the UK).

In accordance with The Insolvency (Amendment) (EU Exit) Regulations 2019 (the "Regulations" and as stated in the administration documents these are COMI proceedings (i.e. the centre of main interests is in the UK)

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 **Key messages**



Key messages

Joint Administrators of the Company

Daniel James Mark Smith

Daniel Francis Butters

Teneo Financial Advisory Limited

156 Great Charles Street

Queensway

Birmingham

B3 3HN

Contact details

Email: Vinay.Mistry@teneo.com

www.ips-docs.com

Tel: 0121 619 0149

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">As detailed in our Statement of Insolvency Practice ("SIP") 16 Statement of 3 March 2022, the assets of SRG were sold on 24 February 2022 ("the Transaction") (the SIP16 statement can be viewed at www.ips-docs.com). Further details are also available on page 5 and 6 of this report.The Company operated from three leasehold properties (occupied by Studio Retail Limited ("SRL")); the Purchaser has been granted a Licence to Occupy for these three sites for a period of nine months. During the period, we have received funds of c.£1.3m from the Purchaser and subsequent payments of c.£1.3m have been made to landlords in respect of occupancies. Please refer to page 6 for further details.At the date of our appointment, the Company's pre appointment bank accounts held funds of c.£992.8k. These funds have been paid to the administration estate bank accounts during the report period.The Company's premises located in Enfield were let to a third party. At the date of appointment, a book debt totalling c.£140k was due to the Company from the sub-tenant which has been received in full.
Costs	<ul style="list-style-type: none">Our time costs for the period of the report are c.£864k. Please see pages 16 and 17 for further details.We have incurred category 1 third party expenses of £170.6k and disbursements of £230, both plus VAT, in the report period. Please see page 8 for further details.
Outstanding matters	<ul style="list-style-type: none">Finalise the Licence to Occupy in line with the terms of the agreement and complete a reconciliation of funds received and paid under the agreement.Prepare for and make distributions to preferential and secondary preferential creditors.Complete a decision procedure to seek approval of the extension of the administration.Statutory closing procedures.
Dividend prospects	<ul style="list-style-type: none">Secured creditors – Following the Transaction detailed on Page 5, there are no remaining secured liabilities. Please see page 12 for further details.Preferential creditors – Based on current information, it is anticipated that there will be sufficient realisations to enable payment in full of preferential claims. Please see page 12 for further details.Secondary Preferential creditor – Based on current information, it is anticipated that there will be sufficient realisations to enable a distribution in respect of secondary preferential claims. Please see page 12 for further details.Unsecured creditors – On current information, it is uncertain whether sufficient funds will be available for distribution to unsecured creditors. Please see page 12 for further details.
Extension to administration period	<p>We intend to request an extension to the period of the administration for a period of 12 months. Please see page 13 for further details.</p>



Progress of the administration

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Progress of the administration Summary

Work done during the report period

Sale of business – Pre-packaged sale

As detailed in our letter of 3 March 2022, shortly following the Joint Administrators' appointment on 24 February 2022, SRG's shareholding in SRL, and certain other assets (together, "SRG Assets"), were sold to Frasers Group plc ("FG", "the Purchaser") ("the Transaction").

Our letter provided the relevant disclosures under Statement of Insolvency Practice 16, and a summary of the transaction is provided below.

Assets included in the Transaction

The SRG Assets comprised the following:

- The entire issued share capital of SRL including its subsidiaries (Yubei International Trade (Shanghai) Co., Ltd, Express Gifts Philippines Inc. and Studio Online Limited);
- The entire issued share capital of 2Care4 Limited;
- Intellectual Property held in SRG (used in SRL's business);
- The freehold property located at Church, Accrington (BB5 4EL/4EB), being the head office and principal warehouse facility ("Freehold Property");
- Leasehold property interests located at Clayton-Le-Moors, Chadderton, and Failsworth (occupied by SRL); and
- Any other assets of SRG relating in whole or in part to SRL's business.

Sale Consideration

The total consideration for the Transaction was £1 plus the release of £53.1m of secured liabilities under SRG's revolving credit facility ("RCF") and ancillary facilities, provided by a syndicate of banks comprising Barclays Bank Plc, HSBC UK Bank Plc and National Westminster Bank Plc (together "the Lenders") Immediately following the Transaction, FG acquired SRG's secured lenders' claims against SRG for a c.£26.8 million cash payment and was therefore in a position to procure the release of SRG's liabilities referred to above.

In addition, in contemplation of the Transaction immediately prior to the appointment of the Joint Administrators, SRG was released from all liabilities under Section 75 and 75A of the Pensions Act 1995 in respect of three of the four sections of the Group's pension fund (the "Pension Fund"). To the extent that any further payments are due from SRG in respect of these sections, these have been guaranteed by FG, subject to a cap.

As part of the Transaction, it was also agreed that an additional contribution (guaranteed by FG) would be made to the Pension Fund by SRL. The Trustees of the Pension Fund are supportive of these arrangements. The Trustees also released their security prior to our appointment in respect of SRG's liabilities to all four sections of the Pension Fund.

An apportionment of value attributed to the SRG Assets sold to FG is provided below:

Shares in SRL	£45,515,391	-
Intellectual Property	£500,000	-
Freehold property	£7,000,000	-
Leasehold property interests	£20,000	-
Share capital of 2Care4 Ltd	£1	-
Other Receivables	-	£50,000
Total consideration	£53,035,392	£50,000

The above values are notional as the consideration received by SRG for the SRG Assets was primarily the release of SRG's secured liabilities. Only £1 of cash consideration was paid by the Purchaser, as shown in the receipts and payments account on page 10.

Remaining assets

Following the Transaction, there were the following residual assets to realise:

- Cash held in SRG's bank accounts as at the date of the Joint Administrators' appointment.
- Certain prepayments / book debts in relation to properties. Further details are provided on the next page.

Progress of the administration Summary

Work done during the report period

Freehold Property

As detailed on the previous page, the Freehold Property was sold to FG as part of the Transaction. During the report period, we have completed the relevant documents to transfer the registered title.

Leasehold properties

The Company held leases in connection with four properties, located at Clayton-Le-Moors, Chadderton, Failsworth and Enfield.

The properties at Clayton-Le-Moors, Chadderton, Failsworth were all fully or partly occupied by SRL.

Licence to occupy

As detailed on the previous page, the properties at Clayton-Le-Moors, Chadderton, Failsworth formed part of the Transaction. In this regard, the Purchaser has been granted a Licence to occupy for these three properties for a period of nine months.

As at the date of this report, the Purchaser remains in occupation of all three properties under the licence to occupy.

During the reporting period, rent and other costs of occupation totalling c.£1.3m have been paid to the respective landlords utilising licence fees received from the Purchaser.

It is currently anticipated that an extension to the licence to occupy may be required by the Purchaser.

Sublet Leasehold property / pre appointment debtor

The Company also leased premises located in Enfield which were let to a third party. At the date of appointment, a book debt totalling c.£140k was due to the Company from the sub-tenant which has been received in full, as shown in the receipts and payments account on page 9.

The leasehold property at Enfield was excluded from the Transaction and is not being occupied by the Company for the benefit of the Administration. Accordingly, the Joint Administrators have offered to surrender the lease to this premises.

Prepayments

The Joint Administrators have recovered prepayments relating to rent and insurance in connection with the leasehold premises included in the Transaction from the Purchaser.

During the period, c.£125k and c.£98k have been received in relation to pre-paid rent and insurance, respectively. This is detailed on the receipts and payments account on page 9.

Cash at bank

At the date of our appointment the Company's pre appointment bank accounts held funds totalling c.£993k. These funds were paid to the administration estate bank account during the report period. No further funds are expected from the pre-appointment bank accounts.

Surrender of tax losses

During the report period the Joint Administrators reached an agreement to surrender certain tax losses relating to periods prior to the administration to SRL, in return for cash consideration.

As part of this agreement the Joint Administrators have participated in the preparation and review of the Company's pre-administration period tax returns.

To date consideration totalling c.£356k has been received in relation to the FY21 accounting period. Matters in connection with the FY22 accounting period are ongoing.

Other matters

We are working to agree preferential creditors' claims and to complete our obligations under the sale agreement with the Purchaser, primarily in connection with the Licence to Occupy (further details below).

Progress of the administration Summary

Work done during the report period

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 set-up and management actions, including updating the creditor portal for the case, filing and regular diary reviews to ensure compliance matters are dealt with accordingly;
- Statutory reporting, including the preparation of the Proposals, disclosures under Statement of Insolvency Practice 16, and this progress report;
- Appointment notifications, including notifying the relevant parties of the appointment;
- Confidential report to the Insolvency Service on the directors' conduct;
- 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.

Director Conduct Reports

We have complied with our statutory duty to report on the conduct of the Company's directors and submitted our confidential report to the Insolvency Service on 20 May 2022.

Investigations

We are continuing to review the information available to assess whether there are any matters that might lead to a recovery for the benefit of creditors, such as potential claims that may be brought against parties either connected to or who have had past dealings with the Company.

If you have any information that you feel should be brought to our attention, please contact us in writing using the contact details on the cover page.

Progress of the administration Summary

Third party costs incurred during the report period

Joint Administrators' – Category 1 Expenses

Category 1 expenses are payments to persons providing the service to which the expense relates and which are neither payment to us, the officeholders, or to an associate of ours. These expenses can be paid out of the estate by us without creditor approval.

The following third party expenses have been incurred during the report period:

Specialist Advice & Services

Lawyers/Legal Services

- Linklaters LLP, a law firm who are experienced in this area, were engaged by us to assist with the following matters:
 - Review the validity of our appointment.
 - Provide ongoing advice in relation to matters arising out of the sale agreement (including dealing with the freehold and leasehold property interests).
 - Act and advise in relation to general administration matters.

In respect of these services they have billed and been paid c.£144k plus VAT in respect of fees and expenses.

We currently anticipate that the initial estimate provided in respect of these costs, being c.£150k plus VAT, will be exceeded. This is due to a number of additional complex matters arising during the period. Where possible we have sought to obtain cost contributions from third parties, as appropriate.

Agents' Costs

- Avison Young (UK) Limited ("AY"), a firm of agents who are experienced in this area, have been engaged by us to provide valuation services in respect of the Freehold Property and in respect of which they have incurred fees and costs of £5k plus VAT, which have been paid during the report period, which is in line with the estimate previously provided.
- MAPS Solutions Europe Limited ("MAPS"), who are experienced in this area, have been engaged by us to assist with extractions and analysis of Company records and in respect of which they have incurred fees and costs of c.£1.5k plus VAT, which have been paid during the report period.

Costs incurred in connection with the appointment

During the period c.£21k (plus VAT) was paid to Squire Patton Boggs (UK) LLP, a law firm who are experienced in this area, in respect of the costs and expenses incurred by the Company in connection with the making of the administration appointment.

These sums have been paid pursuant to Rule 3.51(2)(d) of the Rules.

Payment of Category 1 Expenses

All professional costs and expenses are kept under review and analysed to ensure best value for creditors is being obtained.

Please refer to the receipts and payments account on page 9 for details of Category 1 expenses paid to date.

Disbursements – Category 1

Category 1 disbursements are payments to third parties which are initially met by us and then reimbursed to us out of the estate when funds become available, and for which no approval is required. These are summarised in the table below:

Category 1 Expenses

£ (net)	Incurred in report period	Paid	Unpaid
Specific Penalty Bond	230	-	230
Total expenses	230	-	230

Category 2 Expenses

These are payments out of the estate either:

- to us (as officeholder), for example reimbursement to staff engaged on the case for their mileage costs) or in respect of shared or allocated costs.

These expenses require creditor approval in the same manner as our remuneration and as discussed in further detail on page 18.

Progress of the administration

Receipts and payments

Studio Retail Group Plc Joint Administrators' receipts and payments account 24 February 2022 to 23 August 2022			
£	SoA values	Notes	To date
Fixed Charge Asset Receipts			
Sale Consideration	-	A	1
Freehold Property	7,000,000	A	-
Shares In Studio Retail Limited	45,515,391	A	-
Investment in Other Subsidiaries	1	A	-
Leasehold Property	20,000	A	-
Intellectual Property	500,000	A	-
Total Fixed Charge Asset Receipts			1
Fixed Charge Asset Payments			
			-
Total Fixed Charge Asset Payments			-
Fixed Charge Asset Balance			
			1
Floating Charge Asset Receipts			
Licence to Occupy Income	-	B	1,271,949
Surrender of Tax Losses	-		356,463
Bank Interest Gross	-	C	1,010
Contribution to costs	-		31,800
Pre-appointment debtors	87,593		139,669
Cash at Bank	978,349	D	992,810
Prepayments	223,047		223,045
Other Receivables	50,000	A	-
Total Floating Charge Asset Receipts	54,374,381		3,016,746
Floating Charge Asset Payments			
Rent and other Lease Costs		B	1,271,949
Pre-Administration Costs			333,553
Legal Fees - Appointment Costs			20,624
Joint Administrators' Fees			350,000
Agent Fees			5,000
Legal Fees			143,488
Books & Records Costs			1,490
Statutory Advertising			104
Bank Charges			54
Total Floating Charge Asset Payments			2,126,261
Floating Charge Asset Balance			
			890,485
Fixed & Floating Charge Asset Balance			
			890,486
Made up of:			
VAT Receivable		E	63,333
Floating Chge Deposit A/c		C	972,985
Third Party Funds (Licence to Occupy)			(145,833)
Balance in hand			890,486

A receipts and payments account is provided opposite, detailing the transactions during the report period and also cumulatively for the entire period of our appointment on 24 February 2022 to 23 August 2022.

Notes to receipts and payments account

A - Sale of Business

The total consideration for the Transaction was £1 in addition to the release of £53.1m of secured liabilities under SRG's RCF and ancillary facilities. The Transaction included the Freehold Property, Leasehold Property, Shares in Studio Retail Limited, Investments, Intellectual Property and Other Receivables as listed opposite. Please refer to page 5 for more details.

B - Licence to occupy

Funds totalling c.£1.3m plus VAT have been received from the Purchaser in accordance with the licence to occupy agreements and paid to the respective landlord in respect of rent and other lease costs. A further £167k is currently being held pending further payments falling due, any funds not used will be repaid to the Purchaser. Please refer to page 5 for further details.

C - Bank interest

All funds were held in an interest-bearing account. The associated corporation tax on interest received will be accounted for to HM Revenue & Customs.

D - Fixed Charge Costs

As noted opposite, the cash consideration element of the Transaction (£1) was insufficient to settle the fixed charge costs relating to the transaction. In line with the terms of the Transaction, cash totalling c.£993k was retained by the Company from the Transaction (Cash at Bank) to meet these costs. No allocation between fixed and floating charge costs relating to the Transaction has therefore been made, as shown opposite.

E - VAT

All sums shown opposite are shown net of VAT, which is recoverable and has been and will continue to be accounted for to HM Revenue & Customs in due course.

Rounding note

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

Progress of the administration

Pre-administration costs

Pre administration costs

We included the following statement of pre administration costs in our Proposals:

In the following paragraphs we have provided an explanation of the work carried out by us, Linklaters LLP and FTI Consulting LLP in the period prior to the administration and which was carried out with the intention of helping to achieve the objective of the administration.

Joint Administrators

The Joint Administrators are not proposing to seek payment of any pre-appointment fees, as fees were paid up to date as at the date of the appointment.

Linklaters LLP

During the planning for the administration, we were assisted by Linklaters LLP, a law firm with appropriate experience, on matters including:

- Legal advice in connection to the Transaction; and
- Preparation of the sale agreement and other associated Transaction documents.

This work was carried out to enable the Transaction to be delivered via a pre-pack sale.

Linklaters LLP's fees were based on time incurred and £238k (plus VAT) was unpaid at the date of the appointment.

FTI Consulting LLP

During planning for the administration, we were assisted by FTI Consulting LLP, an independent restructuring firm with appropriate experience and credentials in insolvency work to undertake an independent review of the Transaction. This work was carried out prior to the appointment of the Joint Administrators to enable the Transaction to be delivered via a pre-pack sale. As outlined earlier, it is considered that the Transaction delivered a better outcome for creditors compared to the alternative scenarios.

FTI's fees were based on time incurred and are estimated to total £95k (plus VAT). These costs were unpaid at the date of the appointment.

The costs set out opposite and above were all incurred on work undertaken to implement the administration strategy and statutory purpose.

Approval of pre-administration costs

These costs were approved by the unsecured creditors on 26 May 2022 and have been drawn as shown in the Receipts & Payments Account on the previous page.

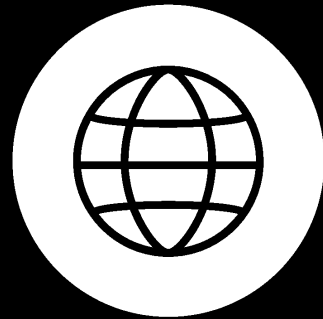
Pre-administration costs

Party	Amount (£)	Approval date	Date paid
Linklaters LLP	238,553	26/05/2022	13/07/2022
FTI Consulting LLP	95,000	26/05/2022	13/07/2022
Total approved	333,553		
Total paid	333,553		



 **Information for creditors**

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Information for creditors

Outcome

Outcome for creditors

Secured creditors

Following the Transaction and subsequent settlement of all liabilities secured by way of fixed and floating charge securities granted by the Company, we are not aware of any remaining secured creditor liabilities. Further details of the secured creditors as at the date of the Joint Administrators' appointment are provided below:

As detailed in the Proposals, the following amounts were owed to the Lenders, as at the date of appointment:

- RCF: £50m
- Ancillary facilities: £3.1m

These amounts were secured by way of fixed and floating charges granted by the Company on 29 June 2021.

As a result of the Transaction, the Lenders released their security over SRG (which included releasing it from the respective liabilities), in return for a payment of c.50p/£ against their debts.

Pension Fund

SRG has been released from all liabilities under Section 75 and 75A of the Pensions Act 1995 in respect of three of the four sections of the Group's pension fund (the "Pension Fund"), the fourth being in SRL only. To the extent any further payments are due from SRG in respect of these sections, these will be guaranteed by FG, subject to a cap.

The Trustees also released their security prior to our appointment in respect of SRG's liabilities to all four sections of the Pension Fund.

Preferential creditors

Preferential claims consist of amounts owed to employees for arrears of wages/salaries, holiday pay, and pension contributions.

To date we have received two preferential claims totalling c.£53.9k, which is higher than anticipated due to higher than expected claims from former employees, adjudication of these claims this will be completed in the next report period.

On present information we anticipate that sufficient funds will become available to enable a distribution in full to be made to preferential creditors.

Secondary Preferential Debts due to HM Revenue and Customs ("HMRC")

Secondary preferential debts are debts due to HMRC in respect of deducted taxes (including VAT, PAYE, student loan repayments, employee NICs and CIS deductions) on insolvency appointments falling on or after 1 December 2020.

We estimate that HMRC will have a secondary preferential claim in the region of c.£2.4m. in respect of VAT and PAYE.

On present information we anticipate that sufficient funds will become available to enable a distribution to be made to the secondary preferential creditor.

Unsecured creditors

Prescribed Part

As detailed in our Proposals, there are no remaining floating charge creditors and thus the Prescribed Part provisions will not apply.

Any recoveries after payment of associated costs and distributions to Preferential and Secondary Preferential creditors will be available for unsecured distribution as discussed in the paragraph below.

Unsecured creditors

We have received ten claims to date for a total of c.£1.5m which is broadly in line with the statement of affairs.

On present information, it is uncertain whether sufficient funds will be realised to enable a distribution to be made to unsecured creditors.

The amount of funds ultimately available to distribute to unsecured creditors will depend on the value of preferential and secondary preferential creditor claims admitted for dividend, together with the costs and expenses of the administration.



Information for creditors

Outcome

Claims process

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, according to the Company's statement of affairs, is £1,000 or less. Instead, we will notify you if funds become available for dividend purposes and provide you with details of the amount at which your claim has been admitted. If you disagree with that amount, you will be provided with an opportunity to notify us of the correct amount.

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 either directly via the case website at www.ips-docs.com or by downloading and completing a proof of debt form from the case website and which should be sent to the address on page 3. Alternatively, a hard copy proof of debt form will be provided free of charge on request.

Extensions to the administration

We intend to request an extension to the period of the administration for a period of 12 months from 23 February 2023 to enable matters relating to the licence to occupy / leasehold properties and corporation tax / surrender of tax losses to be resolved, and to conclude all other administrative matters.

Exit

As detailed in our Proposals, we consider that a move to creditors' voluntary liquidation ("CVL") to be the most appropriate exit route from administration, should funds be available to enable a distribution to be made to unsecured creditors, as the Prescribed Part provisions will not apply.

Whether or not a move to CVL is required to facilitate an unsecured distribution will be dependent on agreed preferential and secondary preferential claims.



Information for creditors

Transactions with Connected Parties

Transactions with connected parties

During the period covered by the report several of the Company's assets have been sold to Frasers Group, who had a c.29% shareholding in SRG.

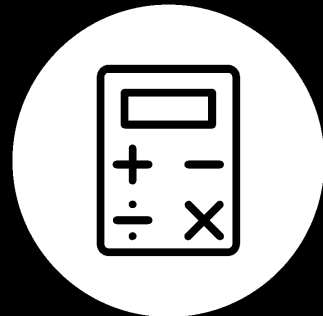
The Joint Administrators are not aware of any directors or other officers / shadow directors / non-employee associates common to FG and SRG. It is therefore not considered that FG is a connected party of SRG for the purposes of paragraph 60A of Schedule B1 to the Insolvency Act 1986 (shareholding being less than 33%).



 **Remuneration and expenses**

Joint Administrators' remuneration

16



Remuneration and expenses

Joint Administrators' remuneration

Joint Administrators' remuneration

"A Creditors' Guide to Remuneration" is available for download at www.ips-docs.com.

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 was fixed on 26 May 2022 by the creditors by reference to the time properly given by the Joint Administrators and their staff plus VAT thereon.

It should be noted that our initial decision procedure held to fixed the basis of our remuneration, which was held by correspondence with a decision date of 9 May 2022, did not result in the basis of our remuneration being fixed as no responses were received by the decision date.

Fees drawn to date

We have drawn fees of £350k plus VAT as shown in the receipts and payments account on page 9.

Time costs - analysis of actual against initial estimate

Please refer to page 17 where we have updated the Fees Estimate to provide details of our actual time costs for the period of the report and which we have also summarised here:

Our total time costs to 23 August 2022 are £864k made up of 1,023 hours at a blended charge out rate of £844 per hour across all grades of staff.

Our time costs to 23 August 2022 are slightly higher than we initially anticipated and which can be attributed to the following:

- Costs in relation to the realisation of additional assets that were not anticipated in our original fee estimate such as the sale of tax surrenders and the recovery of property debts.
- Higher costs than expected were incurred reviewing information available to assess whether there are any matters that might lead to a recovery for the benefit of creditors.
- Additional and more complex matters relating to Corporation Tax and VAT than initially anticipated.
- Costs in relation to the initial notifications was greater than initially anticipated due to the need to run a second decision procedure to approve the basis of the Joint Administrators' remuneration, in addition to other decisions, following nil response from creditors to the first decision procedure.
- Additional cashiering tasks have been carried out with relation to returning funds to the Purchaser and processing the licences to occupy.

Based on current information, we do not currently anticipate that we will seek to draw a fee greater than £866k, as provided in our Fees Estimate. In accordance with Rule 18.30, we are required to seek further approval if we want to draw a fee greater than the amount of £866k as provided in our Fees Estimate.

The request for approval must be made—

- a) where the creditors' committee fixed the basis, to the committee;
- b) where the creditors fixed the basis, to the creditors;
- c) where the court fixed the basis, by application to the court.

In this case, the basis of our remuneration was fixed by creditors to whom a request for permission to draw a further fee will be made, if required.



Fees Estimate and Joint Administrators' time costs for the period of the report All staff (including cashiers) assigned to the case recorded their time spent working on the case on a computerised time recording system. Time spent by secretarial staff working on the assignment has not been recorded or recovered. The appropriate staff have been assigned to work on each aspect of the case based upon their seniority and experience, having regard to the complexity of the relevant work, the financial value of the assets being realised and/or claims agreed.

Activity	Anticipated Time and Costs per Fees			Actual Time and Costs for Report Period			
	Anticipated hours	Avg Rate £/h	Anticipated fees (£)	Hours incurred in period	Avg Rate £/h	Time costs incurred in period (£)	
Administrative activities	Cashiering	15.0	643	9,650	56.7	497	28,142
	Case supervision	37.3	985	36,727	67.8	812	55,032
	Case review s	7.4	1,141	8,384	3.5	1,100	3,850
	Case closure matters	26.3	933	24,540	1.0	815	815
Statutory & compliance	Compliance & IPS diary	71.2	819	58,322	46.7	903	42,115
	Insurance	8.0	815	6,520	8.0	815	6,520
	General reporting	174.0	901	156,788	100.3	929	93,155
Initial actions	Appointment matters	67.0	1,003	67,210	58.8	869	51,065
	Securing assets	8.0	815	6,520	8.0	851	6,805
	Notifications	15.5	721	11,170	49.0	544	26,642
Investigations	CDDA reporting & Investigations	69.8	826	57,658	130.7	759	99,116
Total of above categories		499.5	888	443,488	530.2	779	413,256
Taxation	Tax	24.3	991	24,039	37.4	996	37,235
	VAT	68.2	874	59,641	95.8	962	92,077
Asset realisations	Property	75.2	878	66,019	132.9	842	111,863
	Sale of business	95.6	985	94,099	146.0	977	142,555
Employees	Correspondence	63.8	844	53,809	59.0	811	47,838
	Creditors	77.7	933	72,409	16.4	876	14,318
Correspondence	Shareholders	-	-	-	4.9	815	3,994
	Press & media queries	33.0	1,014	33,450	1.0	1,100	1,100
Distributions	Secured creditors	4.3	960	4,129	-	-	-
	Preferential creditors	10.0	380	3,800	-	-	-
	Secondary preferential creditors	9.3	815	7,539	-	-	-
	Unsecured creditors	10.0	380	3,800	-	-	-
Total fees estimate		970.6	892	866,220	1,023.4	844	864,234



Remuneration and expenses

Detailed information

Category 2 Expenses

Category 2 Expenses - are payments to us (as officeholder) or to our associates or payments which have an element of shared costs. These expenses require creditor approval in the same manner as our remuneration.

Joint Administrators' Category 2 Expenses (including disbursements)

As described on page 8, these are payments to us (as officeholder) or to our associates or payments which have an element of shared costs.

No Category 2 expenses have been incurred during the report period.

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

Specific approval is required before these costs and expenses can be drawn from the administration estate and which was given by creditors on 26 May 2022.

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 challenging 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.





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