In accordance with Rule 18.6 of the Insolvency (England & Wales) Rules 2016.

AM10

Notice of administrator's progress report

Companies House

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

1 Company details

Company number	0 3 2 3 5 9 0 4
Company name in full	MGL Realisations (2022) Limited (formerly known as Missguided Limited)

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

2 Administrator's name

Full forename(s)	Benjamin
Surname	Dymant

3 Administrator's address

Building name/number	The Colmore Building, 20 Colmore Circus
Street	Queensway
Post town	Birmingham
County/Region	
Postcode	B 4 6 A T
Country	

4 Administrator's name ❶

Full forename(s)	Daniel James Mark
Surname	Smith

❶ **Other administrator**
Use this section to tell us about another administrator.

5 Administrator's address ❷

Building name/number	The Colmore Building, 20 Colmore Circus
Street	Queensway
Post town	Birmingham
County/Region	
Postcode	B 4 6 A T
Country	

❷ **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	3	d	0	m	0	m	5	y	2	y	0	y	2	y	3
To date	d	2	d	9	m	1	m	1	y	2	y	0	y	2	y	3

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	1	m	2	y	2	y	0	y	2	y	3

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: Alia Khan

Company name: Teneo Financial Advisory Ltd

Address: The Colmore Building
20 Colmore Circus Queensway

Post town: Birmingham

County/Region:

Postcode: B 4 6 A T

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

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. 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

ⓘ 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
- LIQ2, LIQ3, LIQ05, LIQ13, LIQ14,
- WU07, WU15
- COM1, COM2, COM3, COM4
- NDISC

2 Insolvency practitioner's name

Full forename(s)	Daniel Francis
Surname	Butters

3 Insolvency practitioner's address

Building name/number	The Colmore Building20 Colmore Circus
Street	Queensway
Post town	Birmingham
County/Region	
Postcode	B 4 6 A T
Country	

Teneo

The Global CEO Advisory Firm

Court Case No. 000412 of 2022
High Court of Justice, Business and Property Courts of England and Wales, Insolvency and Companies List
Company Number: 03235904

Registered Office
c/o Teneo Financial Advisory Limited
The Colmore Building
20 Colmore Circus
Queensway
Birmingham
B4 6AT

MGL Realisations (2022) Limited (formerly Missguided Limited) (in administration) ("MGL"/"the Company")

Progress report to creditors for the period 30 May 2023 to 29 November 2023 pursuant to rules 18.2 to 18.6 inclusive of the Insolvency (England & Wales) Rules 2016 ("the Rules")

22 December 2023

Benjamin Dymant, Daniel James Mark Smith and Daniel Francis Butters ("the Joint Administrators") were appointed Joint Administrators of the Company on 30 May 2022 by European Retail Solutions II Limited (in its capacity as security trustee pursuant to a debenture dated 20 December 2021 and facilities provided by Alteri Marley Cayman Limited ("Alteri"), c/o Walkers Corporate Limited, 190 Elgin Avenue, George Town, Grand Cayman KY1- 9008, Cayman Islands). 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. In accordance with The Insolvency (Amendment) (EU Exit) Regulations 2019 (the "Regulations") and as stated in the administration appointment documents, these are COMI proceedings (i.e. the centre of main interests is in the UK).

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Information for creditors	10
Remuneration and detailed information	14

Key messages

Key messages

Joint Administrators of the Company

Daniel James Mark Smith

Benjamin Dymant

Daniel Francis Butters

Teneo Financial Advisory Limited

The Colmore Building

20 Colmore Circus Queensway

Birmingham

B4 6AT

Contact details

Email: missguidedcreditors@teneo.com

Website: www.ips-docs.com

Tel:+44 20 7007 7007

Purpose of administration	• 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	• During the report period we have continued to liaise with agents to finalise the book debt recoveries. No further realisations are anticipated from book debts. • Further refunds of c.£65k in relation to a pre-appointment insurance policy have been recovered. • The Joint Administrators successfully realised a further c.£694k in the period from HM Revenue & Customs ("HMRC") relating to an Inward Processing Relief ("IPR") claim. • Fixed and floating charge distributions of c£1.1m and £1.5m, respectively, have been made to the secured creditor, European Retail Solutions II Limited ("ERS") as security trustee for Alteri Marley Cayman Limited ("Alteri") during the report period. • We have liaised with HMRC in relation to their secondary preferential claim. • The employment tribunal claim has now concluded, further information can be found on page 5. • For further details please refer to page 5 for further details.
Costs	• Please note all fees, costs and expenses, unless otherwise stated, are reported net of VAT. • Our time costs for the period of the report are £221.7k. Please see pages 15 and 16 for further details. • We have incurred Category 1 expenses of c.£55.5k during the report period. Please see page 6 for further details. • No Category 2 expenses have been incurred during the report period. Please see page 7 for further details.
Outstanding matters	• Prepare for and make a distribution to HMRC as secondary preferential creditor. • Finalise adjudication of unsecured claims for dividend purposes and make a distribution of the Prescribed Part ("PP") fund to unsecured creditors. • Make final distributions to the secured creditor under both its fixed and floating charges. • Prepare and submit VAT returns and complete tax returns. • Receipt of post appointment VAT refund due from HMRC. • Statutory closing procedures.
Dividend prospects	• Secured creditors – The remaining secured creditors will not be repaid in full. Please see page 12 for further details. • Ordinary preferential creditors – There are sufficient floating charge realisations to enable payment in full of ordinary preferential claims. Please see page 13 for further details. • Secondary preferential creditor – There will be sufficient floating charge realisations to enable payment in full of HMRC's secondary preferential claim. Please see page 13 for further details. • Unsecured creditors – It is likely that there will be a distribution for unsecured creditors via the PP. Please see page 13 for further details.
Extension to administration period	The period of the administration has been extended to 30 May 2024. It is unlikely that any further extension will be required. Please see page 13 for further details.

Progress of the administration

Summary	5
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Progress of the administration

Summary

Work done during the report period

Asset Realisations

Book debts

As we reported previously the Director's statement of affairs ("SOA") showed pre-appointment book debts of c.£5.2m. in MGL. No further book debts have been realised during the report period.

We estimated MGL's collectable ledger to be c.£4.3m at the date of the Joint Administrators' appointment, which is lower than the SOA figure noted above. This is as a result of detailed post-appointment reconciliations and adjustments to the ledger.

Additional counter claims were raised in the report period, bringing the total counter claims to c.£1.7m. On review of the counter claims made and following discussions with our recovery agents and legal advisors, we have concluded it is not cost effective to continue to pursue the remaining debtors nor challenge the counter claims made.

Prepayments and refunds

The Director's SOA for MGL included a balance of c.£807k in respect of prepayments and refunds receivable. During the report period further refunds of c.£65k in relation to a pre-appointment insurance policy have been recovered bringing the total refunds recovered to c.£331k. No further asset realisations are expected from this aspect.

IPR claim

Prior to the Joint Administrators' appointment, MGL had registered for Inward Processing Relief ("IPR") which entitles MGL to make a retrospective duty reclaim for the period from February 2021.

In the period we received c.£694k from HMRC in relation to a claim submitted in the previous report period, bringing the total amount recovered to c.£2.5m.

No further IPR claims are anticipated.

Bank interest

The Company received bank interest totalling c.£31k during the report period.

Future asset realisations

Based on current information available, the Joint Administrator's do not anticipate any further asset realisations.

If there are any changes to this position, it will be reported in future progress reports.

Employee Tribunal claims

A Protective Award claim was made against MGL by 58 former employees and notice of the claim was received on 7 October 2022. The claimants have accepted a Consent Judgement which has been presented to the Employment Tribunals for Judgement.

The claim was awarded at the Employment Tribunal on 16 August 2023 and paid out to the employees via the Redundancy Payment Service ("RPS") on 30 August 2023.

The RPS will rank as an unsecured claim in the administration

Progress of the administration

Summary

Work done during the report period (continued)

Creditors

Secured creditors

During the report period distributions have been made to ERS (as security trustee for Alteri) under its fixed and floating charges as detailed on page 12.

Ordinary preferential creditors

Ordinary preferential creditors were paid in full. Please refer to page 13 for further details.

During the report period unclaimed preferential Creditor dividends were paid to the insolvency service.

Secondary preferential creditor

As reported previously a claim of c.£568k was received from HMRC.

During the report period, a notice of intended dividend was issued to HMRC as the secondary preferential creditor on 7 July 2023. It was subsequently identified that the claim submitted was incorrect. We have continued to liaise with HMRC in order to finalise their claim.

We will aim to issue a second notice of intended dividend to HMRC as secondary preferential creditor in the next report period. Please refer to page 13 for further details.

Statutory tasks

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

- Case management actions, including updating the insolvency website/creditor portal for the case, filing and regular diary reviews to ensure compliance matters are dealt with accordingly;
- Statutory reporting;
- Correspondence with creditors and other stakeholders;
- Cashiering functions, including the preparation of monthly bank account reconciliations and various payments and receipts; and
- Interaction with HMRC 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.

Progress of the administration

Summary

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.

Joint Administrators' Category 1 expenses

Third party costs incurred during the report period

Prior to instructing providers of specialist advice and/or services, we have evaluated whether the work/advice is both warranted and also that the cost of same represents best value for the estate. We review all such arrangements periodically to ensure that best value continues to be obtained. Further details are provided below.

The following third party expenses have been incurred during the report period. Please also see the receipts and payments account on page 9 for further details of expenses paid during the report period and since appointment.

Any unpaid costs will be settled as and when funds permit.

Specialist Advice & Services - Lawyers / Legal Services and Agents' costs

Name of party	Service provided	Fee basis	Estimate per Proposals (£)	Incurred in the report period (£)	Incurred to date (£)
DLA Piper UK LLP	To advise on the following legal matters and to prepare required legal documentation in relation to: the sale of the business, Competition Law issues regarding the Transaction, sale of the Properties, Stock sale, Employee related legal issues (given the employees were employed by MGL); and Ad hoc queries.	Time Costs	118,000	10,711	111,772
Gateley Plc	To prepare required legal documentation in relation to employee related legal issues.	Time Costs	-	422	1,515
Fieldfisher LLP	To assist with debtor recoveries in the administration.	Time Costs	-	10,000	10,000
Bexley Beaumont Limited	Were engaged to provide support around supplier contracts issues.	Time Costs	-	-	2,448
CMS Cameron McKenna Nabarro Olswang LLP	Were instructed to review the validity of our appointment, their costs were higher than expected due to the complexity of the security and underlying agreements that had been put in place with the lenders.	Time Costs	10,000	-	30,000
BDO LLP	We engaged to back up and store the Companies electronic records.	Time Costs	-	-	2,836
Customs Network Ltd	Were engaged by us to provide assistance in dealing with HMRC in regards to the submisson of the IPR claim.	Time Costs	-	-	750
*ERS	Were engaged by us to provide assistance with the sale of the business and assets. Also assisted in collating information, submitting the IPR claim to HMRC and corresponding with HMRC, ERS had key knowledge in the Companies previously dealings with regards to the claim.	Fixed £50k and 5% Percentage of Realisations in relation to the IPR Claim	-	34,400	174,656
Former Employee	As a contractor, to support with the collection of book debts and assist with general finance queries, following our appointment.	Time Costs	-	-	9,900
Totals:				**55,532**	**343,876**

Note 1: CMS Cameron McKenna Nabarro Olswang LLP costs are higher than initially estimated in our Proposals due to the complexity of the security and underlying agreements that had been put in place with the lenders.

** ERS costs were omitted from the above section in previous report due to an administrative error. These have now been included in the table above which shows the amounts incurred in both the previous and current reporting periods.*

Progress of the administration

Summary

Joint Administrators' Category 1 expenses (continued)

Category 1 expenses - disbursements

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:

MGL Category 1 Expenses

£ (net)	Estimated per Proposals	Incurred in report period	Incurred to date	Paid	Unpaid
Travel	2,000	-	2,337	2,337	-
Accommodation	3,000	-	3,585	3,585	-
Subsistence	1,000	-	774	774	-
Postage/Couriers	250	-	-	-	-
Specific Penalty Bond	230	-	220	220	-
Professional Fees	-	-	875	875	-
Total expenses	**6,480**	**-**	**7,791**	**7,791**	**-**

Joint Administrators' 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.

Details of our Category 2 expenses and the position with regard thereto are given below.

Specific approval is required before these costs and expenses can be drawn from the administration estate and which was given by the secured and preferential creditors on 16 February 2023* and 12 December 2022 respectively.

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

MGL Category 2 Expenses

£ (net)	Estimated per Proposals	Incurred in report period	Incurred to date	Paid	Unpaid
Mileage	500	50	-	50	-
Total expenses	**500**	**50**	**-**	**50**	**-**

Joint Administrators' expenses – detailed information

Please see page 18 for further information.

*Please note we previously incorrectly reported secured creditor approval was received on 15 November 2022 due to a typographical error.

Progress of the administration

Receipts and payments

MGL Realisations (2022) Limited (formerly known as Missguided Limited)
Joint Administrators' receipts and payments account
30 May 2023 to 29 November 2023

£	SoA values	Notes	Period	To date
Assets subject to fixed charge				
Fixed Charge Receipts				
Freehold Property	*6,000,000*	I	-	6,000,000
Business Intellectual Property	*1,473,978*	A	-	1,472,956
Bank Interest Gross	-	C	8,184	19,004
Total Fixed Charge Receipts	***7,473,978***		**8,184**	**7,491,960**
Fixed Charge Payments				
Bank charges			10	20
Administrators' Fees			-	80,000
Pre-appointment Legal Fees			-	33,000
Legal Fees			-	30,000
Fixed Charge - Distribution			1,142,377	7,342,377
Total Fixed Charge Payments			**1,142,387**	**7,485,397**
Total Fixed Charge Balance				**6,563**

£	SoA values	Notes	Period	To date
Assets subject to floating charge				
Floating Charge Receipts				
Sales to be returned to Stripe	-	E	-	104,092
Plant & Machinery	*100,000*		-	100,000
Contracts	-		-	1
Customer List	-		-	10
Goodwill	-	A	-	1,000
Names	-		-	10
Supplier Database	-		-	1
Stock	*4,486,000*		-	4,486,000
Trade Debtors/Book Debts	*5,228,846*		-	2,658,160
Other Debtors	*1,095,929*		-	11,901
Refunds & Prepayments	*806,962*		64,905	331,083
DE VAT Recoverable	*214,772*		-	216,616
Cash at Bank in Hand	*3,682,803*		-	3,523,460
IPR Claim	-		693,529	2,481,143
Bank Interest Gross	-	C	22,784	68,131
Funding from Purchaser	-	B	-	630,101
Funds From Purchaser - Recharges	-	G	41,221	155,677
Reallocation of Costs	-		-	8,943
Total floating charge receipts	***15,615,312***		**822,440**	**14,776,327**
Floating Charge Payments				
Wages & Salaries		B	-	973,477
Refunds to Stripe		E	-	99,627
FX Adjustment			54,710	54,710
Administrators' Fees			68,800	1,187,561
Administrators' Expenses			-	6,967
Pre-appointment Legal Fees			-	99,648
Legal Fees			11,132	115,734
Legal Expenses/Disbursements			-	644
Payment to Insolvency Service of Unclaimed Ordinary Preferential Creditors Distribution		F	2,561	2,561
Storage Costs			578	3,509
Statutory Advertising			-	213
Insurance of Assets			-	9,257
Bank Charges			34	27,345
ERS Fees			34,400	174,656
Call Centre Costs			-	95,216
Agent's Fees			-	13,486
Rates		G	-	24,462
Stock Exchange Charges		G	-	6,287
Other Property Expenses		G	-	22,760
IT Costs		G	-	142,373
Floating Charge - Distribution			1,474,700	9,474,700
Distribution To Ordinary Preferential Creditors		F	(2,561)	15,653
Total floating charge payments			**1,644,354**	**12,550,847**
Total Floating Charge Balance				**2,225,480**
Total Fixed and Floating Charge Balance				**2,232,043**
Made up of:				
Fixed Charge Deposit Bank Account		C		8,216
Floating Chge Deposit Bank Account		C		1,853,639
Vat Control Account		D		370,188
Balance in hand				**2,232,043**

Progress of the administration

Receipts and payments

Notes to the receipts and payments account

A receipts and payments account for the Company is provided on the previous page, detailing the transactions for the report period and also cumulatively for the entire period of our appointment on 30 May 2022 to 29 November 2023

Notes to receipts and payments account

A - Sale of business

For more details regarding the sale of business ("the Transaction") please refer to the Joint Administrators' previous report, available at www.ips-docs.com .Sale of the Intellectual Property ("IP") is classed as a fixed charge asset realisation in line with legal advice received, although it was classified as a floating charge asset in the Director's SOA. Certain assets were included within the IP figure per the Director's SOA however they are shown separately as floating charge assets, as can be seen on the previous page.

B - Third party funding

The Joint Administrators facilitated the payroll of the 147 employees transferred to SDI (Retail Co 13) Limited ("the Purchaser") for the month ended June 2022. The Purchaser provided funds of £630k to MGL to meet certain payroll costs and deductions in full. Of the £630k received, £630k has been paid out to employees and HMRC (all shown as Wages & Salaries in the receipts and payments account which is inclusive of PAYE and NI costs).

C – Bank Interest

All funds were taken off interest bearing accounts on 5 September 2023. The associated corporation tax on interest received has been accounted for to HMRC.

D - VAT

All sums shown on the previous page are shown net of VAT which is recoverable. The balance shown is the net VAT receivable balance which has been accounted for to HMRC.

E – Sales to be refunded

As reported previously, refunds were paid to customers in relation to orders taken post-appointment which could not be fulfilled. The difference between the total received and then subsequently paid out as refunds is due to change in exchange rates between the date of receipt and payment.

F - Payment to the Insolvency Service

This relates to unclaimed dividends which have been remitted to the Insolvency Service.

G - Funds from Purchaser and recharges

Certain costs as shown on the previous page were recharged to SDI (Propco 139) Limited as part of the sale of the properties. These costs were recharged on the basis that they related to the properties from the date of exchange of contracts (16 June 2022).

Such costs incurred and paid from the date of our appointment to the date of exchange of contracts were not recharged to the Purchaser.

Rounding note

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

Information for creditors

Outcome 11

Information for creditors

Outcome

Outcome for creditors

Secured creditors

As detailed in our Proposals, the following amounts were owed to secured creditors:

HSBC

HSBC held a fixed charge granted on 14 February 2018 over properties owned by MGL, for any amounts due to them by MGL. The amount owed to HSBC on appointment was estimated to be £530k relating to a Duty Deferment Bond ("the Bond") given to HMRC. As the first ranking fixed charge secured creditor, HSBC held £1.7m against its exposure under the Bond.

In the previous report period HSBC confirmed that the Bond has now been released and consequently the £1.7m cash held by HSBC was released to the administration estate.

There are no amounts outstanding to HSBC under its fixed charge.

ERS (as security trustee for Alteri)

ERS (as security trustee for Alteri) holds a debenture in respect of facilities made available to the Company by Alteri totalling £58m, which was granted by the Company on 21 December 2021.

A first distribution was made on 12 September 2022 of £5m to ERS under the terms of their second ranking fixed charge security. A distribution was also made on 12 September 2022 of £2m to ERS under the terms of their first ranking floating charge security.

Second and third distributions were made to ERS on 19 December 2022 and 22 March 2023 for the amounts of £6m and £1.2m, respectively, under their first ranking floating charge and second ranking fixed charge securities, respectively.

On 25 July 2023, further distributions were made to ERS in the amounts of c.£1.5m and c.£1.1m, respectively, under the first ranking floating charge and second ranking fixed charge securities, respectively.

It should be noted that ERS have also received a distribution from the Receivers of MGIP Realisations (2022) Limited (formerly Missguided (IP) Limited) in the amount of c.£18m and from ML Realisations (2022) Limited (formerly Mennace Limited) in the amount of c.£964k, which has further reduced the amount owed to it as second ranking fixed charge holder and first ranking floating secured creditor.

ERS has an estimated residual shortfall of c.£22.3m at present.

Further distributions to ERS will be dependent on the outcome of the remaining asset realisations in MGL, however we do not expect there will be sufficient realisations to repay ERS (as security agent for Alteri) in full in relation to their fixed or floating charges.

Rajib K. Passi

Rajib K. Passi holds a third ranking fixed charge and a second ranking floating charge in the amount of c.£24.7m which were granted by the Companies on 22 December 2021.

No distributions have been made to Rajib K. Passi to date and we do not expect there will be sufficient funds available for any distributions to be made available to Rajib K. Passi under their fixed or floating charges.

Ranking of secured creditors

A Deed of Priority was entered into on 20 December 2021 confirming the priority ranking of the fixed and floating charge holders as follows:-

Fixed charge securities:

1. First ranking - HSBC (only relating to the properties owned by MGL);
2. Second ranking - ERS; and
3. Third ranking - Rajib K Passi.

Floating charge securities:

1. First ranking - ERS; and
2. Second ranking - Rajib K Passi.

Information for creditors

Outcome

Outcome for creditors (continued)

Ordinary preferential creditors

Ordinary preferential claims comprise amounts owed to employees for arrears of wages/salaries, holiday pay and pension contributions.

234 employees were employed in MGL as at the date of our appointment. 147 employees TUPE transferred to the Purchaser on 31 May 2022 under the terms of the Transaction and will therefore have no arrears of wages or claims in the administration.

87 employees were made redundant upon our appointment. To date we have received and agreed 52 preferential creditor claims totaling c.£18k, which is line with expectations.

Ordinary preferential creditors were paid in full on 18 April 2023 as shown in the receipts and payments account on page 9.

Secondary preferential debts due to 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.

The Director's SOA estimated that HMRC will have a secondary preferential claim of c.£403k in respect of PAYE, employee NICs and VAT. This assumed that pre-appointment VAT refunds due are offset by HMRC against amounts due in respect of PAYE and employees' NIC.

In the last report period, we received a final proof of debt from HMRC confirming a secondary preferential claim of £568k, which is higher than the Director's SOA estimate following finalisation of pre-appointment PAYE, NIC and VAT matters.

A notice of intended dividend was issued to HMRC on 7 July 2023.

It was subsequently identified that the claim submitted was incorrect. We have since liaised with HMRC in order to finalise their claim and expect to issue a further notice of intended dividend in the next report period.

On present information we anticipate that sufficient funds will be available to pay this secondary preferential claim in full.

Prescribed Part

As detailed in the Proposals, we anticipate that there will be a PP fund available for distribution to unsecured creditors. Please note that in accordance with Rule 3.50 the costs associated with the PP (which would chiefly comprise our costs incurred in adjudicating and processing claims) must be paid out of the PP fund.

On present information, we anticipate there will be a maximum PP fund of £800k available for distribution to unsecured creditors, which equates to a dividend rate of 1.4-1.7p/£, based on the value of unsecured creditors in the Director's SOA.

The final dividend amounts made available will depend on the level of asset realisations achieved and creditor claims received and agreed for dividend purposes during the administration, together with final costs of the administration.

Unsecured creditors

We have received c.68k claims to date for a total of c.£32.5m which is broadly in line with the SOA.

On present information, it is unlikely that sufficient funds will be realised to enable a distribution to be made to unsecured creditors (save the distribution to be made available under the PP as detailed above).

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 Director's SOA, 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.

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

Creditors with debts of more than £1,000

Unsecured creditors with claims of more than £1,000 are invited to submit their claims to us 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 the cover page. Alternatively, a hard copy proof of debt form will be provided free of charge on request.

Extensions to the administration

The administration was extended by the consent of the secured and preferential creditors on 10 May 2023 and the administration will now end on or before 30 May 2024.

We do not anticipate that it will be necessary to further extend the period of the administration.

Exit

As detailed in our Proposals, we consider dissolution to be the most appropriate exit route from administration because there are no funds to distribute to unsecured creditors other than by way of the PP provisions as noted on the previous page.

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Remuneration and detailed information

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 16 February 2023* by the secured creditors and by the preferential creditors on 12 December 2022 by reference to the time properly given by the Joint Administrators and their staff plus VAT thereon.

We held an initial decision procedure which was conducted by correspondence; however, no responses were received from preferential creditors before the deadline of 9 November 2022.

We therefore held a second decision procedure of the preferential creditors, conducted by correspondence, with a decision date of 12 December 2022.

Fees drawn to date

We have drawn fees of £80k relating to fixed charge realisations and c.£1,187k relating to floating charge realisations, as shown in our receipts and payments account on page 9.

*Please note we previously incorrectly reported secured creditor approval was received on 15 November 2022 due to a typographical error.

Time costs - analysis of actual against initial estimate

Please refer to page 16 where we have updated the Fees Estimate to provide details of our actual time costs for the period of the report and for the entire period of our appointment and which we have also summarised here.

Our total time costs to 29 November 2023 are c.£2.5m made up of 3,654 hours at a blended charge out rate of £700 per hour across all grades of staff.

Our time costs to date are higher than anticipated for the following reasons:

- An increase in administrative activities, statutory & compliance activities and investigations work in line with our statutory obligations;
- Additional cashiering tasks have been carried out in relation to asset realisations and book debts;
- Costs in relation to trading have exceed our initial estimates, due to higher than expected need to manage and pay suppliers, in order to continue with operations of the business and subsequently close off trading accounts;
- Additional costs in relation to extensive reconciliation of the pre-appointment book debts. It has also taken longer than expected to recover the outstanding book debts.
- Liaising with HMRC in relation to outstanding matters such as post appointment VAT return refunds, IPR claim and agreeing their secondary preferential claim.
- Corresponding with HSBC in relation to release of the Bond.
- Additional support than was initially anticipated was provided to employees. This work was carried out by specialists from our Employment Rights Advisory team;
- Higher volume than anticipated of creditor and customer queries with c.74k consumer creditors listed on the Director's SOA; and
- Increased number of queries received from overseas suppliers not familiar with UK insolvency procedures.

Although our time costs are greater than our Fees Estimate of c.£1.5m, we do not intend to draw fees in excess of the values provided in our Fees Estimate.

Fees Estimate and Joint Administrators' time costs for the period of the report and for the entire period of the appointment

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 Estimate			Actual Time and Costs for Report Period			Actual Time and Costs since Appointment		
		Anticipated hours	Avg Rate £/h	Anticipated fees (£)	Hours incurred in period	Avg Rate £/h	Time costs incurred in period (£)	Hours incurred to date	Avg Rate £/h	Total time costs incurred to date (£)
Administrative activities	Cashiering	66.0	621	40,990	30.4	573	17,431	169.8	588	99,950
	Case supervision	94.6	609	57,633	33.5	596	19,958	206.3	669	137,908
	Case reviews	15.4	548	8,435	17.2	1,100	18,920	100.5	1,127	113,196
	Case closure matters	8.5	598	5,085	-	-	-	3.4	910	3,080
Statutory & compliance	Compliance & IPS diary	19.2	640	12,288	3.8	501	1,903	98.2	582	57,197
	Insurance	5.8	773	4,448	0.5	900	450	8.1	843	6,825
	General reporting	74.3	687	50,985	37.0	700	25,890	143.0	697	99,618
	Statutory meetings	-	-	-	0.9	650	585	21.8	655	14,257
Initial actions	Appointment matters	20.0	989	19,770	-	-	-	20.6	876	18,040
	Securing assets	9.0	728	6,550	-	-	-	7.0	900	6,300
	Notifications	43.8	560	24,544	-	-	-	22.1	837	18,500
Investigations	CDDA reporting	50.5	523	26,393	-	-	-	20.5	590	12,058
	Investigations	32.0	722	23,095	-	-	-	24.4	1,048	25,575
	Litigation	50.5	750	37,870	-	-	-	39.5	650	25,675
Total of above categories		**489.5**	**650**	**318,085**	**123.3**	**690**	**85,137**	**885.0**	**721**	**638,178**
Taxation	Tax	113.9	881	100,308	44.2	814	35,991	178.3	945	168,555
	VAT	56.3	918	51,639	16.7	815	13,569	73.9	913	67,482
Asset realisations	Book debts	90.0	772	69,500	3.6	735	2,608	373.8	726	271,297
	Chattel assets	52.0	850	44,200	-	-	-	39.0	1,038	40,500
	Other assets	233.0	881	205,315	25.0	855	21,391	295.3	836	246,859
	Property	32.0	864	27,640	-	-	-	23.9	958	22,890
	Retention of title	17.0	865	14,705	-	-	-	19.2	783	15,030
	Sale of business	59.4	1,085	64,420	-	-	-	79.9	1,052	84,068
Trading	Day 1 control of trading	109.0	899	98,018	-	-	-	106.0	919	97,418
	Ongoing trading	267.0	836	223,215	-	-	-	315.2	794	250,388
	Closure of trade	14.0	750	10,495	-	-	-	17.9	876	15,685
Employees	Correspondence	27.7	836	23,146	4.3	650	2,763	174.7	449	78,366
	Employment tribunals	5.0	815	4,075	3.0	815	2,445	12.7	867	10,978
	Pensions	2.5	815	2,038	-	-	-	-	-	-
Correspondence	Creditors	232.1	700	162,430	62.3	561	34,940	787.2	493	387,830
	Customers	80.0	678	54,250	1.0	650	650	191.2	412	78,795
	Press & media queries	2.7	1,085	2,908	-	-	-	0.6	900	540
Distributions	Secured creditors	9.3	852	7,921	11.3	611	6,903	28.0	705	19,746
	Preferential creditors	20.0	669	13,375	1.3	815	1,019	52.2	704	36,723
	Secondary preferential creditors	4.0	640	2,560	20.9	685	14,320	-	-	-
Total fees estimate		**1,916.3**	**783**	**1,500,241**	**316.7**	**700**	**221,733**	**3,653.9**	**693**	**2,531,326**
Distributions*	Prescribed Part	65.0	500	32,500	2.5	815	2,038	4.6	772	3,550

Remuneration and detailed information

Detailed information

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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