

AM23

Notice of move from administration to dissolution



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

1 Company details

Company number 0 0 0 4 0 7 5 4

Company name in full Blue Group UK Retail Limited

→ **Filling in this form**

Please complete in typescript or in bold black capitals.

2 Court details

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

Court number C R - 2 0 2 0 - 0 0 2 9 0 6

3 Administrator's name

Full forename(s) Peter David

Surname Dickens

4 Administrator's address

Building name/number PricewaterhouseCoopers LLP

Street 1 Hardman Square

Post town Manchester

County/Region

Postcode M 3 3 E B

Country United Kingdom

AM23

Notice of move from administration to dissolution

5 Administrator's name ①

Full forename(s)	Zelf
Surname	Hussain

① Other administrator
Use this section to tell us about another administrator.

6 Administrator's address ②


Building name/number	PricewaterhouseCoopers LLP
Street	7 More London Riverside
Post town	London
County/Region	
Postcode	S E 1 2 R T
Country	United Kingdom

② Other administrator
Use this section to tell us about another administrator.

7 Final progress report

<input checked="" type="checkbox"/> I have attached a copy of the final progress report	
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8 Sign and date

Administrator's signature	Signature 	X								
Signature date	<table border="1"><tr><td>^d 2</td><td>^d 4</td><td>^m 0</td><td>^m 6</td><td>^y 2</td><td>^y 0</td><td>^y 2</td><td>^y 4</td></tr></table>	^d 2	^d 4	^m 0	^m 6	^y 2	^y 0	^y 2	^y 4	
^d 2	^d 4	^m 0	^m 6	^y 2	^y 0	^y 2	^y 4			

AM23

Notice of move from administration to dissolution

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 Sarah Robson

Company name PricewaterhouseCoopers LLP

Address 8th Floor, Central Square

29 Wellington Street

Post town Leeds

County/Region

Postcode

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Country United Kingdom

DX

Telephone 0113 289 4000

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

Joint Administrators' Final Progress Report

from 30 December 2023 to
24 June 2024

**Blue Group UK Retail Limited
- in administration**

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

Case No. CR-2020-002906 of 2020

24 June 2024

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The following table shows the Companies that form the Group. Also shown are the company registration numbers and abbreviations we may use to describe them. In all cases, the relevant court is the High Court of Justice Business and Property Courts of England and Wales Insolvency & Companies List (ChD).

Company		Company number
Blue Group UK Furniture Limited		02237159
Blue Group Hold Co Limited		12040448
Blue Group UK Beds Limited (“BGUKB”)	*	08431253
Blue Group UK Manufacturing Limited	*	04209321
Blue Group UK Retail Limited	*	00040754
Blue Group UK Group Properties Limited (BGUKGP”)	*	01024575
Formation Furniture Limited (“FFL”)	*	03223063
Homestyle Group Operations Limited (“HGOL”)	*	03130486
Property Portfolio (No 1) Limited		00281055
Property Portfolio (No 2) Limited		03511999
Property Portfolio (No 7) Limited		00548337
Property Portfolio (No 8) Limited		02347258
Property Portfolio (No 11) Limited		02236968
Property Portfolio (No 14) Limited		02910567
Property Portfolio (No 15) Limited		00884341
Property Portfolio (No 17) Limited		02287644
Wellington Realisations Group Limited (formerly Relyon Group Limited)	*	00859590
Wellington Realisations Limited (formerly Relyon Limited) (“WRL”)	*	00470381
Serais Investments Limited	*	01264703
Unitrans UK Limited	*	05523545
Unitrans Logistics (UK) Limited	*	05523550
Unitrans Limited	*	01372780

** only these Companies have, or previously had, granted security over their business and assets by way of a debenture.*

Abbreviations and definitions

The following table shows the abbreviations and insolvency terms that may be used in this report:

Abbreviation or definition	Meaning
Joint Administrators / we / us / our	Peter David Dickens and Zelf Hussain
BDO	BDO LLP
Blue Group / the Companies	All of the companies listed on page 2
BGUKR / the Company	Blue Group UK Retail Limited
Brownlow	Brownlow Utilities Limited
CAPA	Consultiam Property Limited, trading as CAPA
Creation	Creation Financial Services Limited
COVID-19	Coronavirus Disease 2019
DBT	Department for Business and Trade
ERS	European Retail Solutions II Ltd, agents engaged to assist with Harveys stock disposal
Group/ the Blue Group	The Group is made up of Companies as listed on page 2
Guardzman	Guardzman Industries Limited
Harveys	Harveys / Harveys Furniture (trading style)
HMRC	HM Revenue and Customs
Hilco	Hilco Valuation Services
IA86	Insolvency Act 1986
Initial Fee Estimate	The fees estimate provided in respect of BGUKR in our reports dated 8 September 2021
IR16	Insolvency (England pre-Wales) Rules 2016
LTO	Licence to occupy leasehold premises
Mastercard	Mastercard International Incorporated
PHD	PHD Property Advisory Limited
Preferential creditors	Primarily employee claims for unpaid wages earned in the four months before the insolvency up to £800, holiday pay and unpaid pension contributions in certain circumstances
Prescribed Part	The amount set aside for Unsecured creditors from floating charge funds in accordance with Section 176A IA86 and the Insolvency Act 1986 (Prescribed Part) Order 2003
Proposals	Joint Administrators' proposals for achieving the purpose of administration dated 8 July 2020
Protective Award	Compensation awarded by an employment tribunal for failure of an employer to consult with employees prior to being made redundant

the Relyon Purchaser	Relyon Beds Limited (formerly Michco 2001 Limited)
the Bensons Purchasers	Bensonsforbedsretail Limited, Bensonsforbedsmanufacturing Limited and BlueGroup Propco Limited
the Purchasers	together, the Bensons Purchasers and the Relyon Purchaser
PwC/firm	PricewaterhouseCoopers LLP
RPS	Redundancy Payments Service, part of the Insolvency Service, which is an executive agency sponsored by DBT, and which authorises and pays the statutory claims of employees of insolvent companies under the Employment Rights Act 1996.
ROT	Retention of Title
SAO	Senior Accounting Officer
Secured creditor	A creditor with security in respect of their debt, in accordance with Section 248 IA86. The only Secured creditor of the Companies is Alteri Partners LLP t/a Alteri Investors
Shoosmiths	Shoosmiths LLP (a law firm)
SIP	Statement of Insolvency Practice. SIPs are issued to insolvency practitioners under procedures agreed between the insolvency regulatory authorities. SIPs set out principles and key compliance standards with which insolvency practitioners are required to comply
SIP 9	Statement of Insolvency Practice 9: Payments to insolvency office holders and their associates
SIP 13	Statement of Insolvency Practice 13: Disposal of assets to connected parties in an insolvency process
SIP 16	Statement of Insolvency Practice 16: Pre-packaged sales in administrations
SRIS	Specialist Risk Insurance Solutions Limited
Unsecured creditors	Creditors who are neither Secured nor Preferential
VAT	Value Added Tax
VAT Group	All of the Companies are part of a VAT Group meaning they can submit a VAT return together and simplify the process
Visa	Visa Inc.

This report has been prepared by Zelf Hussain and Peter Dickens as Joint Administrators of the Company, solely to comply with the Joint Administrators' statutory duty to report to creditors under IR16 on the progress of the administration, and for no other purpose. 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 it is not suitable to be used, to inform any investment decision in relation to the debt of or any financial investment in the Company.

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.

Any persons choosing to rely on this report for any purpose or in any context other than under IR16 do so at their own risk. To the fullest extent permitted by law, the Joint Administrators do not assume any liability in respect of this report to any such person.

Please note you should read this report in conjunction with the Joint Administrators' previous reports issued to the Company's creditors, which can be found at www.pwc.co.uk/bluegroup. Unless stated otherwise, all amounts in this report and appendices are stated net of VAT.

Zelf Hussain and Peter Dickens have been appointed as Joint Administrators of the Company to manage its affairs, business and property as its agents and act without personal liability. Both are licensed in the United Kingdom to act as insolvency practitioners by the Institute of Chartered Accountants in England and Wales. The Joint Administrators are bound by the Insolvency Code of Ethics which can be found at:

<https://www.gov.uk/government/publications/insolvency-practitioner-code-of-ethics>

The Joint Administrators may act as controllers of personal data as defined by UK data protection law depending upon the specific processing activities undertaken. PricewaterhouseCoopers LLP may act as a processor on the instructions of the Joint Administrators. Personal data will be kept secure and processed only for matters relating to the Joint Administrators' appointment. Further details are available in the privacy statement on the PwC.co.uk website or by contacting the Joint Administrators.

PricewaterhouseCoopers LLP is a limited liability partnership registered in England with registered number OC303525. The registered office of PricewaterhouseCoopers LLP is 1 Embankment Place, London WC2N 6RH. PricewaterhouseCoopers LLP is authorised and regulated by the Financial Conduct Authority for designated investment business.

Key messages

Why we've sent you this report

We're pleased to let you know that our work in the administration of the Company is now complete and so we set out below our final report.

You can still view our earlier reports on our website at www.pwc.co.uk/bluegroup. Please get in touch with us at uk_bluegroup_finalqueries@pwc.com if you need any of the passwords to access the reports.

How much creditors have received

The following table summarises the final outcome for creditors in respect of the Company.

Class of creditor	Paid (£)	Paid (p in £)	Previous estimate (p in £)
Secured creditor	27,159,140.66	95	96
First ranking preferential creditors	1,138,817.11	100	100
Unsecured creditors	492,903.91	0.48	0.48

Secured Creditors

As advised in our Proposals across the Blue Group, the Secured creditor was owed £42m (excluding accruing interest) at the time the Company entered into administration. All of the Companies listed on page 2 of this report with a * had granted security over their assets to the Secured creditor. The effect of the pre-pack sale on 30 June 2020 (as detailed in our Proposals and summarised in our first report dated 27 January 2021) immediately reduced the Secured creditor's indebtedness by £23m.

In total, £43.1m of fixed and floating charge distributions have been made to the Secured creditor during the period of the administrations across the Blue Group. Of these distributions, £27.1m relates to BGUKR only, which includes a further £1.9m being paid to the Secured creditor since our last report.

Preferential Creditors

On 22 June 2022 we paid Preferential creditors a distribution at a rate of 100p in the £ totalling £1,138,817 as shown in the receipts and payments account at Appendix B.

Unsecured Creditors

On 17 November 2022 we paid a maximum Prescribed Part distribution of 0.48p in the £ to Unsecured creditors, totalling £492,904 (after costs), as shown in the receipts and payments account at Appendix B. This was the first and final dividend.

What you need to do

This report is for your information and you don't need to do anything.

What happens next

The current extension of the administration ends on 29 June 2024. In line with our Proposals approved by creditors, on 24 June 2024, we filed notice of move from administration to dissolution. The Company will be dissolved three months after the notice has been registered by the Registrar of Companies. Having dealt with all matters in the administration, including making a final distribution to the Secured creditor, it is no longer necessary to stay in office and therefore, as approved by the Secured and preferential creditors we will be discharged from liability in respect of any of our actions as Joint Administrators 14 days after this report is filed by the Registrar of Companies.

Overview of our work

Why we were appointed

You may remember that when we were appointed, the position was as follows:

The Group was a vertically integrated UK retailer that operated a multi-channel strategy through stores, online and telesales. The principal activities of the Group were the manufacture, distribution and retail of beds, mattresses and home furniture products.

The retail group operated under the brands of:

- Bensons for Beds, a leading UK bed retailer selling a comprehensive assortment of leading brands; and
- Harveys, a leading home retail specialist in the UK focusing on upholstery, dining and living room furniture.

The Group was supported by divisions which included manufacturing, warehousing and logistics and distribution:

- Wellington Realisations Limited (formerly Relyon Limited) - a bed and mattress manufacturer;
- Blue Group UK Beds Limited - a bedding manufacturer;
- Formation Furniture Limited (formally Steinhoff UK Upholstery Limited) - an upholstery manufacturer; and
- Unitrans Limited - providing warehousing and logistics.

The Group traded across a large number of retail stores in the UK and employed 3,469 people.

Geographically, the Group was situated throughout the UK, with head offices for key business units located in Accrington and Dartford, a national distribution centre at Magna Park (Rugby), alongside four other distribution centres and five outbase sites. There were four manufacturing sites located in England and Wales.

Since 2017, the Group was experiencing a combination of challenges including the financial performance of its previous ultimate parent entity, a difficult economic environment and global events which disrupted trading.

In June 2019, the Blue Group completed a significant restructuring, which simplified the intercompany debt structure, secured continued funding of the defined benefit pension scheme as it was transferred to Homestyle Pension Company Limited (a Steinhoff entity outside of the Blue Group, and backed by parent guarantees) and introduced a new credit facility.

Following continued trading issues the Blue Group's shareholders and lenders indicated that there was no appetite to continue providing funding. Consequently, in February 2020, there was a solvent sale of the Blue Group to Alteri.

Due to ongoing trading underperformance and the initial impacts of the COVID-19 pandemic, the Group forecast a significant funding requirement and ongoing breaches of covenants in relation to its lending facility. The shareholders and lenders to the Group were not prepared to provide additional funding or reset covenants and so the Group was marketed for sale by BDO in March 2020.

No offers were received from any of the third parties contacted. Due to the COVID-19 pandemic and resultant restrictions imposed by the UK government, the business was mothballed in late March 2020. In June 2020, with the gradual re-opening of the UK retail sector, Alteri submitted an offer for certain elements of the Group's business and assets.

Given no other offers had been received during the marketing exercise led by BDO, and as the Alteri offer represented the best value for creditors in the circumstances, it was accepted.

Our overriding objective was to achieve the best possible outcome for creditors as a whole and in this case we concluded that the best outcome for creditors was to pursue an immediate sale of the Bensons for Beds business and assets to the Bensons Purchasers. The transaction included certain elements of the retail manufacturing, warehousing and distribution divisions.

Following our appointment as Joint Administrators on 30 June 2020, we completed an immediate sale of certain of the Blue Group's business and assets. The transaction included elements of the retail manufacturing, warehousing and distribution divisions.

Following the pre-packaged sale of the Bensons for Beds business, the Group retained certain business and assets which related primarily to the Harveys business. We considered that the best outcome for creditors as a whole would

be achieved by allowing the business to continue to trade under our supervision, rather than affecting an immediate shutdown of stores.

The Harveys retail business initially traded from 20 standalone (Harveys branded) stores and 119 stores which were shared with the Bensons Purchasers (where the Bensons Purchasers occupied the stores under a Licence to Occupy agreement). There were also two warehousing and distribution sites primarily operated for the Harveys business.

Due to the ongoing COVID-19 pandemic, resultant restrictions and lockdowns imposed by the UK government, trading temporarily ceased in January 2021 and we continued to monitor and review our trading plans in light of the changing restrictions. Trading recommenced on 12 April 2021 when the government restrictions allowed stores to reopen. On 26 June 2021 the last three stores ceased trading with all the remaining stock being sold. Our agents, ERS, confirmed that all stores had been vacated and keys returned to the relevant landlords. In total, trading sales in the administration amounted to £18.9m compared to stock at cost of £15.2m.

A detailed narrative explanation and justification of why a pre-packaged sale was undertaken and alternatives considered can be found in our SIP 16 disclosure, a copy of which can be found on our website at www.pwc.co.uk/bluegroup.

Further details in relation to the history of the Group, the reasons for the Group being placed into administration and details of work carried out since our appointment can be found in the Proposals and our progress reports which are available on the website.

Please get in touch with us at uk_insolvencydocsrequests@pwc.com if you need any of the passwords to access the reports.

Work streams undertaken

The following are the main work streams undertaken in the previous periods in order to deal with the Company's business and assets. Note that this is not an exhaustive list:

- Trading the business in administration to sell Harveys stock through the retail store network
- Dealing with properties under LTO
- Dealing with extensions of LTO agreements up to 31 March 2022
- Collect licence fees from Purchasers and pay ongoing rent from appointment
- Paying service charge and insurance on all remaining properties
- Realising £10m in relation to trading profit and £6m in relation to goodwill
- Dealing with retention of title claims
- Dealing with merchant service providers, recovering monies due and instructing agents to continue to pursue information and settlement of sums due from Creation
- Overseeing and progressing the completion of open book orders and ring fenced deposit refunds
- Dealing with employee related matters including payroll, redundancies and general employee queries received
- Dealing with employment related legal matters, this includes dealing with the Protective Award claims
- Finalising the transitional service agreements, an agreement whereby certain companies within the Group shared head office and central support functions, following the cessation of trade
- Dealing with leased assets, providing commitments and paying for the ongoing costs where the assets were still required by the business and returning leased assets to suppliers where they were not required
- Calculating quarterly VAT figures and submitting returns to HMRC
- Liaising with VAT team re VAT treatment and implication of any sales or disposals
- Collating information for corporation tax returns and submission of tax returns
- Requesting tax clearance from HMRC
- Continuing to ensure appropriate arrangements in place for SAO regime - including submission of associated documents to HMRC
- Dealing with receipts, payments and journals, carrying out bank reconciliations and managing funds
- Corresponding with the bank regarding closure of the pre-appointment bank accounts
- Reconciliations to identify and segregate any amounts due to the Companies
- Liaising with agents regarding collection of potential rates and utility refunds
- Liaising with landlords and their managing agents to seek surrenders of leases and making any final payments in relation to the period of occupation
- Liaising with RPS in respect of their proof of debt following the order for a Protective Award
- Carrying out a review of all insurance policies in place, making cancellations / amendments to reflect the number of properties remaining and arranging for any refund due
- Collating information regarding small number of insurance claims and concluding those not commercially viable to pursue
- Pursuing amount due from Guardsman in respect of replacement goods provided by BGUKR and instructing legal advisors to assist with this recovery going forward
- Dealing with the remaining interchange claim (Visa) and instructing an agent to pursue the claim
- Review of intercompany claims and receipt of dividend in the amount of £21,716

- Sale of trade debtors to the Secured creditor and realising £952k for the administration
- Dealing with customer queries through monitored mailbox and PwC telephone switchboard
- Adjudicating claims including requesting further information from claimants
- Continuing to respond to claim queries via email, post and telephone
- Dealing with proofs of debt for dividend purposes
- Preparing correspondence to claimants advising outcome of adjudication and advising of intention to declare dividend
- Calculating dividend rate and preparing dividend file
- Making interim distributions and a final distribution to the Secured creditor
- Adjudication of preferential claims, declaration of dividend and declare and payment of distribution to First ranking preferential creditors
- Issue and advertising notice of intended dividend, preparing correspondence to creditors announcing declaration of dividend and declare and payment of prescribed part distribution
- Preparing and submitting tax computations and obtaining tax clearance
- Disband of VAT Group and deregistration companies for VAT purposes
- Seeking and obtaining clearances from third parties

What we still needed to do following our last report

When we last reported, the key outstanding matters in the administration were as follows:

- Deal with ongoing insurance and property matters;
- Finalise realisation of remaining assets, recovery actions with respect to additional claims and collection of monies due under the merchant services agreements;
- Pursue amounts due from Guardsman;
- Subject to the availability of funds, make further distributions to the Secured creditor under the terms of its security;
- Submit a VAT 426 to HMRC in relation to VAT refunds due; and
- Deal with closure matters, including drafting and issuing our final progress report, closure of our internal systems and clearance from other third parties as might be required.

Progress of these matters are incorporated into the section below.

Asset realisation

Sale of business and assets

As previously stated, we concluded that the best outcome for creditors would include an immediate sale of the Bensons for Beds business and assets to the Bensons Purchasers. The transaction included certain elements of the retail manufacturing, warehousing and distribution divisions.

A pre-packaged sale was undertaken for the following reasons:

- There were no offers to acquire the Group (or any part of it) on a solvent basis. Given the Group's financial position, this lack of offers confirmed that it was insolvent and an insolvency process was inevitable.
- The lack of offers also strongly indicated that continuing to trade the businesses during an administration process (if funding could be secured) would be unlikely to generate any new or better offers.
- Our assessment showed that a pre-packaged sale to Alteri, in combination with the realisation of the assets excluded from the sale, would generate better value for creditors as a whole than the break-up value of the assets.
- In addition to acquiring the ongoing Bensons for Beds business, the Bensons Purchasers committed to fulfilling or refunding both Bensons and Harveys customer orders which were open at the date of administration. In relation to these orders, customers had paid deposits totalling £27m plus VAT. Therefore, fulfilment of the orders would significantly mitigate the value of the Company's Unsecured creditors resulting in a higher dividend to the remaining Unsecured creditors from the Prescribed Part due to there being a reduced creditor pool.
- The Secured creditor of the Group supported the transaction.
- The sale resulted in the transfer of 1,899 people to the purchasing companies (representing 55% of the overall workforce) thereby mitigating preferential and unsecured employee claims.
- The transfer of a large portion of the retail store network would also reduce or mitigate significant claims from landlords.

LTO Funding

As you may recall, the Joint Administrators granted the Bensons Purchasers a licence to occupy over certain properties. As part of this, the Bensons Purchasers would transfer various lump sums to the administration bank

account to enable the Joint Administrators to make the necessary LTO payments, including rent and service charge, directly to the landlord or via PHD.

As previously reported, this matter has now concluded as no further properties remain under the LTO and accounts have been fully reconciled.

Trading

Following the pre-packaged sale of the Bensons for Beds business noted above, the Group retained certain business and assets which related primarily to the Harveys business. We considered that the best outcome for creditors as a whole would be achieved by allowing the business to continue to trade under our supervision, rather than affecting an immediate shutdown of stores.

The Harveys retail business initially traded from 20 standalone (Harveys branded) stores and 119 stores which were shared with the Bensons Purchasers (where the Bensons Purchasers occupied the stores under a Licence to Occupy agreement). There were also two warehousing and distribution sites primarily operated for the Harveys business.

Over the course of our trading period, we implemented a phased store closure plan as and when stock levels were diminished. Our flexible closure plan to collapse the network in an effective manner allowed us to extend our trading at those locations where trading performance was better and quickly close stores where it was not viable to continue.

We have included at Appendix B a statement of receipts and payments relating to the trading business. This shows cash from sales of c.£21m and payments of c.£11m giving an overall trading profit of c.£10m.

Employees

The pre-pack sale of the Bensons for Beds business preserved 1,899 jobs. The Harveys furniture stores and the manufacturing facilities not acquired by the Purchasers continued to trade in administration whilst options were explored. As a result, 1,330 employees were retained to support the trading period while we explored the options for the Harveys furniture business including both the retail and manufacturing businesses.

Final redundancies were made in June 2021 following the final store closures.

Retention of title

After our appointment, we were contacted by 43 creditors claiming retention of title over goods supplied to BGUKR, BGUKB, BGUKGP, HGOL, WRL and FFL. In order to process the claims efficiently, we assigned a dedicated team specifically to respond to queries, liaise with the Companies' staff (including the identification of goods) and review the validity of claims.

Where claims were submitted and agreed, suppliers were contacted by members of the operations team to arrange collection of their goods or financial settlement. All claims that we have been made aware of have now been concluded.

Rates

We instructed CAPA to investigate potential rates refunds due in respect of the Companies' premises and were liaising with the relevant local authorities in this regard. We have received clearance from CAPA that no further work is being undertaken and no further realisations are expected here.

Customer communications

We continue to receive queries from current and former customers of Bensons for Beds and Harveys to our monitored mailbox and also to PwC's telephone switchboard. In the period since our last progress report a total of 205 queries have been received all of which have been reviewed and dealt with. This brings the total queries received across the Group to 19,572.

To assist with enquiries, we updated the automated responses to our mailboxes to give a quick response to enquiries with the relevant update and guidance. We also update our website www.pwc.co.uk/bluegroup which allows access to all documentation issued and frequently asked questions.

Matters outstanding following our last report

Guardsman claim

The Company was party to an agreement with Guardsman Industries Limited ("Guardsman") and AmTrust Europe Limited ("AmTrust") regarding the provision of domestic furniture insurance. At the date of Administration there appeared to be a debt due under the Agreement. Over the duration of the Administration there has been protracted correspondence with Guardsman, AmTrust, and their legal advisors in an attempt to achieve settlement of this debt. Legal advice was obtained and it was considered that there was a viable claim, however the office-holders are no longer in a position to take it forward due to the ongoing related costs and uncertainty of outcome. In order for this claim to be assigned to a third party to take forward, consent needed to be provided by the parties to the agreement under which the debt had arisen. This consent was not provided and as such the matter cannot be progressed further.

Interchange claim

The Company previously entered into an action regarding interchange fees in relation to charges levied by certain credit card companies which were subsequently ruled to be unfair. A claim against Mastercard was settled prior to the administration and our agents, Henderson & Jones, continued to pursue the remaining Visa claim after our appointment.

Trials remain ongoing and it is currently uncertain as to when we might receive an outcome of the Visa claim. As a result we have concluded that in order to prevent incurring additional costs of extending the administration further, we have agreed with the Secured creditor, as the only party with an economic interest in this asset, that we would assign our right to any realisations from the Visa claim to them for a consideration of £363,755. This has resulted in a reduction of the overall indebtedness to the Secured creditor and allows us to end the administration without incurring additional costs.

Leasehold Property

There are a number of leasehold properties which the Company no longer occupies however our offers to surrender these leases have not been accepted to date. We have attempted to contact all known landlords, however we have not received anything further and as a result the interest in these leases will pass to the Crown via Bona Vacantia on the dissolution of the Company.

Insurance

We have maintained public liability insurance in respect of properties where surrenders had not yet been accepted. Insurance cover has been arranged through our insurers, SRIS, and is in place until 30 June 2024, at which point the Joint Administrators will no longer be in office. As a result of the cancellation of the insurance policy as at 30 June 2024, the final payment to SRIS was £168, as shown in our receipts and payments account at Appendix B.

Other matters

Statutory and compliance

During the period covered by this report we have continued to comply with our statutory obligations. These include preparing and delivering our progress report to creditors, statutory filing of documents and internal controls to ensure the administration strategy continues to be appropriate and outstanding matters are being progressed on a timely basis.

We have also proceeded with the tasks required to close the administration such as settling final storage costs in respect of pre-appointment company records and obtaining clearances from third parties.

VAT

As previously reported, we prepared the final VAT return for the period 1 January 2023 to 31 March 2023. This was submitted on 12 April 2023 and was also the final return. The Company has now been deregistered for VAT with effect from 31 March 2023.

We have prepared and submitted VAT 426 forms to reclaim VAT since deregistration.

Tax clearance

We fulfilled our duties as proper officers for tax during the administration and filed VAT and corporation tax returns for all relevant accounting periods and accounted for PAYE/NI. HMRC has previously confirmed that it has no objection to the administration ending.

Employment Tribunal

The Joint Administrators became aware of a potential Employment Tribunal claim from a former employee. Following an assessment of the potential claim with our legal advisors, the Joint Administrators wrote to the Employment Tribunal advising that the claim should be struck out/dismissed. The outcome of this decision either way would not impact the closure of the administration.

We've now completed our work to resolve all outstanding matters.

Connected party transactions

SIP 13 requires us to disclose details of the disposal of any of the Company's assets to connected parties. There were no new connected party transactions made in the period covered by this report. For details of connected party transactions in prior periods, please refer to our previous reports. A full explanation can be found in our SIP 16 report, which is accessible via our website at www.pwc.co.uk/bluegroup.

Approval of our proposals

We issued to creditors our proposals dated 8 July 2020 for achieving the purpose of administration.

We said in our proposals that we thought the Company does not have enough assets to pay a dividend to Unsecured creditors other than from the Prescribed Part.

This meant that we did not have to seek a decision from creditors regarding the approval of proposals and our proposals would be treated as approved if creditors did not request a decision in the required manner. As creditors did not request a decision be sought, our proposals were treated as approved on 22 July 2020.

We attach a summary of our proposals at Appendix A.

Investigations and actions

Nothing has come to our attention during the period under review to suggest that we need to do any more work in line with our duties under the Company Directors' Disqualification Act 1986 and Statement of Insolvency Practice No.2.

Our final receipts and payments account

We set out in Appendix B an account of our final receipts and payments in the administration from 30 December 2023 to 19 June 2024, which includes an cumulative account to date.

Our expenses

We set out in Appendix C a statement of the final expenses that we incurred to the date covered by this report.

Our fees

We set out in Appendix D an update on our remuneration which covers our fees, disbursements and other related matters.

Pre-administration costs

You can find in Appendix E information about the approval of the unpaid pre-administration costs previously detailed in our proposals.

Creditors' rights

Creditors have the right to ask for more information within 21 days of receiving this report as set out in Rule 18.9 IR16. Any request must be in writing. Creditors can also challenge fees and expenses within eight weeks of receiving this report as set out in Rule 18.34 IR16. This information can also be found in the guide to fees at:

<https://www.icaew.com/-/media/corporate/files/regulations/insolvency/creditors-guides/2021/administration-creditor-fee-guide-1-april-2021.ashx?la=en>

You can also get a copy free of charge by contacting us at uk_bluegroup_finalqueries@pwc.com.

All matters in relation to the administration of the Company have now been concluded.

Yours faithfully



Peter Dickens
Joint Administrator

Appendices

Appendix A: Summary of our Group proposals

The Proposals dated 8 July 2020 were drafted in relation to all of the Group entities that entered administration on 30 June 2020 (“the Companies”). The summary below relates to all of the Companies.

According to IA86, the purpose of an administration is to achieve one of these objectives:

- (a) rescuing the companies as a going concern, or if that is not possible or if
- (b) would achieve a better result for the creditors than (a) (b) achieving a better result for the companies’ creditors as a whole than would be likely if the companies were wound up (without first being in administration), or finally, if that is not possible
- (c) realising the companies’ assets to pay a dividend to secured or preferential creditors.

The Joint Administrators pursued statutory objective (b) being to achieve a better result for the Companies’ creditors as a whole than would be likely if the Companies were wound up (without first being in administration), as it was not practically possible to rescue the Companies as going concerns.

Achieving a better outcome for creditors arises from maximising the value of assets, minimising the costs of releasing those assets (and costs of the administrations generally) and reducing the level of creditor claims against the Companies. This was achieved through the sale of equipment, trading of the business and through the property work that increased intercompany cash movements and cash realisations.

The outcome for the Secured creditor (in relation to those entities which granted security over their assets by way of a debenture) was expected to have been maximised by virtue of the pre-pack sale and realisation of other assets subject to its security. Preferential creditors were expected to be paid in full. It was also expected that certain companies within the Blue Group would be able to pay a dividend to the Unsecured creditors, via the Prescribed part that would likely have been reduced or unavailable in other scenarios.

We explained that we would continue to manage and finance the Blue Group’s businesses, affairs and assets from asset realisations, and that we may also investigate and, if appropriate, pursue any claims the Blue Group might have. Finally, we said that we would also do anything else we think appropriate, to achieve the purpose of the administrations or to protect and preserve the Blue Group’s assets or to maximise realisations or for any other purpose incidental to the proposals.

We explained that whilst we had completed the sale of a large part of the Blue Group’s business and assets, there remained a significant amount of work to do in the administrations. In broad terms, this was expected to include:

- Working with the Purchasers on post-sale matters connected to the orderly transfer of the Bensons for Beds business and fulfilment of outstanding customer orders;
- Continuing to trade the remainder of the business and exploring options for the realisation of its assets;
- Collecting licence fees from the Purchasers and making ongoing payments of rent (and associated costs) for the period of ongoing occupation;
- Assisting the Purchasers in the assignment of property leases;
- Fulfilling our statutory duties as Joint Administrators, including responsibility for the companies’ VAT and tax affairs; and
- Winding down the companies’ affairs generally with a view to their dissolution in due course.

Our overriding objective was to achieve the best possible outcome for creditors, typically achieved by maximising asset realisations and minimising costs and claims against the insolvent estates. In this case, we concluded that the best outcome for creditors would include an immediate sale of the Bensons for Beds business and assets to the Purchasers. The transaction included certain elements of the retail manufacturing, warehousing and distribution divisions.

Below is a summarised explanation and justification of why a pre-packaged sale was undertaken:

- There were no offers to acquire the Blue Group (or any part of it) on a solvent basis. Given the Blue Group’s financial position, this lack of offers confirmed that it was insolvent and an insolvency process was inevitable;

- The lack of offers other than that from Alteri (for £23m), also strongly indicated that continuing to trade the businesses during an administration process (if funding could be secured) would be unlikely to generate any new or better offers;
- Our assessment showed that a pre-packaged sale to Alteri, in combination with the realisation of assets excluded from the sale, would generate better value for creditors than the break-up value of the assets;
- In addition to acquiring the ongoing Bensons for Beds business, the Purchasers have committed to fulfilling customer orders which were unfulfilled at the date of administration. In relation to these orders, customers had made deposits totalling £27m plus VAT. Therefore, fulfilment of the orders will significantly mitigate the value of the Company's Unsecured creditors, resulting in a higher dividend to the remaining Unsecured creditors from the Prescribed Part due to a reduced creditor pool;
- The Secured creditor of certain of the Blue Group companies supported the transaction; and
- The sale resulted in the transfer of 1,899 people to the purchasing companies (representing 55% of the overall workforce) thereby mitigating preferential and unsecured creditor claims. The anticipated formal transfer of a large portion of the Blue Group's retail store network will reduce or mitigate significant claims from landlords.

We outlined the work we had done at the time of publishing the proposals. In summary:

- Briefed employees on appointment;
- Implemented temporary additional controls and systems for ongoing trading;
- Opened communications with creditors and other stakeholders;
- Commenced marketing of the remaining business and assets; and
- Complied with immediate statutory obligations.

We explained the connected party transaction, advising that the Purchasers, who acquired certain business and assets of the Blue Group as described earlier, are connected to the Blue Group due to having a common ultimate parent (Alteri). We also stated that certain directors of the Blue Group were also involved in the management of the Purchasers.

A number of assets were specifically excluded for the sale to the Purchasers. These include the following:

- An element of cash at bank and in hand;
- Certain leasehold and properties;
- Book debt realisations;
- Stock subject to retention of title (ROT);
- Certain property, business and assets of the Harvey's retail and manufacturing businesses;
- Manufacturing rent deposits; and
- Merchant services cash collateral deposits.

We explained that we would take steps to realise any value in these assets or otherwise deal with them in the appropriate manner, including providing reasonable assistance to third parties with a proprietary interest in them. A key area of our work was the supervision of ongoing trading of the Harveys business and the realisation of its assets.

We also explained that we were working with the Purchasers for the purpose of agreeing the correct apportionment of cash balances and ongoing receipts into the Blue Group's bank accounts.

On appointment, we continued to work through the Companies' records on the property portfolio, reviewing the position of over 250 properties and the status of each one.

The sale to the Purchasers included a licence to occupy all of the retail stores. We explained that we would be providing reasonable assistance to the Purchasers with regards to the assignment or surrender of the leases. We stated our intention was to continue to collect licence fees from the Purchaser as normal during this period and pay ongoing rent (calculated on a daily basis) from the date of appointment. We expected this to be a significant area of ongoing work, reducing over time as the number of properties remaining under licence also reduces.

Following the pre-packaged sale of the Bensons for Beds business, the Companies' retained certain business and assets which relate primarily to the Harvey's business. We continued to trade the Harvey's retail business and manufacturing sites whilst we explored options to achieve a sale of all or certain divisions. This included 20 standalone Harveys stores, 119 stores which were shared with the Purchasers (where the Purchasers occupy under licence), two manufacturing divisions and two warehousing and distribution sites.

In order to ensure an orderly continuation of trading for both the acquired Bensons for Beds business and remaining Harvey's business, transitional service agreements were agreed as part of the pre-packaged transaction. This included services which the Companies provided to the Purchasers, such as logistics and provision of staff, whilst also ensuring that the Purchasers continued to provide operational support to the Companies in the form of IT, finance, logistics and other essential services. 1,330 employees were retained to support the trading period while we explored the options for the Harvey's furniture business including both the retail and manufacturing businesses. Due

to the challenging economic situation of the Group, regrettably 240 employees were made redundant immediately on appointment.

We gave creditors an estimated outcome. In summary:

- The Secured creditor was owed c.£42m at the time the Blue Group entered into administration. The above sale immediately reduced the secured creditor's indebtedness by £23m. Further recoveries were expected for the secured creditor from the assets excluded from the sale. At the time of publishing the proposal, we estimated that the secured creditor's overall recovery from the Blue Group's administrations would be in the region of 61% to 69%.
- We expected preferential claims to arise in Blue Group UK Retail Limited, Wellington Realisations Limited, Formation Furniture Limited and Unitrans Limited ("UL") (it came to light later in the case that there were no employees in UL and thus there were no preferential claims) only. We confirmed that we expected there to be sufficient assets available to pay these claims in full.
- At the date of the Proposals we weren't able to give Unsecured creditors a realistic estimate of the dividends that would be paid from the Prescribed part because the final level of claims from Unsecured creditors was uncertain. We also explained that the level of costs incurred in agreeing claims, declaring and paying dividends would also be a factor, as these would be paid from the Prescribed part funds with the net amount available to creditors. We didn't think there would be any dividend for Unsecured creditors (in any of the Companies) based on what we knew at the time, outside of the Prescribed part.

We gave a summary of how we expected our fees and disbursements to be determined. We intended to propose that they be determined as one, or a combination, of the following:

- based on the time we and our staff spend on the administrations at our normal charge out rate for this type of work (a time cost basis).
- a set fee.

We explained that it would be up to the creditors' committee to fix the basis of our fees and Category 2 disbursements. But if there was no committee, and because we said we thought the Companies would not have enough assets to pay anything to Unsecured creditors other than via the Prescribed part (in certain cases), it would be for the Secured creditor and (where appropriate) the Preferential creditors to do so instead. We explained that we would seek approval from those classes of creditors in due course by providing the following information:

- Details of the work we have done and propose to do (much of which has been included in this report);
- Details of the expenses we expect to incur; and
- If any element of our remuneration is to be paid on a time cost basis, an estimate of the hours likely to be incurred and the hourly rates for that work (a fees estimate).

Finally we explained how we would expect the administrations to end. In summary:

- We thought there would be a dividend for Unsecured creditors from the Prescribed part for certain of the Blue Group companies. We said we would file notices with the Registrar of Companies, once we had paid the prescribed part dividend and we'd finished our work and those companies would be dissolved three months later;
- We also explained that in the very unlikely event that funds became available to pay a distribution other than from the Prescribed part, we would apply to the court for permission to pay any surplus to the unsecured creditors. Should this be granted, once we had paid the dividend and finished our work, we would end the administration by filing notices with the Registrar of Companies and such companies would be dissolved three months later;
- If we didn't get permission to pay the dividend, we would put the relevant company into creditors' voluntary liquidation, or comply with any Court order if different. If that were to happen, we proposed that Zelf Hussain, Peter David Dickens and Yulia Marshall were appointed as joint liquidators (or, if replacement administrator(s) are appointed, any person(s) appointed as administrator(s) at the time of the registration of notice of moving from administration to creditors' voluntary liquidation per Paragraph 83(4) Sch B1 IA86) and that any act required or authorised to be done by the joint liquidators can be done by either or all of them. We explained that Creditors may nominate a different person or persons as liquidator(s), in accordance with Paragraph 83(7)(a) Sch B1 IA86 and Rule 3.60(6) IR16 (prior to the proposals being approved);
- We explained that where no dividends were available to Unsecured creditors, it was most likely that we would file notices with the Registrar of Companies and the Companies would be dissolved three months later;
- We went on to explain that if necessary, to achieve the objective of any administration and complete our work, we may seek an extension to the period of the administration (beyond the statutory period of one year), by consent of the appropriate class of creditor, or by an order of the Court;
- We stated that we would be discharged from liability in respect of any of our actions as administrators at a time set by consent of the appropriate class of creditors, or by an order of the Court.

Finally, we stated that the administrations may end in different ways and at different times.

Appendix B: Receipts and payments

Statement of Affairs	From 30 June 2020 to 29 December 2023	From 30 December 2023 to 19 June 2024	Cumulative to 19 June 2024
£	£	£	£
Assets subject to a fixed charge			
Receipts			
-	-	-	-
Total receipts			
Payments			
Total payments			
Net cash position			
£			
Assets subject to a floating charge			
Receipts			
	10,075,810.73	-	10,075,810.73
	3,108,998.76	-	3,108,998.76
	15,000.00	-	15,000.00
728,586.74	432,084.07	-	432,084.07
7,764,636.85	2,746,255.00	-	2,746,255.00
	973,905.22	-	973,905.22
	6,027,239.00	-	6,027,239.00
	9,799.19	-	9,799.19
	13,622.36	26,340.72	39,963.08
	3,030,411.85	-	3,030,411.85
10,622,253.80	3,278,291.52	-	3,278,291.52
	422,590.34	-	422,590.34
	87,222.47	-	87,222.47
	966,849.14	-	966,849.14
	23,578.30	-	23,578.30
2,894,000.00	-	-	-
	25,711.54	-	25,711.54
22,009,477.39	31,237,369.49	26,340.72	31,263,710.21
Payments			
	(119,099.57)	-	(119,099.57)
	(80,088.69)	(14,868.00)	(94,956.69)
	(22,712.84)	-	(22,712.84)

Legal Settlements	(7,500.00)	-	(7,500.00)
HMRC penalty	(7,320.46)	-	(7,320.46)
Professional fees	(1,440.00)	-	(1,440.00)
Office holders fees and expenses	(500,000.00)	(391,067.30)	(891,067.30)
Office costs, Stationery & Postage	(9,240.08)	-	(9,240.08)
Rent	(831,717.48)	-	(831,717.48)
Statutory advertising	(754.00)	-	(754.00)
Storage Costs	(26,670.65)	(8,323.01)	(34,993.66)
Heat, Light and Insurance	(22,726.64)	(168.00)	(22,894.64)
Pre-administration expenses	(209,437.11)	-	(209,437.11)
Irrecoverable VAT/VAT adjustments	-	(216,706.48)	(216,706.48)
Finance / Bank interest & charges	(3,008.22)	-	(3,008.22)
Total payments	(1,841,715.74)	(631,132.79)	(2,472,848.53)
Net assets available for Preferential creditors	29,395,653.75	(604,792.07)	28,790,861.68
Less Preferential creditors	(1,138,817.11)	-	(1,138,817.11)
Net property	28,256,836.64	(604,792.07)	27,652,044.57
Less Prescribed Part Fund	(492,903.91)	-	(492,903.91)
Total Net Floating Charge Assets	27,763,932.73	(604,792.07)	27,159,140.66
Secured creditor distribution	(25,248,225.50)	(1,910,915.16)	(27,159,140.66)
Balance of Net Floating Charge Assets	2,515,707.23	(2,515,707.23)	-
Total assets held	2,515,707.23	(2,515,707.23)	-
VAT Control Account	(362,254.90)	362,254.90	-
Total cash held	2,153,452.33	(2,153,452.33)	0.00

	From 30 June 2020 to 29 December 2023	From 30 December 2023 to 19 June 2024	Cumulative to 19 June 2024
Trading			
Trading sales - cash	18,856,705.28	-	18,856,705.28
TSA fees	2,276,929.94	-	2,276,929.94
Total receipts	21,133,635.22	-	21,133,635.22
Payments			
Suppliers	(1,106,510.31)	-	(1,106,510.31)
Duress Payments	(5,759.38)	-	(5,759.38)
Trading Irrecoverable VAT	(1,250.00)	-	(1,250.00)
Wages & salaries	(3,211,298.19)	-	(3,211,298.19)
PAYE/NIC and Pension Deductions	(1,161,976.90)	-	(1,161,976.90)
Employee/Subcontractor Costs & Expenses	(13,665.75)	-	(13,665.75)
Heat, Light & Insurance	(60,486.36)	-	(60,486.36)
TSA Costs	(377,820.51)	-	(377,820.51)
Legal Costs	(50,476.04)	-	(50,476.04)
Payments Made for Group Companies	(45,276.78)	-	(45,276.78)
Agents fees and property assets	(96,777.62)	-	(96,777.62)
Professional fees (Retail Trading Agents)	(2,799,734.94)	-	(2,799,734.94)
Contribution to Shared Property Costs	(995,179.71)	-	(995,179.71)
NewCo recharges	-	-	-
Office Holders' Fees on a time cost basis	(1,131,612.00)	-	(1,131,612.00)
Total payments	(11,057,824.49)	-	(11,057,824.49)
Trading Profit / (Loss)	10,075,810.73	-	10,075,810.73

	From 30 June 2020 to 29 December 2023	From 30 December 2023 to 19 June 2024	Cumulative to 19 June 2024
LTO Account			
Receipts			
Contribution to costs	314,443.54	-	314,443.54
Licence Fees - Rent	18,208,665.99	-	18,208,665.99
Licence Fees - Service Charge	771,587.61	-	771,587.61
Licence Fees - Rates	224,022.83	-	224,022.83
Licence Fees - Insurance	15,123.37	-	15,123.37
Total receipts	19,533,843.34	-	19,533,843.34
Payments			
LTO - Rent	(17,327,519.96)	-	(17,327,519.96)
LTO - Service Charge	(632,912.12)	-	(632,912.12)
LTO - Rates	(98,746.57)	-	(98,746.57)
LTO - Insurance	(507,815.55)	-	(507,815.55)
Total payments	(18,566,994.20)	-	(18,566,994.20)
Net LTO receipts / (payments)	966,849.14	-	966,849.14

Notes

- a. All items stated are net of VAT.
- b. Funds are held in non interest bearing accounts.
- c. There have been no payments made to us, our firm or our associates other than from the insolvent estate as shown in the receipts and payments accounts provided above.
- d. Balances in the LTO account had been held for any outstanding rents, service charges or insurance payments. As no further claims have been received in this regard, the balance will form part of the estate and contribute towards final recovery for the Secured creditor.
- e. As part of the agreement to extend the LTO, the Bensons Purchaser agreed to contribute to the associated office holder costs. These are shown in the R&P as LTO extension fees. These have been drawn as part of the final office holders fees.
- f. We paid Preferential creditors at a rate of 100p/£ on 22 June 2022.
- g. We paid a Prescribed Part distribution of 0.48 p/£ totalling £492,904 to Unsecured creditors on 15 November 2022.

Appendix C: Expenses

Expenses are amounts properly payable by us as administrators but exclude our fees and distributions to creditors. These include disbursements which are expenses met by and reimbursed to an office holder in connection with an insolvency appointment.

Expenses fall into two categories:

Expense	SIP9 definition
Category 1	Payments to persons providing the service to which the expense relates who are not an associate of the office holder.
Category 2	Payments to our firm or our associates or which have an element of shared costs (for example, photocopying and mileage disbursements, or costs shared between different insolvent estates).

We don't need approval from creditors to draw Category 1 expenses as these have all been provided by third parties but we do need approval to draw Category 2 expenses. The body of creditors who approve our fees (in this case the Secured and Preferential creditors) also has the responsibility for agreeing the basis for payment of Category 2 expenses.

The rate for services provided by the Joint Administrators' own firm (Category 2 expenses) may periodically rise (for example to cover annual inflationary cost increases) over the period of the administration. All other disbursements to be charged at cost.

The following table provides a breakdown of the Category 2 expenses incurred in the period, together with details of the Category 1 expenses that have been incurred as disbursements by PwC and will be recharged to the case.

Category	Provided by	Basis of cost	Costs incurred	Costs incurred	Cumulative
			to 29/12/2023	from 29/12/23 to 19/06/24	to 19/06/24
			£	£	£
2	PwC	Photocopying – Up to 10 pence per side copied, only charged for circulars to creditors and other bulk copying	-	-	-
2	PwC	Mileage - At a maximum of: petrol/diesel/hybrid - 64 pence per mile (up to 2,000cc) or 80 pence per mile (over 2,000cc) full electric - 72 pence per mile bicycle - 12 pence per mile	927.24	-	927.24
2	PwC	Printing - Up to 10 pence per side	1,956.58	-	1,956.58
1	PwC	Other Travel	387.78	-	387.78
1	PwC	Courier	1,702.25	-	1,702.25
1	PwC	Archiving*	5,464.34	2,341.92	7,806.26
1	PwC	Bordereau	225.00	-	225.00
1	PwC	Postage	15,051.81	-	15,051.81
1	PwC	Hotels / Accommodation	10.66	-	10.66
1	PwC	Other	55.00	-	55.00
Total			25,780.66	2,341.92	28,122.58

* In our previous report, we erroneously stated that £1,003.68 had been incurred in respect of advertising costs. We have now adjusted the figures to show that these were in fact archiving costs and are included within the total archiving figure stated above.

The expense policy set out above has been approved by the Secured and Preferential creditors.

The table below provides details of all the expenses incurred in the administration:

BGUIR							
Description	Costs incurred brought forward	Costs incurred in the period	Total costs incurred	Future estimated costs	Anticipated Total	Initial estimate	Variance
	£	£	£	£	£	£	£
Rent	831,717.48	-	831,717.48	-	831,717.48	-	831,717.48
Suppliers	1,150,588.50	-	1,150,588.50	-	1,150,588.50	893,001.63	257,586.87
Storage Costs	26,670.65	8,323.01	34,993.66	-	34,993.66	-	34,993.66
Bank interest/charges	3,008.22	-	3,008.22	-	3,008.22	2,470.00	538.22
Legal settlements	7,500.00	-	7,500.00	-	7,500.00	-	7,500.00
Office costs, Stationery & Postage	9,240.08	-	9,240.08	-	9,240.08	-	9,240.08
Duress payments	5,759.38	-	5,759.38	-	5,759.38	5,759.38	-
Trading Irrecoverable VAT	1,250.00	-	1,250.00	-	1,250.00	1,807.32	(557.32)
Wages & Salaries	3,211,298.19	-	3,211,298.19	-	3,211,298.19	2,893,049.19	318,249.00
PAYE/NIC and Pension Deductions	1,161,976.90	-	1,161,976.90	-	1,161,976.90	981,104.39	180,872.51
Employee/Subcontractor Costs & Expenses	13,666.75	-	13,666.75	-	13,666.75	8,541.45	5,125.30
HMRC Penalty	7,320.46	-	7,320.46	-	7,320.46	-	7,320.46
TSA Costs	377,820.51	-	377,820.51	-	377,820.51	189,863.78	187,956.73
Contribution to property costs	995,179.71	-	995,179.71	-	995,179.71	2,551,207.82	(1,556,028.11)
Payments Made for Group companies	45,276.78	-	45,276.78	-	45,276.78	476,286.25	(431,009.47)
Legal fees & Expenses	80,088.69	14,868.00	94,956.69	-	94,956.69	84,026.50	10,930.19
Customer deposits / Third party monies	22,712.84	-	22,712.84	-	22,712.84	-	22,712.84
Professional fees	2,801,174.94	-	2,801,174.94	-	2,801,174.94	1,706,610.19	1,094,564.75
Agents' Fees - Property & Assets	215,877.19	-	215,877.19	-	215,877.19	-	215,877.19
Administrators' disbursements	25,780.66	2,341.92	28,122.58	-	28,122.58	20,878.01	7,244.57
Pre-administration expenses	209,437.11	-	209,437.11	-	209,437.11	-	209,437.11
Heat, Light & Insurance	22,726.64	168.00	22,894.64	-	22,894.64	10,675.91	12,218.73
Statutory advertising	844.00	-	844.00	-	844.00	695.00	149.00
TOTAL	11,226,915.68	25,700.93	11,252,616.61	-	11,252,616.61	9,825,976.82	1,426,639.79

Notes to the expenses table

The total brought forward figure differs slightly from our previous progress report. This is because we previously reported an additional line for "insurance" which was also included within the "heat, light & insurance" line. We have now corrected this duplicate entry.

The table should be read in conjunction with the receipts and payments account at Appendix B, which shows expenses actually paid.

Appendix D: Remuneration update

We sought and obtained approval to draw our fees on a time cost basis by circulating a remuneration report to the necessary approving bodies (the Secured and Preferential creditors in this instance) shortly after the second progress report dated 23 July 2021.

The time cost charges incurred in the period covered by this report are £82,730.25.

Our total time costs will exceed the amount approved by the fee approving bodies. However, although we will still incur costs, we will not seek further fee approvals.

Company	Level of fees approved (maximum) (£)	Fees taken to date (£)	Time costs incurred in the reporting period (£)	Total time costs incurred to date (£)
BGUKR	4,117,498	2,022,679	95,057	5,444,620

We set out in this Appendix details of our work to date, anticipated future work, subcontracted work and payments to associates.

Our hours and average rates

BGUKR - from 30 June 2020 to 29 December 2023

Work Type Group	Partner (Hrs)	Director (Hrs)	Senior Manager (Hrs)	Manager (Hrs)	Senior Associate (Hrs)	Associate (Hrs)	Support (Hrs)	Off shore professionals	Total (Hrs)	Time cost £	Average hourly rate £
Accounting & Treasury	-	11.00	26.75	239.90	402.60	670.11	59.45	0.70	1,410.51	474,133.69	336.14
Assets	8.50	14.55	228.15	71.13	353.58	69.20	8.30	3.20	756.61	345,913.20	457.19
Closure Procedures	-	-	0.20	8.70	1.10	-	-	-	10.00	6,844.00	684.40
Creditors	2.50	1.70	87.26	238.27	1,308.89	3,571.31	97.39	19.70	5,327.02	765,659.51	143.73
Employees & Pensions	4.41	49.80	412.40	376.70	365.65	528.65	46.44	-	1,784.05	655,152.05	367.23
Investigations	19.75	1.50	170.55	2.30	56.60	-	-	-	250.70	181,790.75	725.13
Secured Creditors	-	-	-	-	0.20	-	-	-	0.20	103.00	515.00
Statutory & Compliance	25.00	16.80	84.65	177.25	750.48	217.01	25.84	12.90	1,309.93	565,974.44	432.06
Strategy & Planning	174.50	147.90	410.10	353.05	854.93	173.13	161.61	0.60	2,275.82	1,162,180.39	510.66
Tax & VAT	18.95	0.20	78.65	150.70	295.47	83.79	63.75	-	691.51	348,210.60	503.55
Trading	8.25	12.40	6.75	355.95	635.05	23.25	14.10	0.10	1,055.85	472,824.25	447.81
Total for the period	261.86	255.85	1,505.46	1,973.95	5,024.55	5,336.45	476.88	37.20	14,872.20	4,978,785.88	334.77

BGUKR - from 30 December 2023 to 4 June 2024

Work Type Group	Partner (Hrs)	Director (Hrs)	Senior Manager (Hrs)	Manager (Hrs)	Senior Associate (Hrs)	Associate (Hrs)	Support (Hrs)	Off shore professionals	Total (Hrs)	Time cost £	Average hourly rate £
Accounting & Treasury	-	-	0.30	0.65	2.85	8.50	-	-	12.30	5,629.00	457.64
Assets	1.50	-	3.00	-	-	1.10	-	-	5.60	4,507.00	804.82
Closure Procedures	-	-	1.80	1.50	-	2.05	-	-	5.35	3,452.75	645.37
Creditors	-	-	0.50	0.10	-	5.75	-	22.70	29.05	11,740.75	404.16
Employees & Pensions	-	-	5.90	1.90	-	0.50	-	-	8.30	6,346.50	764.64
Investigations	-	0.40	15.70	-	-	-	-	-	15.70	13,502.00	860.00
Secured Creditors	-	-	-	-	-	-	-	-	0.40	344.00	860.00
Statutory & Compliance	5.50	-	2.35	8.20	-	20.60	-	3.30	39.95	22,920.00	573.72
Strategy & Planning	-	-	3.45	0.45	-	0.70	-	-	4.60	3,449.50	749.89
Tax & VAT	-	-	2.85	6.45	-	8.15	-	-	17.45	10,838.75	621.13
Trading	-	-	-	-	-	-	-	-	-	-	-
Total for the period	-	-	-	-	-	-	-	-	138.70	82,730.25	596.47
Brought forward at 29 December 2023	-	-	-	-	-	-	-	-	14,872.20	4,978,785.88	334.77
Grand Total	-	-	-	-	-	-	-	-	15,010.90	5,061,516.13	337.19

BGUKR - cumulative to 19 June 2024

Work Type Group	Total (Hrs)	Total time cost £	Time cost Initial estimate £	Time cost Variance £
Accounting & Treasury	1,423.76	480,204.94	392,497.00	(87,707.94)
Assets	764.41	352,514.70	282,434.00	(70,080.70)
Closure Procedures	22.75	13,452.25	-	-
Creditors	5,359.77	778,861.76	613,610.00	(165,251.76)
Employees & Pensions	1,792.35	661,498.55	701,409.00	39,910.45
Investigations	266.80	195,894.75	24,484.00	(171,410.75)
Secured Creditors	0.60	447.00	-	-
Statutory & Compliance	1,360.23	593,267.44	385,735.00	(207,532.44)
Strategy & Planning	2,280.52	1,165,669.39	992,891.00	(172,778.39)
Tax & VAT	709.36	359,207.35	231,147.00	(128,060.35)
Trading	1,055.85	472,824.25	493,291.00	20,466.75
Grand Total	15,036.40	5,073,842.38	4,117,498.00	(956,344.38)

Note

Final costs were higher than our initial estimate for a variety of reasons including, extensions to the LTO and extensions to the administration period.

Our time charging policy and hourly rates

We and our team charged our time for the work we needed to do in the administration. We delegated tasks to suitable grades of staff, taking into account their experience and any specialist knowledge needed and we supervised them properly to maximise the cost effectiveness of the work done. Anything complex or important matters of exceptional responsibility was handled by our senior staff or us.

All of our staff who worked on the administration (including our cashiers, support and secretarial staff) charged time directly to the case and were included in any analysis of time charged. Each grade of staff has an hourly charge out rate which was reviewed from time to time. Work carried out by our cashiers, support and secretarial staff was charged for separately and isn't included in the hourly rates charged by partners or other staff members. Time has been charged in six minute units. The minimum time chargeable is three minutes (i.e. 0.05 units). We didn't charge general or overhead costs.

We set out below the maximum charge-out rates per hour for the grades of our staff who worked on the administration.

Grade	From 1 July 2019 £/hr	From 1 July 2020 £/hr	From 1 July 2021 £/hr	From 1 July 2022 £/hr	From 1 July 2023 £/hr
Partner	690	850	875	980	995
Appointment taking director	N/A	N/A	N/A	960	960
Director	595	720	740	915	915
Assistant director (not appointee)	N/A	N/A	N/A	900	900
Senior manager	515	585	625	860	860
Manager	405	475	525	730	730
Senior associate	310	390	425	515	540
Associate	210	245	280	375	395
Offshore professionals	N/A	245	280	515	395-540
Support Staff	120	125	130	160	160

Should an increase in charge out rates result in our time costs exceeding the fee estimate provided to creditors at the time we sought approval of the basis of our remuneration, we will need to seek approval from the relevant creditor body in order to draw fees in excess of that estimate.

We call on colleagues such as those in our Tax, VAT, Real Estate and Pensions departments where we need their expert advice. We may also utilise Technology Specialists from the wider Business Restructuring Services team or other parts of our firm. Their specialist charge-out rates vary but the following are the maximum rates by grade per hour.

Grade	From 1 July 2019 £/hour	From 1 September 2020 £/hour	From 1 July 2021 £/hour	From 1 July 2022 £/hr	From 1 July 2023 £/hr
Partner	1,520	1,600	1,680	1,810	1,905
Director	1,465	1,465	1,540	1,660	1,745
Senior Manager	1,290	1,355	1,425	1,425	1,410
Manager	775	815	860	950	1,025
Senior Associate/Consultant	575	605	640	690	725
Associate/Assistant Consultant	305	325	345	375	470
Support Staff	n/a	180	190	205	220

In common with many professional firms, our scale rates may rise eg to cover annual inflationary cost increases.

Payments to associates

We have no business or personal relationships with the parties who approve our fees or who provide services to the administration where the relationship could give rise to a conflict of interest.

Our relationships

We have no business or personal relationships with the parties who approve our fees or who provide services to the administration where the relationship could give rise to a conflict of interest.

Our work in the period

Earlier in this section we have included an analysis of the time spent by the various grades of staff. Whilst this is not an exhaustive list, in the following table we provide more detail on the key areas of work.

Work undertaken	Why the work was necessary	What, if any, financial benefit the work provided to creditors OR whether it was required by statute
Accounting and treasury		
<ul style="list-style-type: none"> Deal with receipts, payments and journals; and Carry out bank reconciliation. 	<ul style="list-style-type: none"> Ensures proper stewardship of funds. 	<ul style="list-style-type: none"> No direct financial benefit, however the work is necessary to ensure correct management of the accounts and safeguarding of funds.
Assets		
<ul style="list-style-type: none"> Pursuing the recovery of funds from merchant providers and liaising with our agents for information and settlement of sums due and assist in recovering funds; and Assignment of the interchange claim. 	<ul style="list-style-type: none"> To recover funds for creditors. 	<ul style="list-style-type: none"> Mitigate claims against the administration and comply with our obligations under the sale agreement. Enhanced asset realisations for the administration.
Creditors		
<ul style="list-style-type: none"> Provide updates to the Secured creditor; Making a final distribution to the Secured creditor in accordance with security entitlements; and Continued to respond to creditor queries via email, post and telephone. 	<ul style="list-style-type: none"> To comply with regulatory requirements or statute; and Keeps creditors updated on the progress of the administration. 	<ul style="list-style-type: none"> Direct benefit to the Secured creditor through payment of distributions and provision of information. Direct benefit to creditors through payment of dividends (where available) and provision of information. The administrators have an obligation to respond to creditor queries and to keep creditors informed.
Employees & Pensions		
<ul style="list-style-type: none"> Dealing with inbound queries from former employees; and Assessing the potential Employment Tribunal claim and communication to the Employment Tribunal. 	<ul style="list-style-type: none"> To ensure all employee matters are dealt with efficiently and as per statute. 	<ul style="list-style-type: none"> As required by statute.
Investigations		
<ul style="list-style-type: none"> Pursuing amount due to the Company from Guardsman and liaising with legal advisors to assist with this recovery; and Liaising with solicitors and dealing with correspondence in respect of the outstanding Guardsman debt, including considering options such as assignment or funding of the claim. 	<ul style="list-style-type: none"> To recover funds for creditors. 	<ul style="list-style-type: none"> Enhanced asset realisations for the administration.

Strategy and Planning

- Running reports to monitor costs; and
- Holding team meetings and discussions regarding the status of the administration.
- Ensures orderly management and case progression.
- No direct financial benefit, however the work is necessary to ensure correct management and oversight of the administration.

Statutory and compliance

- Preparing and circulating the progress report and final report to creditors;
- Filing and case management;
- Filing at Companies House and the PwC Company website; and
- Conducting periodic case reviews.
- Ensures matters are dealt with in accordance with regulatory and statutory requirements.
- As required by statute.

Tax and VAT

- Carrying out VAT reconciliations;
- Preparing and submitting VAT 426 forms; and
- Liaising with HMRC regarding VAT repayments.
- In compliance with duties as proper officers for tax.
- As required by statute.

Closure Procedures

- Seeking clearances from third parties and final invoices; and
- Completing checklists and diary management system.
- Ensures the orderly ending of the administration.
- To ensure all outstanding matters are dealt with in good time and ensure an orderly case closure.

Our future work

We still need to do the following work to achieve the purpose of administration.

Work undertaken

Estimated cost (£)

Accounting and treasury

- Closure of bank accounts.
- £2,000
- No direct financial benefit, however the work is necessary to ensure correct management of the accounts and safeguarding of funds.

Statutory and compliance

- File the final progress report and a notice of dissolution at Companies House and the Company website; and
- Follow the relevant procedures for ceasing to act.
- As required by statute.

Closure Procedures

- Close down internal systems.

£1,500

- To ensure all outstanding matters are dealt with in good time and ensure an orderly case closure.

Details of subcontracted work

The following work, which we or our staff would normally do, has been subcontracted to the parties listed below during the period of the administration. This work was subcontracted as we considered it more cost effective to do so and in certain cases these subcontractors could provide additional skills, knowledge or expertise which our team did not have.

Service provided	Name of firm / organisation	Reason outsourced	Basis of fees
To undertake business rates and service charge review and subsequent recovery	CAPA	Industry expertise	Fixed fee of 15% of recoveries and negotiating/agreeing rent waivers resulting in rent savings
Deployment of agents to retail stores to oversee the day-to-day trading of the store	ERS	Industry expertise	Due to the nature of work required a fee was agreed as a combination of a fixed fee of £250k and a contingent element based on an administration trading surplus and number of weeks the stores were in operation, as per a formal Selling Agency Agreement.
Water rates review and refund recovery	Brownlow	Industry expertise	Fixed fee of 30% of recoveries
To deal with the remaining LTO properties within the Group	PHD	Industry expertise	Fixed fee per property per month

Legal and other professional firms

We instructed the following professionals on this case:

Service provided	Name of firm / organisation	Reason selected	Basis of fees
Legal services, including: Appointment related matters; Advice on ROT claims; Sale of business contracts; Property related matters; Extension of administration; Advice in respect of Guardsman claim; Advice in respect of settlement of sums due from Creation;	<ul style="list-style-type: none"> • Shoosmiths LLP • Fieldfisher LLP • Pythagoras Capital • Gateley Legal 	<ul style="list-style-type: none"> • Industry Expertise • Industry Expertise • Industry Expertise • Industry Expertise 	<ul style="list-style-type: none"> • Time costs and disbursements • Time costs and disbursements • Contingent fee based on asset realisations • Time costs and disbursements

General legal advice.

Chattel agents and valuers	• Hilco	• RICS asset/property valuers with industry expertise	• Contingent fee based on asset realisations
Advice in respect of interchange fee claim	• Henderson & Jones Limited	• Industry Expertise	• Contingent fee based on asset realisations

We required all third party professionals to submit time costs analyses and narrative in support of invoices rendered. We undertook the following steps to review professional firms' costs:

- reviewed amounts charged against the description of work undertaken and the circumstances of the case;
- sought further breakdown of costs and detail of work undertaken where necessary;
- comparisons with upfront budgets;
- reviewed disbursements claimed; and
- dialogues with regards to the work being performed.

We are satisfied that the amounts incurred were reasonable in the circumstances of the case.

Appendix E: Pre-administration costs

At the date of our appointment as Joint Administrators, the unpaid pre-administration costs were as shown below:

Firm	Services	Initial amount unpaid (£)	Amount paid (£)	Balance outstanding (£)
PwC	Administrators-in-waiting	606,943.00	-	606,943.00
Shoosmiths	Sale and purchase agreement and administration planning	178,477.57	178,477.57	-
BDO	Marketing and sale process	30,959.57	30,959.57	-
Hilco	Valuation services	2,051.68	2,051.68	-
Total		818,431.82	211,488.82	606,943.00

In respect of the PwC Joint Administrators-in-waiting costs above, this amount applies to all costs incurred across all entities of the Group on appointment. We have not sought to recover these costs across the estates and they will ultimately be written off.

For further details on these pre-administration costs, please see the Proposals which can be downloaded from www.pwc.co.uk/bluegroup.

Pre-administration costs due to Shoosmiths, BDO and Hilco were approved by the Secured and Preferential creditors on 28 September 2021.

Appendix F: Other information

Court details for the administration:	High Court of Justice Business and Property Courts of England and Wales Insolvency & Companies List (ChD)
Company's registered name:	Blue Group UK Retail Limited
Trading name:	Bensons for Beds
Registered number:	00040754
Registered address:	Level 8, Central Square, 29 Wellington Street, Leeds, LS1 4DL
Date of the Joint Administrators' appointment:	30 June 2020
Joint Administrators' names, addresses and contact details:	<p>Zelf Hussain of PricewaterhouseCoopers LLP, 7 More London, Riverside, London, SE1 2RT from 30 June 2020 to present</p> <p>Peter David Dickens of PricewaterhouseCoopers LLP, 1 Hardman Square, Manchester, M3 3EB from 30 June 2020 to present</p> <p>Yulia Marshall (resigned) of PricewaterhouseCoopers LLP, 7 More London, Riverside, London, SE1 2RT from 30 June 2020 to 8 December 2022</p> <p>Telephone: 0113 289 4000 Email: uk_bluegroup_finalqueries@pwc.com</p>
Extensions to the initial period of appointment:	<p>Extensions approved by the relevant approving bodies on 1 June 2021 for all entities with the exception of PP7 and BGHCO for a period of 12 months to 29 June 2022</p> <p>Extension approved by the relevant approving body on 3 June 2021 for BGHCO for a period of 12 months to 29 June 2022</p> <p>Extension approved by the Court for all Companies for a period of 12 months to 29 June 2023</p> <p>Extension approved by the Court for the Company for a period of 12 months to 29 June 2024</p>
