



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

1 Company details

Company number	0	1	1	7	9	9	6	8
Company name in full	R.H. Smith & Sons (Wigmakers) Limited							

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

2 Administrator's name

Full forename(s)	Jane
Surname	Steer

3 Administrator's address

Building name/number	PricewaterhouseCoopers LLP
Street	8th Floor, Central Square 29 Wellington Street
Post town	Leeds
County/Region	
Postcode	L S 1 4 D L
Country	United Kingdom

4 Administrator's name ①

Full forename(s)	Sarah
Surname	O'Toole

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

5 Administrator's address ②

Building name/number	1
Street	Hardman Square
Post town	Manchester
County/Region	
Postcode	M 3 3 E B
Country	United Kingdom

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

AM10

Notice of administrator's progress report

6 Period of progress report

From date	^d 2	^d 8	^m 0	^m 6	^y 2	^y 0	^y 2	^y 4
To date	^d 2	^d 7	^m 1	^m 2	^y 2	^y 0	^y 2	^y 4

7 Progress report

I attach a copy of the progress report

8 Sign and date

Administrator's
signature

Signature

X

Sotole

X

Signature date

^d 2	^d 4	^m 0	^m 1	^y 2	^y 0	^y 2	^y 5
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AM10

Notice of administrator's progress report

Presenter information

You do not have to give any contact information, but if you do it will help Companies House if there is a query on the form. The contact information you give will be visible to searchers of the public record.

Contact name 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' progress report from 28 June 2024 to 27 December 2024

R.H. Smith & Sons (Wigmakers) Limited
(in administration)

In the High Court of Justice, Business and Property Courts of
England and Wales, Insolvency and Companies List (ChD)
Case no. CR-2024-003794 of 2024

24 January 2025

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Abbreviations and definitions

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

Abbreviation or definition	Meaning
Buyer	NAI Bidco Limited (now operating as Smiffys II Limited), a subsidiary of AD Populum LLC)
BZ / Secured creditor	BZ Commercial Finance Designated Activity Company
Company / Smiffys	R.H. Smith & Sons (Wigmakers) Limited (trading as Smiffys)
COVID-19	Coronavirus Disease 2019
DBT	Department for Business and Trade
DVLA	Driver and Vehicle Licensing Agency
EBITDA	Earnings before interest, tax, depreciation and amortisation
Firm / PwC	PricewaterhouseCoopers LLP
FY	Financial year (Company's year end is 31 March)
Group	The Group, comprising the Company and its subsidiaries, R.H. Smith & Sons BV and Smiffys Inc.
HMRC	HM Revenue & Customs
IA86	Insolvency Act 1986
IP	Intellectual Property
IR16	Insolvency (England and Wales) Rules 2016
Joint Administrators / we / us / our	Jane Steer and Sarah O'Toole
Joint Administrators-in-waiting	Jane Steer and Sarah O'Toole
LTO	Licence to Occupy
LLP	Limited Liability Partnership
NOI	Notice of Intention
First ranking preferential creditors	Creditors with claims defined in IA86 as First ranking preferential debts: These include claims for: <ul style="list-style-type: none">unpaid remuneration earned in the four months before the relevant date of the insolvency up to a maximum of £800, an unlimited amount of accrued holiday pay, unpaid pension contributions in certain circumstances
Secondary preferential creditors	Creditors with claims defined in IA86 as secondary preferential debts to be paid after First ranking preferential debts, if there are sufficient funds These include claims for: <ul style="list-style-type: none">certain HMRC debts owed at the date of insolvency, consisting of VAT and relevant amounts deducted by the Company from payments due to another

	taxpayer and due to be paid over to HMRC (e.g. PAYE, employee NICs and Construction Industry Scheme deductions). Penalties and interest do not form part of HMRC's preferential claim.
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 the administration dated 5 July 2024
PwC China	PricewaterhouseCoopers Consultants (Shenzhen) Limited, Shanghai Branch
R&P	Receipts and Payments
RCF	Revolving Credit Facility
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
Sch.B1 IA86	Schedule B1 to the Insolvency Act 1986
Secured creditors	Creditors with security in respect of their debt, in accordance with section 248 IA86
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: Payment to office holders and their associates from an estate
SIP 16	Statement of Insolvency Practice 16: Pre-packaged sales in administrations
SPA	The agreement for the sale and purchase of the business and assets of the Company dated 28 June 2024 and made between the Company, the Joint Administrators, NAI Bidco Limited and AD Populum LLC
TSA	Transitional Services Agreement
TUPE	Transfer of Undertakings (Protection of Employment) Regulations 2006
Unsecured creditors	Creditors who are neither Secured nor Preferential
US	United States
VAT	Value Added Tax

This report has been prepared by Jane Steer and Sarah O'Toole 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/smiffys. Unless stated otherwise, all amounts in this report and appendices are stated net of VAT.

Jane Steer and Sarah O'Toole 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 writing to update you on the progress of the administration of the Company in the six months since our appointment on 28 June 2024

You can still view our Proposals on our website at www.pwc.co.uk/smiffys. Please get in touch with Sarah Robson on 0113 289 4000 or at uk_smiffys_creditors@pwc.com if you need the password to access the reports.

How much creditors may receive

The following table summarises the possible outcome for creditors, based on what we currently know.

Class of creditor	Current estimate (p in £)	Forecast timing from the date of this report
Secured creditor	100p	Paid
First ranking preferential creditors	N/A	N/A
Secondary preferential creditors	100p	Up to 6 months
Unsecured creditors	Up to 3p	Up to 12 months

Secured creditor

As advised in our Proposals, BZ's final exposure to the Company as at the date of administration was £4.05m and was secured by debentures dated 9 September 2021, 31 March 2023 and 20 May 2023. This security gives BZ fixed charges over all of the Company's debts, intellectual property ('IP') as well as the shares of Smiffys Australia PTY Limited and floating charges over all other assets not subject to a fixed charge. In addition, BZ had personal guarantees from Geraldine Peckett and Ray Peckett (who were Company directors).

During the period of this report, BZ were paid £2.75m relating to the guaranteed debt advance provided by the Buyer as part of their acquisition of the business and assets of the Company. As a result of their fixed charge security over the debtor book, the payment of the debt advance was made directly to BZ on 3 July 2024 from Squire Patton Boggs (UK) LLP on behalf of the Joint Administrators.

This resulted in a final settlement figure outstanding of £1,296,105.27 which was paid to BZ on 10 July 2024.

First ranking preferential creditors (employees)

We are not expecting that there will be a liability owed to first ranking preferential creditors based on the fact that all employees were transferred to the Buyer on our appointment, other than the nine employees which entered settlement agreements.

Based on the above, we don't think there will be any dividend for first ranking preferential creditors.

Secondary preferential creditors (HMRC)

We think we'll be able to pay the Secondary preferential creditors in full based on what we know currently. We have received an interim claim from HMRC. We will continue to liaise with HMRC regarding their final claim. We anticipate that we will be able to pay Secondary preferential creditors within the next six months, subject to receipt of the final claim being received from HMRC.

Unsecured creditors

We think the Company's Unsecured creditors, which we estimate totalling £15.28m, will receive a dividend of up to 3%, including from the Prescribed part, based on what we know currently. The amount of any dividend and when it would be paid are dependent on the final level of admitted claims (importantly including that of the Secondary preferential creditors), future realisations and administration costs.

What you need to do

If you haven't already done so, please send your claim to us so that we can agree it in principle. Our preferred method for creditors to submit claims and supporting documents is via the Turnkey (IPS) online portal, as this is the most efficient and cost effective way for us to deal with your claim and also allows you to better track its status, so we recommend the use of the online portal for claim submission. If you were listed as a creditor on the directors' statement of affairs, your unique login details will have been sent to you by post.

If you did not receive a letter, please make a request on uk_smiffys_creditors@pwc.com, providing your full name and correspondence address.

We may decide that some or all creditors who are owed £1,000 or less by the Company won't be required to submit a proof of debt in order to receive the anticipated dividend payment.

A creditor who we decide is not required to submit a proof of debt will be notified when we deliver notice of our intention to pay a dividend of the amount we'll treat as their admitted debt for the purpose of the dividend, unless the creditor advises us that the amount is incorrect (in which case a proof of debt will be required) or not owed.

Please note that should you wish to vote in relation to any decision procedure during the administration or object to a decision sought by deemed consent, you'll need to submit a proof of debt, even if one is not required for dividend purposes.

Overview of what we've done to date

You'll remember from our Proposals that when we were appointed, the position of the Company was as follows:

- The Company was incorporated in 1894, initially operating as a wigmaker, the Company transitioned into the manufacture and retail of fancy dress costumes and party products. The business is family-owned, having been acquired by the Peckett family in 1974, and has been through two generations of the family. The Company's head office was located in Leeds, with back office functions in the UK and operations across three continents, including third-party logistics warehouses in China, the US, and Poland, as well as a warehouse in Gainsborough, UK.
- Smiffys operated under the brands "Smiffys" and "Chasing Fireflies" (exclusively in the US). Its primary customers were independent retailers across the UK and EU, accounting for around 50% of sales. The Company also supplied large national retailers, sold via Amazon, and directly to consumers through its website and five UK retail stores located in Leeds (two stores), Oxford, Liverpool, and Newcastle. It also has two international subsidiaries: R.H. Smith & Sons BV in the Netherlands and Smiffys Inc in the US, both of which have limited assets and trade. Additionally, there is a sister Australian entity, Smiffys Australia PTY, which sits outside of the Smiffys Group.
- The Company's financial performance was adversely impacted by the COVID-19 pandemic, resulting in a £5.7m operating loss in FY21 and a marginal operating profit of £0.1m in FY22. Despite a strong order book in FY23, the Company made an operating loss of £3.7m due to global supply chain pressures and increased freight and shipping costs. The late delivery of Halloween stock led to excess stock and pressured the Company's working capital, negatively impacting cash flows. In FY24, the Company recorded an operating loss of £0.40m.
- In September 2021, the Company refinanced its borrowing facilities from National Westminster Bank PLC to BZ Commercial Finance Designated Activity Company ("BZ"), with the facilities due to expire on 31 March 2024. The Company had a significant seasonal working capital requirement, peaking between June and October, primarily financed through an invoice discounting facility and a Revolving Credit Facility ("RCF") provided by BZ. BZ confirmed it was not able to extend or renew the facilities, leading the directors to engage PwC in October 2023 to identify alternative lenders. Despite approaching eleven lenders, the refinancing process did not secure sufficient funding. Concurrently, PwC approached 36 parties (trade and financial) to explore alternative capital investment options, including minority equity investment and business partnerships, but these efforts also failed to secure the necessary liquidity. At the date of administration, the amount owed to BZ was £4.05m.
- Ultimately, the directors determined that the Company was unable to pay its debts and filed a Notice of Intention ('NOI') to appoint administrators on 30 May 2024. PwC reapproached trade parties, leading to negotiations with two interested trade parties.
- On 28 June 2024, Jane Steer and Sarah O'Toole were appointed as Joint Administrators, and the business and assets were sold to NAI Bidco Limited (the "Buyer") in a pre-packaged sale, one of the two trade parties who entered into negotiations. The sale included the transfer of 142 employees under TUPE, with nine employees, including the directors, entering settlement agreements and not transferring under TUPE.
- The pre-packaged sale was deemed the best outcome for creditors, providing better value than the break-up value of the Company's assets, ensuring upfront cash payment, and minimizing holding costs. The sale also guaranteed a debtor collection of £2,750,000 and retained employment for 142 employees, mitigating preferential and Unsecured creditor claims. The Secured creditor, BZ, supported the transaction, and it resulted in a better consideration than initial offers presented by the two interested trade parties and therefore a better outcome for creditors.

As outlined in the Proposals, we believe that the pre-packaged sale achieved the best outcome for creditors as a whole for the following reasons:

- A pre-packaged sale to the Buyer generated better value for creditors of the Company than the break-up value of the assets of the Company;
- The pre-packaged sale provided more certainty of value recovery for creditors on the basis of up front cash payment and minimised holding costs that would have been incurred during a sale of assets on a break-up basis;

- The pre-packaged sale offered a guaranteed collection of the debtor of £2,750,000, with the continued trade of the business also expected to improve the debtor collection returns going forward;
- The Secured creditor supported the transaction;
- The sale resulted in the transfer of 142 employees to the Buyer thereby both retaining employment and mitigating First ranking preferential and Unsecured creditor claims; and
- The competitive tension generated by this strategy resulted in a better consideration than the initial offers presented and therefore a better outcome for creditors.

The post appointment strategy adopted has focused on the core asset excluded from the Sale & Purchase Agreement ("SPA"), the debtor book. In addition, the core work has been in relation to dealing with post appointment matters, particularly providing the Licence to Occupy ("LTO") for the properties and critical services under the Transitional Service Agreement ("TSA") to the Buyer, which was a requirement to agreeing the pre-packaged sale.

We remain in office to finalise the asset realisations, conclude the matters surrounding the LTO and make distributions to Secondary ranking preferential and Unsecured creditors. After all of these are concluded, we will take steps to close the administration, after which the Company will be dissolved.

We expand on our progress to date on the above matters in the next section.

Progress since we last reported

Sale of business and assets and related costs

Pre-packaged sale of part of the Company's business and assets

Immediately following our appointment, we completed the sale of the business and some of¹ the assets of the Company to the Buyer in a pre-packaged sale. The consideration for this was made up of non contingent consideration of £4.0m. The cash consideration to acquire the business is split as follows:

Assets	£
<u>Assets subject to fixed charge</u>	
Goodwill / Intellectual property	1,250,000
Intercompany Debtor	200,000
<u>Assets subject to floating charge</u>	
Inventory	2,450,000
Chattel Assets	99,998
Customer contracts	1
Seller's Records	1
Total cash consideration	4,000,000

Employees

The sale of the business and assets of the Company included the transfer of the 142 employees of the Company to the Buyer under TUPE. Nine employees, including the directors, entered into settlement agreements which had the effect of terminating their employment status with the Company immediately after the Company entered into administration but prior to the transaction. As a result, these employees did not transfer under TUPE.

Accordingly, no First ranking preferential or unsecured claims against the Company with respect to employees have been received to date, and none are expected.

Other assets

The Buyer also acquired the option to purchase the shares of either or both of the Company's subsidiaries; Smiffys Inc and R.H Smith & Sons BV. This option was for consideration of £1 with a requirement that it should be exercised within three months of the transaction date. These entities are in net liability positions and were considered to be of no value on a standalone basis given their reliance on the UK Company, on this basis no valuation was deemed to be required for the shares in these entities.

The Buyer exercised the option to purchase the share capital of R.H. Smith & Sons BV for £1 and completion of this transaction took place on 29 August 2024. The Buyer has not exercised the option to purchase Smiffys Inc. The Buyer made a contribution to costs incurred by the Joint Administrators of £22,674 to assist with the transaction and this is shown in the receipts and payments ("R&P") account at Appendix A.

LTO, TSA and contribution to other costs

Leasehold properties and LTO

At the date of appointment, the Company was a party to ten property leases in the UK across nine locations. As part of the sale of the business and assets of the Company, LTOs were required to be granted to enable the Buyer to negotiate their ongoing occupation with the respective landlords.

LTOs were granted for a period of six months for all ten property leases, including; the five retail stores, the Gainsborough warehouse (split across two leases and which is a bonded warehouse), Leeds head office, Gainsborough office and a storage unit.

¹Details regarding the amounts paid in respect of Excluded assets, including the debtor book, are set out in the following sections

Post appointment, we have provided assistance to the Buyer and have dealt with the management of the properties under LTO. We will continue to provide assistance and manage the properties that remain under LTO until the leases are assigned, the properties are vacated by the Buyer (and accordingly the properties are terminated from the LTO), or the LTO expires.

The core activities involved within this workstream include the collection of licence fees from the Buyer, the collection and review of invoices from landlords in order that rent, service charges and other applicable costs (e.g. insurance) and dealing with other queries received from the relevant landlords in relation to the Administration process or management of their property. We have attempted to contact all known landlords to facilitate this process and have to date made payments to landlords totalling £397,082.91 (inclusive of VAT). These payments are fully funded by the Buyer through the LTO mechanism and are reflected accordingly in the R&P account in Appendix A.

In addition to those leases which were subject to LTO, the Company was party to an additional two leases, a flat in Barnet and an office in China. These leases were surrendered immediately on appointment.

As at 27 December 2024, we have offered to surrender the leases of eight properties. Two of these were not subject to a LTO and as mentioned above, were surrendered immediately on appointment. The remaining six properties were vacated by the Buyer and terminated from the LTO. The LTO was due to expire on 27 December 2024, however there are currently four properties that remain under the LTO. The Buyer has requested a one month extension in relation to the Gainsborough office, and a two month extension in relation to the Gainsborough warehouse (across two leases) and the Leeds head office. We have assisted the Buyer with this and the LTO extensions have been put in place, which are now due to expire on the 28 January 2025, and 28 February 2025 respectively. During the extended LTO period, we have and will continue to collect licence fees from the Buyer and pay ongoing rent, service charge, rates and utilities from the appointment until the remaining LTOs are terminated.

The Buyer has agreed to pay the legal costs incurred in relation to the extension of the LTO for these properties. This will be received from the initial reserve (see below), however as at the time of reporting this has not yet been transferred and therefore these costs are not presented in the R&P account in Appendix A.

TSA

The Buyer required the continued provision of a limited number of services (i.e. critical IT infrastructure) following the completion of the Sale in order for the Buyer to operate. The Company agreed to provide the Buyer with these services under a TSA, for a period of up to three months to allow the Buyer to enter into new agreements with the suppliers.

We have performed the following tasks and activities in relation to the TSA following our appointment, including, making contact with the respective suppliers, notifying them of the Joint Administrators appointment and providing confirmation of the TSA in place, the collection and review of invoices from the suppliers, processing of payments, and maintaining communication with suppliers in dealing with other queries received in relation to the TSA process and creditor claims.

There were a total of 16 supplies whose services were required under the TSA. We have made payments to these suppliers totalling £100,854.31 (exclusive of VAT) for the services provided, with all funds provided by the Buyer in advance of payments being made by the Joint Administrators.

Services under the TSA were novated or terminated by 27 September 2024, with the exception of the duty deferment account which was extended until 8 November 2024 to allow the Newco to finalise its own arrangements.

The Company operated a bonded warehouse facility, with duty deferment, at their Gainsborough property which the Buyer required to remain in operation after completion of the transaction. On appointment, HMRC were unable to confirm that the Company could continue to use its own duty deferment facility. As such, it was agreed with the Company's incumbent third party logistics provider that their duty deferment facility would be used and their services would be supplied under the TSA. The Buyer committed to pay the duty liability on the inventory, with the Administrator retaining an initial cash reserve which is designed to be set off against the potential duty liability.

In November 2024, the Buyer entered into a new agreement with the third party logistics provider for the provision of duty deferment services and received the necessary authorisations from HMRC to allow the Buyer to operate the bonded warehouse. From this point in time, any further duty liability arising on the sale of stock will be payable by the Buyer.

As at 27 December 2024, there remains a duty balance which will be payable by us which is in the process of being reconciled with the supplier. However this will have no impact on the estate as this will be payable by the Buyer as described above.

Following the end of the TSA, there remains a number of suppliers that are yet to submit invoices for the services provided during the period. We have written to all suppliers to advise them that the TSA has ended and requested that they provide us with any outstanding invoices covering the period of the TSA that remain unpaid.

As part of the TSA, the Buyer was contracted to pay an additional contribution to our costs for the administration of the TSA, being 20% of the external costs. This contribution to our costs totaled £28,800.27 and is presented in the R&P account in Appendix A. As mentioned above, the Buyer required the provision of a TSA following completion of the sale in order to allow necessary operations to continue. The contribution to our costs will not have covered the total time spent managing the TSA, however the transaction still resulted in the best outcome for creditors as a whole notwithstanding the additional costs associated with our delivery of the TSA.

Initial cash reserve

The Joint Administrators retained an additional fund of monies from the Buyer totalling £0.50m (in addition to the £2.75m debtor advance), designed to cover potential liabilities owed by the Buyer in respect of duty liabilities, LTO, TSA and other costs which are costs to be borne by the Buyer. The initial reserve was received across three currencies (Pound Sterling, US Dollar and Euros) in line with the debtor receipts.

Any residual balance remaining from the initial reserve will be returned to the Buyer once all final liability positions have been agreed.

Realisation of assets excluded from the SPA

Debtor book collection

The Company operated an invoice discounting facility with BZ, which secured its lending by way of an invoice discounting agreement with a debenture created on 31 March 2023, incorporating fixed and floating charge security.

On appointment, the outstanding trade debtor ledger was £6.6m. The debtors of the Company were excluded from the transaction and therefore remain an asset of the estate (after the liabilities to BZ were discharged).

As part of the SPA, the Buyer will collect debtors on behalf of the Joint Administrators and as part of the transaction provided a £2.75m non refundable debtor advance to the Joint Administrators, accompanied by an agreed waterfall of proceeds from the subsequent collection of cash from the debtors. This arrangement ensured a guaranteed minimum level of debtor collections and reduced uncertainty regarding the level of debtor collection that could be achieved by the Joint Administrators. In addition, the continued trade of the business as a going concern is expected to improve the level of debtor collection, versus a closure scenario.

The Buyer will receive a commission for collecting the debtor book; for all receipts above the £2.75m debtor advance up to £3.50m, the Buyer will receive a fixed commission (the details of which are provided in Appendix C of our Proposals). Debtor collections in excess of £3.50m will be paid to the administration with the Buyer earning a 50% commission.

The Buyer provides the Joint Administrators with a monthly update on the value of Debtor collections in the month and the cumulative total. During the period to 30 November 2024, the Buyer has collected a total of £4.9m which has been reconciled. The estimated collection for the remaining 27 days to period end is £0.2m, however this is subject to month end reconciliation process. The value of debts collected above £3.50m (net of commission) has not yet been remitted to the Joint Administrators and therefore is not presented in our R&P account in Appendix A.

The Buyer is still in the process of collecting book debts and therefore we expect further collections beyond what has already been achieved, however we are not able to give an estimate of the final level of debtor collections.

Leased assets

On appointment, the Company owned a number of vehicles that were subject to either a lease or hire purchase arrangement. There were a number of vehicles which the Buyer wanted to keep; novation agreements for these vehicles have been agreed and these leases have now been transferred to the Buyer. The vehicles that were no longer required by or, or the Buyer, were returned to the respective finance providers. One vehicle is still in the process of being novated to the Buyer at their expense and is currently being funded by the Buyer.

During the period, one of the vehicles subject to a hire purchase arrangement was returned to the finance provider, Mercedes-Benz Financial Services UK Limited. The vehicle was subsequently sold and, after deducting the outstanding settlement amount of £24,230.21 and service costs of £749.47 (exclusive of VAT), the balance of funds totalling £11,020.32 were paid into the administration account. A further hire purchase vehicle was sold, generating net proceeds of £4,207.15.

Cash at bank

We said in our proposals that the Company had cash at bank across currencies of the following:

Currency	Local Currency Balance at Appointment
EUR	13,973.30
USD	2,406.98
GBP	64,437.23
AUD	403.30

After completion and release of our Proposals document, and as part of the review of the debtors collection process, it was identified that the initial cash balance included cash in transit related to direct debit debtor collections and therefore was incorrectly identified as day one cash at bank. Adjusting for this, the actual cash balance at appointment once converted to GBP was £39,136.69, including £1,067.43 of petty cash from stores.

Other post-appointment activity

IT equipment

There were a number of items of IT equipment, namely laptops, on hire purchase agreements, for which the Buyer negotiated with the finance provider to purchase these assets which was agreed in September 2024.

Sundry debts and refunds

The Joint Administrators were made aware of a refund due to the Company following the cancellation of a health insurance policy which had been prepaid, which resulted in a refund of £10,141.33 which was subsequently received into the administration account.

We also received refunds totalling £555.40 from the Driver and Vehicle Licensing Agency (“DVLA”) in relation to road tax refunds following the return of a number of motor vehicles to the leasing company.

The sum of these realisations can be seen in the “Sundry debts and refunds” category in our R&P account in Appendix A.

Bank Interest

During the period, we have accrued £56,849.93 of bank interest, which is presented in our R&P account in Appendix A.

Distribution to Secured creditor

We completed a distribution to BZ, the Secured creditor, that has now been repaid in full. This was split across two payments, with an initial payment of £2.75m paid by Squire Patton Boggs (UK) LLP on behalf of the Joint Administrators on 3 July 2024 and the remaining £1.30m having been paid to BZ on 10 July 2024.

Creditors meeting

Following issuing our Proposals dated 5 July 2024, where we requested that our Proposals be approved by deemed consent. We received requests from a number of creditors objecting to approval by deemed consent and requesting a meeting be held to approve the proposals, including a request for a physical meeting. We convened a creditors meeting on 21 August 2024 during which the Proposals were approved by vote and it was established that a creditor committee would not be convened, again by vote.

Connected party transactions

To date, no assets have been disposed of by the Administrators to a party (person or company) with a connection to the directors, shareholders or Secured creditor of the Company or their associates and the Administrators are therefore not seeking approval from creditors to make a substantial disposal to a connected person.

Statutory and compliance

VAT

On our appointment, the Company was VAT registered. We therefore prepared and submitted a VAT return for the pre-appointment period 1 April 2024 to 27 June 2024.

We have also prepared and submitted the post-appointment VAT return for the period 28 June 2024 to 30 September 2024, with the VAT payment due to HMRC in the amount of £23,758.12 paid from the administration estate.

We will continue to comply with our VAT obligations until such time as it is appropriate to deregister for VAT.

Tax

We are in the process of preparing pre-appointment tax returns for the year ended 31 March 2024 and the period to 27 June 2024.

We will also be required to comply with our ongoing statutory obligations and prepare post-appointment tax returns on behalf of the Company. Further updates will be provided in our future progress reports to creditors.

Approval of our proposals

We issued to creditors our Proposals for achieving the purpose of administration dated 5 July 2024.

Creditors approved our Proposals without modifications at a meeting on 21 August 2024.

Statement of affairs

At the time our Proposals were issued, we had not received a statement of the Company's affairs from the directors. We confirm this has now been received and a copy of the statement of affairs dated 30 July 2024 has been filed at Companies House.

We received the statement of affairs of the Company on 30 July 2024. It was signed by Elliott Peckett (a director of the Company). As required by law, it included details of the names, addresses and debts of creditors (including details of any security held), other than, if applicable, employees and former employees of the company and consumers claiming amounts paid in advance for the supply of goods and services.

Our comments on the statement of affairs received are:

- As is normal in a statement of affairs, there is no provision for the costs of realising the Company's assets or the costs of the administration.
- We haven't audited the information.
- The statement of affairs stated that £81k was the Company's pre appointment cash at bank. Following further review, it was identified that of the £81k identified as pre-appointment cash this was overstated as a result of cash in transit relating to a direct debit collection of Company debtors, and therefore the difference is reflected in debtor collection. The pre-appointment cash at bank has been identified to be £39k and we do not anticipate further realisations from this source.

Investigations and actions

We have prepared and submitted a director conduct report for the Company to the DBT in the period covered by this report.

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 receipts and payments account

We set out at Appendix A an account of our R&P in the administration from 28 June 2024 to 27 December 2024.

Our expenses

We set out at Appendix B a statement of the expenses we've incurred to the date covered by this report and an estimate of our future expenses.

The statement excludes any potential tax liabilities that we may need to pay as an administration expense in due course because amounts due will depend on the position at the end of the tax accounting period.

Our fees

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

Pre-administration costs

You can find at Appendix D 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. This information can also be found in the guide to fees at:

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

You can also get a copy free of charge by telephoning Sarah Robson on 0113 289 4000 or by emailing at uk_smiffys_creditors@pwc.com.

What we still need to do

We still need to do the following in the administration:

- Deal with the final leased vehicle;
- Finalise debtor book realisations and carry out a reconciliation of funds with the Buyer;
- Conclude property related and LTO matters;
- Finalise our reconciliation of supplier payments under the TSA and make any outstanding payments due for the relevant period;
- Obtain approval of our fees from the general body of creditors;
- Adjudicate claims and make dividend payments to the Secondary preferential creditors and Unsecured creditors (where applicable);
- Submit quarterly VAT returns;
- Submit a final VAT return and deregister for VAT once asset realisations have concluded;
- Submit pre and post-appointment tax returns;
- Conduct six monthly case reviews;
- Deliver a final progress report to creditors and the Registrar; and
- Closure of systems and bank accounts.

Future dividends for creditors

We have provided an estimate of the amount and likely timing of the payment of dividends to the Secondary preferential and Unsecured creditors in the Key Messages section at the beginning of this report. As noted earlier in this report, the timing of the distribution to Secondary preferential creditors will be dependent on receipt of the final

Secondary preferential creditor claim from HMRC. Once the final Secondary preferential creditor claim has been agreed, we can begin the process of making a distribution to Unsecured creditors.

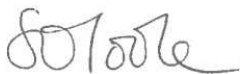
Next steps

We are currently considering the best strategy for ending the administration, taking into account the outstanding matters that we need to deal with, as mentioned above. We'll provide an update on this in our next report.

We expect to send our next report to creditors at the end of the administration or in about six months, whichever is sooner.

If you've got any questions, please get in touch with Sarah Robson on 0113 289 4000.

Yours faithfully
For and on behalf of the Company

A handwritten signature in black ink, appearing to read 'S O'Toole', written in a cursive style.

Sarah O'Toole
Joint Administrator

Appendix A: Receipts and Payments

Receipts and Payments account for the period from 28 June 2024 to 27 December 2024

Statement of Affairs

£

LTO account	Note	£
Receipts		
LTO funding		600,969.00
Total receipts		600,969.00
Payments		
LTO rent		(327,742.85)
LTO service charge		(20,084.37)
LTO insurance		(27,455.98)
LTO utilities and rates		(21,799.71)
Total payments		(397,082.91)
Net LTO receipts/payments		203,886.09
TSA account		
		£
Receipts		
TSA funding	8	146,883.09
Funds held relating to TSA fees		28,800.27
Total receipts		175,683.36
Payments		
Costs relating to services required as per the TSA		(100,854.31)
Total payments		(100,854.31)
Irrecoverable VAT in respect of TSA funds	5	(18,082.02)
Net TSA receipts/payments		56,747.03
Initial cash reserve account		
		£
Receipts		
Initial cash reserve		170,323.44
Total receipts		170,323.44

Payments

Refundable duty advance to cover duty deferment account under the TSA		(50,000.00)
Contribution to costs relating to customs duty		(22,674.20)
Contribution to costs relating to sale of B.V.s		(5,934.63)
Total payments		(78,608.83)

Net initial cash reserve receipts/payments		91,714.61
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Main account

Statement of Affairs

£			£
<u>Assets subject to fixed charges</u>			
Receipts			
2,750,000.00	Debtor ledger	2	-
200,000.00	Australian debtor ledger		200,000.00
1,250,000.00	Goodwill and intellectual property		1,249,998.00
Total receipts			1,449,998.00
Payments			
(4,046,105.00)	Distribution to BZ		(1,296,105.27)
Total payments			(1,296,105.27)
Net fixed charge realisations			153,892.73
<u>Assets subject to floating charges</u>			
Receipts			
2,450,000.00	Stock		2,450,000.00
100,000.00	Plant & Machinery		100,000.00
	- Motor vehicles		40,207.15
	- Contracts		1.00
20,838.00	Sundry debts and refunds		10,696.73
	Records		1.00
	Settlement agreement funding		326,340.00
	Bank interest gross		56,849.93
81,672.00	Cash in hand	3	39,136.69
	Contribution to costs relating to the TSA	8	0
	Contribution to costs relating to customs duty		5,934.63
	Contribution to costs relating to sale of B.V.s		22,674.20
Total receipts			3,051,841.33

Payments	
Legal fees and expenses	(58,468.20)
Vehicle finance settlement	(24,230.21)
Statutory advertising	(99.00)
Property / Asset expenses	(749.47)
Customs duty	(5,934.63)
Payments required as per Settlement Agreement	(326,111.12)
Transaction costs	(3,500.00)
Total payments	(419,092.63)

Net floating charge realisations	2,632,748.70
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Net fixed/floating charge realisations	2,786,641.43
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VAT control account	14,056.43
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Funds held in an interest bearing Barclays account	2,800,697.86
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USD account \$

Assets subject to fixed charges

Receipts

Initial cash reserve	94,536.51
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Total receipts	94,536.51
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Payments

Total payments	-
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Net initial cash reserve	6	94,536.51
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EUR account €

Assets subject to fixed charges

Receipts

Initial cash reserve	319,591.21
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Total receipts	319,591.21
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Payments

Debtor funds due to the Buyer	(13,804.89)
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Total payments	(13,804.89)
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Net initial cash reserve	6	305,786.32
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Notes to the R&P

1. Amounts shown exclude VAT. Funds currently held may include monies due to (or from) HMRC.
2. The statement of affairs showed a "Debtor ledger" balance of £2.75m. The transaction included a guaranteed level of debtor collection of £2.75m from the Buyer, which was realised and paid directly to BZ on 3 July 2024 from Squire Patton Boggs (UK) LLP on behalf of the Joint Administrators. As the funds were not received into the Joint Administrators account no realisation has been reflected on the receipts and payments account.
3. The statement of affairs showed "Cash in hand" of £81,672.00, across multiple currencies, however following further review this balance was identified to be £39,136.69 as a result of cash in transit relating to direct debit collection of debtor payments.
4. Funds are held in interest bearing accounts with Barclays Bank Plc.
5. The VAT paid in respect of the payments made to the suppliers on the TSA schedule is irrecoverable, however all TSA costs were paid gross by the Buyer and therefore any irrecoverable VAT has a net nil impact on the estate.
6. Funds have been held in different currencies because of the international trade of the Company, with the funds at appointment held in multiple currency accounts. Debtor receipts from the Secured creditor were in foreign currencies and have been kept in their relevant currencies. All foreign currency balances will be translated once debtor collection and payment matters have been concluded.
7. There have been no payments made to us, our firm or our associates in the period covered by this report.
8. The Buyer contribution to TSA costs presented in the TSA account will be available to the estate, and will not be returned to the Buyer as part of any TSA surplus. As at the time of the report, the funds have not been transferred to the main estate account.

Appendix B: Expenses

Expenses are amounts properly payable by us as administrators from the estate, but excludes 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	SIP 9 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 general body of creditors) also has the responsibility for agreeing the basis for payment of Category 2 expenses.

The rate for services provided by the 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 (£)
2	PwC	Photocopying - up to 20 pence per side copied, only charged for circulars to creditors and other bulk copying.	515.00
2	PwC	Mileage - At a maximum of 80 pence per mile (up to 2,000cc) or 64 pence per mile (over 2,000cc) for petrol/diesel/hybrid; at a maximum of 72 pence per mile for fully electric and at a maximum of 12 pence per mile for a bicycle	-
2	PwC China	Timecosts - in relation to Chinese creditors, the creditors meeting, translation and closure of the Chinese representative office.	42,000.00
1	Other	Hotel	187.50
1	Other	Rail	353.66
1	Other	Subsistence	122.44
1	Other	Postage	2,560.67
1	AoN	Bonding	225.00
Total			45,964.27

We will seek approval for Category 2 expenses as set out above in due course.

The tables below provide details of all the expenses incurred in the administration:

GBP

Nature of expenses	Expenses incurred in the period under review (£)	Estimated future (£)	Anticipated total (£)	Initial estimate (£)	Variance (£)
Pre-administration expenses	(171,437.92)	-	(171,437.92)	(171,437.92)	-
Administrators' disbursements (3)	(45,964.27)	(500.00)	(46,464.27)	(50,130.52)	-
Legal fees and expenses	(78,390.70)	(15,000.00)	(93,390.70)	(93,390.70)	-
Vehicle finance settlement (5)	(24,230.21)	-	(24,230.21)	(24,230.21)	-
Statutory advertising	(99.00)	(99.00)	(198.00)	(198.00)	-
Vehicle expense in relation to the sale of assets (5)	(749.47)	-	(749.47)	(749.47)	-
Insurance	(8,511.39)	(25,256.61)	(33,768.00)	(33,768.00)	-
Transaction costs (6)	(3,500.00)	-	(3,500.00)	(3,500.00)	-
Total expenses	(332,882.96)	(40,855.61)	(373,738.57)	(377,404.82)	-

Notes to the expenses table

1. The Joint Administrators have made various payments from the estate including payments required as per the LTO, TSA and settlement agreements. These payments have been funded by the Buyer and the funds have been advanced to the Joint Administrators prior to the payments being made. These payments are therefore not classed as expenses of the administration and so are not included in the expenses table above. You can see amounts paid during the period in the relevant receipts and payments accounts in Appendix A. There is a net nil effect on the estate and no impact to creditors as any amounts held after all costs have been settled will be returned to the Buyer.
2. Irrecoverable VAT has not been included in the expenses table. This relates to the funding received from the Buyer under the TSA which were accounted for as a gross amount on receipt, whereas VAT should have been applied. The VAT amount is therefore irrecoverable. As confirmed above, any TSA expenses have been funded by the Buyer therefore, there is a net nil effect on the estate and subsequently no impact to creditors.
3. Payments made in respect of customs duty were also made from funds advanced by the Buyer and so these are not classed as expenses payable by the Joint Administrators. The contribution to duty payments and the respective payment can be found in the receipts and payments account at Appendix A.
4. Administrators' disbursements incurred in the period includes £42k for assistance provided by PwC China in relation to Chinese creditors, the creditors meeting, translation and closure of the Chinese representative office. No payment to PwC China has currently been made in respect of the costs incurred. The estimated future Administrators' disbursements have been estimated at £500. These are likely to include future postage and photocopying costs if applicable.
5. The vehicle finance settlement and the vehicle expense arose following the sale of one of the Company directors' vehicles and were paid from the sale proceeds. The balance of the sale proceeds were remitted to the administration account.
6. The transaction costs incurred in the period relate to professional advisor costs incurred in obtaining advice in relation to the directors' settlement agreements.
7. The table excludes any potential tax liabilities that we may need to pay as an administration expense because amounts becoming due will depend on the position at the end of the tax accounting period.
8. The table should be read in conjunction with the receipts and payments accounts at Appendix A, which shows expenses actually paid during the period and the total paid to date.

Appendix C: Remuneration update

During the period covered by this report, we have determined that our fees will be on a time costs basis. It will be the responsibility of the general body of creditors to approve our fees. We have prepared our remuneration report to creditors to seek approval of our fee basis which will be made available to creditors on our website at the same time as this progress report.

Payments to associates

No payments have been made to associates or any party who could reasonably be perceived as an associate during the period of this report. Relevant parties have been chosen due to their specific area of expertise or technical knowledge and payments to those parties based on standard commercial terms.

As referenced earlier in this report, £42k in time costs have been incurred by PwC China for assistance that has been provided in relation to Chinese creditors, the creditors meeting, translation and closure of the Chinese representative office. No payment to PwC China has currently been made in respect of the costs incurred.

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">Opening post appointment bank accounts and closing pre appointment bank accountsDealing with receipts, payments and journals, not relating to tradingCarrying out bank reconciliations	<ul style="list-style-type: none">Undertaking statutory accounting duties.Proper stewardship of funds on behalf of the creditors.	<ul style="list-style-type: none">Ensuring good stewardship of funds held on behalf of creditors.
Assets		
Sale of Business and Assets	<ul style="list-style-type: none">To ensure returns to creditors are maximised.	<ul style="list-style-type: none">To recover the maximum value of assets.The work that has been completed is in line with the SPA. The sale of the business and assets maximised the potential asset realisations relating to the Company. The continued work involved with the SPA has been required as a result of the sale transaction.
<ul style="list-style-type: none">Completed the sale of the business and assets of the Company immediately following the appointment. The consideration for the sale included non-contingent consideration of £4m.Reviewed and executed transaction documentation, including the SPA, TSA and LTOKept internal records to forecast and track the costs associated with delivering the transactionLiaised with the PwC tax team regarding tax compliance associated with the transactionSupported the Buyer with post-sale matters as agreed within the SPA or for additional value as agreed between the parties, including providing the TSA and LTO. (See below)		
Licence to Occupy ('LTO')		
<ul style="list-style-type: none">Surrender of two properties not retained under the LTOManaging 10 property leases under the LTO including undertaking management and payment of rent and utilitiesAgreeing the surrender of the lease and agreeing the novation of 6 leases under the LTOAgreeing and executing an extension to the LTO, covering four leases at the request of the BuyerFour properties remain on the LTO which have been extended for up to two months, which we will continue to manage these properties until they no longer remain under the LTO		

- The collection and review of invoices from landlords in order for rent, service charges and other applicable costs such as insurance, and payment of invoices
- Dealing with other queries received from the relevant landlords in relation to the Administration process or various aspects of the management of their property.
- The collection of licence fees from the Buyer
- **Transitional Services Agreement ('TSA')**
- Contacting 16 suppliers who were required to continue to provide services under the TSA
- Dealing with other queries received from the relevant suppliers in relation to the Administration process or their ongoing supply
- We have written to all final suppliers as a final reminder requesting for unpaid invoices for services provided during the TSA period to be submitted imminently
- The collection and review of invoices from suppliers in order for applicable supply costs and payment of invoices
- Agreeing the novation of supply with suppliers under the TSA to the Buyer
- Agreeing and contracting the extension of the TSA period
- Contacting the remaining suppliers to end their supply at the period of the TSA period
- **Debtors**
- Reviewed and assessed the outstanding debtor ledger representing invoiced debt of £6.6m
- Managed the collection of debtor books undertaken by the Buyer, including receiving a non-refundable debtor collection advance of £2.75m
- **Cash at bank**
- Arranged the transfer of cash at bank to post-appointment administration accounts
- **Insurance**
- Identifying potential issues requiring attention of insurance specialists
- Reviewing the Company's insurance binding arrangements
- Correspondence with insurers regarding initial and ongoing obligations arising under the binding arrangements
- **Third party assets**
- Liaising with owners/lessors

- Carrying out tasks associated with terminating leases of hire purchase items and novating agreements where appropriate
- Collection of realisations from hire purchase assets

Prepayments

- Collection of refunds in relation to prepayments

Creditors

- Communication with the Secured creditor
- Making a distribution to the Secured creditor
- Setting up a dedicated website for delivery of initial and ongoing communications and reports
- Receiving and following up to creditors enquiries via telephone, email and post
- Reviewing and preparing correspondence to creditors and their representatives
- Notifying all creditors of the appointment
- Preparation for and holding a meeting of creditors
- Liaising with HMRC to obtain their Secondary preferential claim in the administration for adjudication

Investigations

- Collecting Company books and records where related to investigatory work
- Responding to inbound investigation questionnaire
- Reviewing books and records
- Reviewing specific transactions and liaising with key Company staff and directors regarding certain transaction
- Preparing investigation files and lodging findings with the DBT.

Statutory and compliance

- Preparing and issuing all necessary initial letters and notices regarding the administration and our appointment
- Preparing and issuing the Joint Administrators' proposals along with a statement in accordance with Statement of Insolvency Practice 16
- Collecting Company books and records where not related to investigatory work

- Capturing data from the Company's electronic records including accounting software and email files to systems under the Joint Administrators' control.
- Preparing the first progress report
- Filing of documents
- Updating checklists and diary management system
- Conducting case reviews after the first month and then every six months

Strategy and Planning

- Completing tasks relating to job acceptance
- Holding internal meetings to discuss ongoing progression of outstanding case matters and wider case strategy
- Reviewing budgets and forecasts for different work streams in the administration
- Work is required by statute and for the proper management of the case.
- To ensure proper management of the administration

Tax and VAT

- Preparation and submission of a VAT return to HMRC for a pre appointment VAT reporting period of 1 April 2024 to 27 June 2024
- Gathering information for the initial VAT and Tax reviews
- Carrying out a review of the Company's VAT position and making subsequent enquiries as appropriate
- Filing post appointment VAT return for period 28 June 2024 to 30 September 2024.
- Payment of duty liabilities under the duty deferment account under the TSA
- Work is required by statute
- Ensures the correct amount of tax is paid, and tax expenses mitigated where possible
- Required by statute

Employees and pension

- Supporting the transfer of 142 employees under TUPE.
- Executing settlement agreements with nine employees (including the directors) who were not transferring under TUPE
- Drafting responses to employee queries (including assisting the Company's management with employee queries raised)
- Issuing statutory pension notices
- Dealing with general pension issues
- Consideration of the pension liabilities due and the treatment of any pension liabilities.
- Work is required by statute and for the proper management of the case
- Required by statute

Our future work

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

Work undertaken

Estimated cost (£)

What, if any, financial benefit the work provided to creditors OR whether it was required by statute

Accounting and treasury

- Dealing with receipts, payments and journals
 - Carrying out bank reconciliations
 - Closure of post appointment bank accounts
- £6,431
 - Work is required by statute and for the proper management of the case and potential return to the creditors.

Assets

Licence to Occupy

- Four properties remain on the LTO which have been extended for up to two months.
 - We will continue to manage these properties until they remain under the LTO
 - The collection of licence fees from the Buyer
 - The collection and review of invoices from landlords in order for rent, service charges and other applicable costs such as insurance, and payment of invoices.
 - Dealing with other queries received from the relevant landlords in relation to the Administration process or various aspects of the management of their property.
- £15,669
 - The work that is due to be completed is in line with the SPA. The sale of the business and assets maximised the potential asset realisations relating to the Company. The continued work involved with the SPA has been required as a result of the sale transaction.
 - Maximising debtor collection and overall asset recovery.

Transitional Services Agreement

- We have written to all final suppliers as a final reminder requesting for unpaid invoices for services provided during the TSA period to be submitted imminently
- Collection, review and payment of any final invoices submitted by suppliers

Leased assets

- One vehicle under hire purchase remains under our possession, for which the Buyer is in the process of agreeing a novation.
- Chase and conclude on the final novation to transfer the agreement over to the Buyer

Debtor recovery

- Continue to monitor and review the debtor book collection being undertaken by the Buyer
- Undertake final debtor collection processes, including legal action to collect outstanding balances

Creditors

- Holding team meetings regarding dividend timetable and matters related to the distribution
 - Corresponding with HMRC regarding their proof of debt and adjudicating as appropriate
- £25,938
 - To provide creditors with information requested

- Calculating dividend rate and preparing dividend file for dividend to Preferential creditors
- Advertising dividend notice and issuing the notice of intended dividend to Secondary preferential creditors and Unsecured creditors
- Preparing and paying distribution to Secondary preferential creditors and Unsecured creditors
- Maintaining our creditor claim database with up to date information
- Receiving and following up to creditors enquiries via telephone, email and post

Employees and Pensions

- Issuing final statutory pensions notices prior to the Joint Administrators ceasing to act

• £0

• Required by statute

Statutory and compliance

- Sending job files to storage
- Preparing Joint Administrators' future progress reports
- Preparing and circulating to creditors our remuneration report giving details of the work we expect to carry out during the case and the expenses that are likely to be incurred and seeking approval to our fee basis
- Consideration of and seeking approval from the Company's creditors to extend the administration appointment if appropriate
- Filing appropriate notices to Companies House
- Updating and maintaining permanent file that contains copies of all statutory documentation
- Carrying out six monthly case reviews
- Updating checklists and diary management system
- Conducting case reviews after the first month and then every six months

• £30,958

• Required by statute

Strategy and Planning

- Monitoring costs and internal discussions regarding billing and allocations
- Holding internal meetings to discuss ongoing progression of outstanding case matters and wider case strategy
- Reviewing budgets and forecasts for different work streams in the administration
- Completing the Remuneration report

• £22,893

• To ensure proper management of the administration

Tax and VAT

- Preparing and submitting tax computations for the post appointment period
- Settling any post appointment tax liability (if it arises)
- Liaising with HMRC regarding ongoing tax compliance
- Preparing a quarterly VAT returns
- De-registering the Company for VAT
- Reclaiming any VAT due to the Company via a VAT426 claim where appropriate
- Completing payment of the outstanding duty payable to the supplier under the TSA

• £31,672

• Required by statute

Closure

- Completing checklists and diary management system
- Closing down internal systems
- Holding team calls and meeting on closure timetable

- £3,278

- Required by statute
- To ensure creditors are provided with the necessary information

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.

Details of subcontracted work

No work was subcontracted in the period covered by this report.

Legal and other professional firms

We've instructed the following professionals on this case:

Service provided	Name of firm / organisation	Reason selected	Basis of fees
Legal services, including: Specialist legal advice required on various matters including validity of our appointment, preparation of creditors meeting and drafting transaction documents.	<ul style="list-style-type: none">Squire Patton Boggs (UK) LLP	<ul style="list-style-type: none">Industry knowledge / insolvency expertise; andKnowledge of the business prior to the Administration including familiarity with its security documents.	<ul style="list-style-type: none">Time costs and disbursements

Appendix D: Pre-administration costs

The table below provides details of costs which were incurred before our appointment as Joint Administrators but with a view to the Company entering administration. Details of the work done and expenses incurred follow.

	Details of agreement including date and parties to it	Paid amount (£)	Payment made by	Unpaid amount (£)
Our fees as Joint Administrators-in-waiting	As per our engagement letter dated 30 May 2024	116,476.00	R.H. Smith & Sons (Wigmakers) Limited	449,864.60
Expenses incurred by us as Joint Administrators-in-waiting	Squire Patton Boggs (UK) LLP as per engagement letter dated 2 July 2024	Nil	N/A	133,020.00
Expenses incurred by us as Joint Administrators-in-waiting	Fieldfisher LLP as per engagement letter dated 16 April 2024 - fees	11,000.00	R.H. Smith & Sons (Wigmakers) Limited	9,000.00
Expenses incurred by us as Joint Administrators-in-waiting	Fieldfisher LLP as per engagement letter dated 16 April 2024 - disbursements	262.88	R.H. Smith & Sons (Wigmakers) Limited	155.04
Expenses incurred by us as Joint Administrators-in-waiting	European Valuations Limited instructed by the Joint Administrators-in-waiting on 17 June 2024	Nil	N/A	17,500.00
Total (£)		127,738.88		609,539.64

The pre appointment costs have been calculated from 30 May 2024 (being the date when the first NOI was filed).

To the best of our knowledge and belief, no fees or expenses were charged by any other insolvency practitioner.

We took the following steps during the period covered by this report to get approval for payment of the unpaid pre-appointment costs detailed in our proposals:

- Finalised our remuneration report which will be made available to the general body of creditors to seek approval of the Joint Administrators post appointment remuneration and expenses incurred as administrators in waiting.

Appendix E: Other information

Court details for the administration:	Business and Property Courts of England and Wales Insolvency & Companies List (ChD) Case CR-2024-003794 of 2024
Company's registered name:	R.H. Smith & Sons (Wigmakers) Limited
Trading name:	Smiffys
Registered number:	01179968
Registered address:	8th Floor, Central Square, 29 Wellington Street, Leeds, LS1 4DL
Date of the Joint Administrators' appointment:	28 June 2024
Joint Administrators' names, addresses and contact details:	Jane Steer of PricewaterhouseCoopers LLP, Central Square, 29 Wellington Street, Leeds, LS1 4DL Sarah O'Toole of PricewaterhouseCoopers LLP, 1 Hardman Square, Manchester, M3 3EB
Extension(s) to the initial period of appointment:	N/A
