

Administrator's progress report**2.24B**

Name of Company

Stead & Simpson Limited

Company Number

00029468

In the High Court of Justice, Chancery Division

(full name of court)

Court case number

734 of 2008

(a) Insert full name(s) and
address(es) of administrator(s)

We, Robert Jonathan Hunt of PricewaterhouseCoopers LLP, Cornwall Court, 19 Cornwall Street,
Birmingham, B3 2DT, Stuart David Maddison of PricewaterhouseCoopers LLP, Donnington Court,
Pegasus Business Park, Castle Donnington, Derbyshire, DE74 2UZ and John Bruce Cartwright of
PricewaterhouseCoopers LLP, Erskine House, 68-73 Queen Street, Edinburgh, EH2 4NH

Administrators of the above company attach a progress report for the period

(b) Insert date

from

(b) 28 January 2008

to

(b) 20 June 2008

Signed

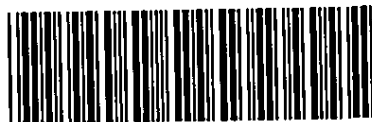
Joint Administrator

Dated

20/6/08

Contact Details.

You do not have to give any contact information in



A10GL11V

A14 01/07/2008 89

COMPANIES HOUSE

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A41 24/06/2008 292

COMPANIES HOUSE

Rachel Hughes

PricewaterhouseCoopers LLP, Benson House, 33 Wellington Street, Leeds LS1 4JP

Tel

DX Number

DX Exchange

If you have completed and signed this form please send it to the Registrar of Companies at

Companies House, Crown Way, Cardiff, CF14 3UZ

DX 33050 Cardiff

TUESDAY
TUE

To All Known Creditors

When telephoning, please ask for Rachel Hughes on 0113 289 4360

20 June 2008

Our ref RSH/VJJ/S&S/200608/690

Dear Sirs

Stead & Simpson Limited – in Administration (“the Company”)

Introduction

Further to my report to creditors dated 3 March 2008, I am pleased to now provide you with my final progress report on this administration, in accordance with Rule 2 47 of the Insolvency Rules 1986

In accordance with the proposals dated 3 March 2008, I am now in a position to move the Company into Creditors' Voluntary Liquidation (“CVL”) and for the Joint Administrators (“the Administrators”) to be discharged and released from office

Statutory information

Statutory information relating to the Company is attached at Appendix A

Receipts and payments summaries

A summary of my receipts and payments account for the Company for the period since my appointment to 17 June 2008 is attached at Appendix B

Summary of actions taken in the administration since the publication of the Administrators' proposals

Sale of business

After a period of marketing of the business prior to the Administrators' appointment, the Administrators concluded a sale of certain business assets immediately following their appointment to Tyler Limited (“Tyler”) This involved the following

- The transfer of 309 retail stores in the UK and the Isle of Man (some stores were to be occupied by Tyler on a temporary basis),
- The sale of all the fixed assets of the Company, including all fixtures and fittings, office equipment, all customer contacts and relationships and all stock in the distribution centre and the 309 stores,
- The protection of around 2,700 jobs through the transfer of employees to Tyler, and
- Apportionment of rent and costs

Initial sale consideration amounted to £2.5 million for fixed assets and Tyler have subsequently paid four instalments of £858,000 in respect of stock and £1.22 million for cost apportionments, bringing total consideration to approximately £7.2 million. Additional stock realisations of approximately £213,000 were made from selling stock in closed stores and at port not covered by the sale agreement. Further realisations were made from reimbursed rates and cash at bank.

Bank accounts

Two concession suppliers have stated that proceeds from the sale of their stock should have been held in trust and therefore should be reimbursed. We have sought legal advice on the concession arrangements and this is still ongoing.

Tyler continued to use the Company's five pre-appointment bank accounts to collect cash from their stores. In order to pay this over on a timely basis, weekly reconciliations were completed. The five accounts are now closed and final reconciliations are being undertaken.

Third party funds at 17 June 2008 total c£485,000

Store closures and redundancies

At the date of our appointment, 36 stores were closed and the employees concerned were made redundant.

Book debts

As shown in Appendix B, as at 17 June 2008, we have collected £256,405.31 of book debts. Future realisations are estimated to be in the region of between £50,000 and £100,000 and predominantly relate to voucher and grant collections.

Report to the Department of Trade and Industry

We are obliged under the Company Directors Disqualification Act 1986 to submit a report to the Secretary of State for Trade and Industry within six months of our appointment on all those who have acted as a director of the Company in the last three years. A report has now been submitted. In addition, a further report will need to be completed in the CVL. The content of the returns is confidential.

Property

Of the 205 original permanent stores, 50 lease assignments or surrenders and re-grants have been completed. Seven stores have been taken from the temporary list and are now classed as permanent stores. The surrender of 28 leases from the temporary list of 104 stores has now been completed.

£25,000 has been received for one lease surrender and it is anticipated that at least £10,000 is received from a further lease assignment. There are a number of ongoing day-to-day issues that we are dealing with in regards to property, namely rent reviews and lease renewals.

Retention of Title ("RoT")

The Administrators received 54 enquiries regarding RoT from creditors owed a total of approximately £4.5 million. Of these 54, 33 have submitted formal RoT claims that have been passed to Tyler for assessment. Seventeen have been rejected by Tyler, seven have been settled and nine are still in negotiation.

Estimated outcome for creditors

Secured creditor

The secured creditor, the Bank of Scotland ("the Bank"), has received a distribution of £6.63 million

Preferential creditors

The preferential creditors will be paid in full in the CVL. Currently, the value of preferential creditors is estimated at £100,000, which represents unpaid holiday pay for employees who did not transfer to Tyler

Unsecured creditors

As stated in the Administrators' proposals, there will not be a dividend to unsecured creditors of the Company aside from those funds set aside by way of the Prescribed Part. Under Section 176A of the Insolvency Act 1986, the Prescribed Part is that part of floating charge realisations that should be made available for unsecured creditors. As the debenture of the Bank was registered after the Enterprise Act came into force, the rules relating to the Prescribed Part are applicable. Our current estimates indicate that the Prescribed Part should be £600,000, which is the maximum value that the Prescribed Part can be. In the absence of full and complete information as to the approximate level of unsecured creditors' claims, it is not yet possible to estimate the dividend level.

Adoption of the Administrators' proposals

The Joint Administrators were appointed by the Directors of the Company in order to achieve a better result for the Company's creditors as a whole than would be likely if the Company was wound up (without first being in administration). The Joint Administrators believe that this objective has been achieved.

On 3 March 2008, the Administrators circulated to creditors their proposals for achieving the purpose of the administration for the Company. In accordance with Rule 2.33(5) of the Insolvency Rules 1986, our proposals were deemed to have been approved by the creditors as a meeting was not requisitioned in the prescribed manner by at least 10% in value of the creditors within twelve days of the date on which the proposals were circulated.

Professional advisors

The professional advisors used on this assignment are as follows:

Name	Nature of Work	Basis of Fee Arrangement
Dundas & Wilson	Solicitors	Time costs
GL Hearn	Property consultants	Time costs

The Administrators' choice was based on their perception of the advisors' experience and ability to perform this type of work, the complexity and nature of the assignment and the basis of the fee arrangement with them.

The Administrators have reviewed the fees charged to date and are satisfied that they are reasonable in the circumstances of the case.

Administrators' remuneration

Fees in respect of the insolvency were agreed with the Bank and the preferential creditors.

In accordance with the requirements of Statement of Insolvency Practice 9, an analysis of the Administrators' time costs and Category 2 disbursements for the period 28 January 2008 to 31 May 2008 are provided below at Appendix C

The Administrators' time costs at 31 May 2008 are £456,522.75 based on a total of 2,228.05 hours at an average hourly rate of £205. Fees of £250,000 have been drawn to date

Fees have been calculated based upon the time properly spent on the administration by the Administrators and their various grades of staff according to our firm's usual rates for work of this nature. Disbursements have been charged in accordance with the firm's policy

It has been the Administrators' policy to delegate the routine administration to junior staff in order to maximise the cost effectiveness of the work performed. These staff have been supervised by senior staff and the Administrators. Senior staff and the Administrators have dealt with matters of a more complex or significant nature

In common with all professional firms, scale rates increase from time to time over the period of the administration on each insolvency case. PricewaterhouseCoopers LLP, or any successor firm, reserves the right to change the rates and grade structure. Full details of the charge out rates currently charged to this case are detailed at Appendix C

Disbursements

The Administrators have incurred post appointment disbursements totalling £9,960.62

We can advise that disbursements of £8,549.65 have been drawn to date. The Administrators' existing policy for charging disbursements is as follows:

		£
Photocopying	At 3 pence per side copied, only charged for circulars to creditors and exceptional amounts of copying	2,275.23
Mileage	At a maximum of 57 pence per mile (up to 2,000cc) or 79 pence per mile (over 2,000cc)	2,187.84
Staff expenses	These are only charged as they relate to the administration and will generally be for subsistence or items charged at cost	5,497.55
Total		9,960.62

Proposed exit route from the administration

It is our intention to proceed to issue a notice to the Registrar of Companies for the appointment of Robert Hunt, John Cartwright and Stuart Maddison as joint liquidators in order to facilitate a distribution to the unsecured creditors of the Company

As such, in accordance with the Administrators' Proposals dated 3 March 2008, I will place the Company into Creditors' Voluntary Liquidation ("CVL"). The appointment of the Administrators in respect of the Company will cease to have effect and the Administrators will be discharged from liability 14 days after the appointment ceases to have effect in accordance with Paragraph 98(3)(b) of Schedule B1 IA 1986

The CVL will commence once the Registrar of Companies has confirmed receipt of Form 2.34B (notice of move from administration to CVL) and Form 2.24B (notice of Administrators' progress report)

The effect of this procedure is that the administration will have been completed within the twelve month period provided by Schedule B1 of the Insolvency Act 1986

Should you have any queries, please do not hesitate to contact my colleague, Rachel Hughes, on 0113 289 4360

Yours faithfully
For and on behalf of the Company


Rob Hunt
Joint Administrator

Enclosures Appendix A – Statutory information
 Appendix B – Receipts and payments
 Appendix C – Time and cost analysis
 Form 2 24B
 Form 2 34B

Robert Jonathan Hunt, John Bruce Cartwright and Stuart David Maddison, have been appointed as Joint Administrators of the Company on 28 January 2008 to manage its affairs, business and property as its agents and act without personal liability. Robert Jonathan Hunt and Stuart David Maddison are licensed to act as insolvency practitioners by the Institute of Chartered Accountants in England and Wales. John Bruce Cartwright is licensed to act as an insolvency practitioner by the Institute of Chartered Accountants in Scotland.

Statutory Information

Stead & Simpson Limited - in Administration

Registered number	00029468
Registered office	c/o PricewaterhouseCoopers LLP Benson House 33 Wellington Street Leeds LS1 4JP
Court details	High Court of Justice London District Registry Court case number 734 of 2008
Date of appointment	28 January 2008
Name of person appointing	Bank of Scotland plc, The Mound, Edinburgh, EH1 1YZ
Appointed administrators	Robert Jonathan Hunt, John Bruce Cartwright and Stuart David Maddison
Joint Administrators' address	PricewaterhouseCoopers LLP, Cornwall Court, 19 Cornwall Street, Birmingham, B3 2DT, PricewaterhouseCoopers LLP, Erskine House, 68-73 Queen Street, Edinburgh, EH2 4NH, PricewaterhouseCoopers LLP, Donington Court, Pegasus Business Park, Castle Donington, DE74 2UZ
Division of the administrators' responsibilities	In relation to Paragraph 100(2) Sch B1 IA86, during the period for which the administration is in force, any function to be exercised by the persons appointed to act as administrators may be done by any of all of the persons appointed or any of the persons for the time being holding that office

FIGURES ARE EXCLUDING VAT WHERE APPLICABLE**Stead & Simpson Limited - in Administration****Summary of receipts and payments for the period 28 January 2008 to 17 June 2008**

Receipts	£
Third party funds	8,596,357 31
Sale of business	7,323,574 58
Refunds	646,861.30
Cash in hand	549,582.42
Stock	213,229 93
Book debts	117,778 89
Book debts - vouchers	89,628 67
VAT payable	32,733 98
Interest received gross	30,264 12
Patent and trademarks	20,000 00
Book debts - nominal	19,731.98
Book debts - grants	18,437 61
Post appointment trading sales	11,156 98
Book debts - other	7,069 16
Insurance claims and refunds	3,809.35
Book debts - rents	3,759 00
Employee-related costs	426 99
Intangible assets	1 70
TOTAL	<u>17,684,403 97</u>
Payments	
Third party funds	8,110,922 65
Distribution to chargeholder	6,633,257 00
Officeholders' fees	290,000 00
Legal fees	200,000.00
VAT receivable	84,304 93
Bank charges	47,950 67
Stock	28,529 87
Duress payments	20,000.00
Officeholders' expenses	9,161 12
Sale of business	5,647 54
Rent	12,729.17
Insurance	12,736 96
Statutory advertising	918 74
Legal disbursements	838 81
Post appointment trading sales	567 87
Agents' Fees	1,610 00
Licenses & trade marks	550 00
TOTAL	<u>15,459,725 33</u>
BALANCE	<u>2,224,678 64</u>

Summary of time charged to 31 May 2008

Classification of work	Partner / Director (Hrs)	Senior Manager / Manager (Hrs)	Executive (Hrs)	Analyst / Support (Hrs)	Total hours (Hrs)	Time cost (£)	Average hourly rate (£/hr)
Strategy and planning	33 50	77 60	44 05	2 70	157 85	45,203 75	286
Accounting and treasury	0 00	163 90	82 70	40 25	286 85	60,323 00	210
Statutory and other compliance	2 50	54 85	117 60	30 25	205 20	41,547 00	202
Sale of business	0 00	14 75	0 00	0 00	14 75	4,162 50	282
Freehold/leasehold property	0 00	280 30	180 25	77 70	538 25	126,216 50	234
Site clearance	0 00	0 00	0 00	0 00	0 00	0 00	-
Other assets	0 00	28 30	69 00	105 40	202 70	33,868 00	167
Trading	1 00	0 05	0 00	104 00	105 05	12,257 50	117
Retention of title	0 00	30 00	5 00	114 70	149 70	22,339 00	149
Employees / pensions	0 00	6 40	177 30	35 70	219 40	42,742 00	195
Tax/VAT	1 10	8 60	1 20	12 05	22 95	6,431 25	280
Investigations	0 00	0 30	5 50	7 25	13 05	2,017 50	155
Creditor enquiries	0 00	15 30	200 45	22 80	238 55	44,584 75	187
Preferential claim agreement	0 00	0 00	0 00	0 00	0 00	0 00	-
Unsecured claims agreement	0 00	3 50	0 00	27 75	31 25	4,205 00	135
Distributions	0 00	0 00	0 00	0 00	0 00	0 00	-
Closure/ext routes	0 00	42 50	0 00	0 00	42 50	10,625 00	250
Total to date	38 10	726 35	883 05	580 55	2228 05	456,522 75	205

The administrators' policy for charging for disbursements is.

Photocopying is charged at 3p per sheet for creditors and bulk copying
Mileage is charged at a maximum of 57p per mile (up to 2000cc) or 79p per mile (over 2000cc)
All other disbursements are charged at cost
Total to 31 May 2008

Costs to date (£)
2,275 23
2,187 84
5,497 55
9,960 62

Current charge out rates	Administrator's staff £/hr	Specialist (max) £/hr
Grade		
Partner	450	715
Director	340	580
Senior manager	300	520
Manager	250	330
Executive (qual)	195	225
Executive (unqual)	140	-
Analyst	120	175
Support Staff	65	70

The time charged to the Administration is by reference to the time properly given by the Administrators and their staff in attending to matters arising. It is the Administrators' policy to delegate tasks in the Administration to appropriate members of staff considering their level of experience and any requisite specialist knowledge, supervised accordingly, so as to maximise the cost effectiveness of the work performed. Matters of particular complexity or significance requiring more exceptional responsibility are dealt with by senior staff or the Administrators themselves.

Set out here are the relevant charge-out rates per hour worked for the grades of the Administrators' staff actually or likely to be involved on this assignment. Time is charged by reference to actual work carried out on the assignment. There has been no allocation of any general costs or overhead costs. In common with all professional firms, the scale rates used by the Administrators may periodically rise (for example to cover annual inflationary cost increases) over the period of the Administration. Any material amendments to these rates will be advised to the creditors and / or the creditors' committee in the next statutory report. Specialist departments within PricewaterhouseCoopers LLP, such as Tax, VAT and Pensions, do sometimes charge a small number of hours, should we require their expert advice. Their rates do vary, however, the figures shown give an indication of the maximum rate per hour.