

AM10

Notice of administrator's progress report



Companies House

THURSDAY



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31/10/2019 #260
COMPANIES HOUSE

lease
ouse

1 Company details

Company number 0 0 9 0 7 5 9 3

Company name in full Monarch Airlines Limited

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

2 Administrator's name

Full forename(s) James Robert

Surname Tucker

3 Administrator's address

Building name/number 15 Canada Square

Street Canary Wharf

Post town London

County/Region

Postcode E 1 4 5 G L

Country

4 Administrator's name [Ⓢ]

Full forename(s) Blair Carnegie

Surname Nimmo

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

5 Administrator's address [Ⓢ]

Building name/number 15 Canada Square

Street Canary Wharf

Post town London

County/Region

Postcode E 1 4 5 G L

Country

Ⓢ 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 0	^d 2	^m 0	^m 4	^y 2	^y 0	^y 1	^y 9
To date	^d 0	^d 1	^m 1	^m 0	^y 2	^y 0	^y 1	^y 9

7 Progress report

I attach a copy of the progress report

8 Sign and date

Administrator's
signature

Signature

X

J. Tucker

X

Signature date

^d2

^d9

^m1

^m0

^y2

^y0

^y1

^y9

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 **Marie Hayden**

Company name **KPMG LLP**

Address **Arlington Business Park**

Theale

Post town **Reading**

County/Region

Postcode **RG7** **4SD**

Country

DX

Telephone **Tel +44 (0) 1189 642208**

Checklist

We may return forms completed incorrectly or with information missing.

Please make sure you have remembered the following:

- The company name and number match the information held on the public Register.
- You have attached the required documents.
- You have signed the form.

Important information

All information on this form will appear on the public record.

Where to send

You may return this form to any Companies House address, however for expediency we advise you to return it to the address below:

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

Further information

For further information please see the guidance notes on the website at www.gov.uk/companieshouse or email enquiries@companieshouse.gov.uk

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

Continuation page

Name and address of insolvency practitioner

✓ **What this form is for**
Use this continuation page to tell us about another insolvency practitioner where more than 2 are already jointly appointed. Attach this to the relevant form. ①
Use extra copies to tell us of additional insolvency practitioners.

✗ **What this form is NOT for**
You can't use this continuation page to tell us about an appointment, resignation, removal or vacation of office.

→ **Filling in this form**
Please complete in typescript or in bold black capitals.
All fields are mandatory unless specified or indicated by *

1 Appointment type

Tick to show the nature of the appointment:

- Administrator
- Administrative receiver
- Receiver
- Manager
- Nominee
- Supervisor
- Liquidator
- Provisional liquidator

① You can use this continuation page with the following forms:
- VAM1, VAM2, VAM3, VAM4, VAM6, VAM7
- CVA1, CVA3, CVA4
- AM02, AM03, AM04, AM05, AM06, AM07, AM08, AM09, AM10, AM12, AM13, AM14, AM19, AM20, AM21, AM22, AM23, AM24, AM25
- REC1, REC2, REC3
- LIQ2, LIQ3, LIQ05, LIQ13, LIQ14,
- WU07, WU15
- COM1, COM2, COM3, COM4
- NDISC

2 Insolvency practitioner's name

Full forename(s) Michael Robert
Surname Pink

3 Insolvency practitioner's address

Building name/number 15 Canada Square
Street Canary Wharf
Post town London
County/Region
Postcode E 1 4 5 G L
Country



Joint
Administrators'
progress
report for the
period 2 April
2019 to 1
October 2019

Monarch Airlines Limited - in
Administration

29 October 2019



Notice to creditors

This progress report provides an update on the administration of the Company.

We have included (Appendix 2) an account of all amounts received and payments made since the date of our appointment.

We have also explained our future strategy for the administration and how likely it is that we will be able to pay each class of creditor.

You will find other important information in this progress report such as the costs which we have incurred to date.

A glossary of the abbreviations used throughout this document is attached (Appendix 6).

Finally, we have provided answers to frequently asked questions and a glossary of insolvency terms on the following website, <http://www.kpmg.co.uk/monarch>. We hope this is helpful to you.

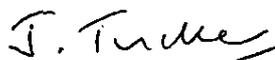
Please also note that an important legal notice about this progress report is attached (Appendix 7).

Contents

1	Executive summary	1
2	Progress to date	2
3	Dividend prospects and dividends paid	3
4	Joint Administrators' remuneration, disbursements and pre-administration costs	4
5	Future strategy	6
Appendix 1	<i>Statutory information</i>	7
Appendix 2	Joint Administrators' receipts and payments account	8
Appendix 3	Schedule of expenses	10
Appendix 4	Joint Administrators' revised fees estimate	11
Appendix 5	Joint Administrators' charging and disbursements policy	12
Appendix 6	Glossary	17
Appendix 7	Notice: About this report	19

1 Executive summary

- This progress report covers the period from 2 April 2019 to 1 October 2019. There are three reports to creditors related to the concurrent administrations of 10 of the Monarch Group companies; one for Monarch Airlines, one for Monarch Holidays sub-group and one for the Monarch Holdings sub-group. This report is for Monarch Airlines.
- The Group's key assets are:
 - Slots. Realised for £54 million.
 - Unrestricted cash at bank of £27.8 million on appointment. Realisations to date at Monarch Airlines are £22.5 million and Monarch Holidays are £5.1 million.
In addition, we have realised cash collateral held by third parties at appointment of £0.4 million and £1.0 million in Monarch Airlines and Monarch Holidays respectively.
- The Group's engineering business, MAEL, entered into administration on 4 January 2019.
- The key asset realisations for the Company to date are the Slots and the cash at bank as noted above.
- There have been no material realisations within the period. The key remaining matter in this case is in respect of finalising the Group's tax affairs. During the period, c.£7.1 million was paid to HMRC in respect of tax due for the period ending 31 October 2018. (Section 2 – Progress to date).
- Value will break in the secured debt as previously indicated. We have made distributions to PJL in the period (Section 3 - Dividend prospects and dividends paid).
- Preferential creditors have been paid in full (Section 3 - Dividend prospects and dividends paid).
- There will be no return to unsecured creditors (Section 3 – Dividend prospects and dividends paid).
- The administration is currently due to end on 1 October 2020.
- Please note: you should read this progress report in conjunction with our previous progress reports and proposals issued to the Company's creditors which can be found at <http://www.kpmg.co.uk/monarch>. Unless stated otherwise, all amounts in this progress report and appendices are stated net of VAT.



Jim Tucker
Joint Administrator

2 Progress to date

This section updates you on our strategy for the administration and on our progress to date. It follows the information provided in our previous progress reports.

2.1 Strategy and progress to date

Strategy

During the period, our primary focus has been realising the Group's remaining assets – comprising primarily of finalising debtor reconciliations in Monarch Holidays – and seeking to finalise the Group's tax affairs (see 'Tax' section below for further detail).

Matters specific to Monarch Airlines are set out below.

Services and Funding Agreement (SFA)

We agreed the services to be provided to the CAA, covering matters that would not normally be undertaken in an administration situation, and the terms of reimbursement in the SFA. The CAA have now funded all costs relevant to the Company under the SFA and we do not anticipate any further services to be provided to the CAA in this regard.

Tax

The Company's corporation tax returns for the pre and post appointment periods to 31 October 2018, have not raised any enquiries with HMRC. As reported previously, a tax liability arose in respect of the disposal of the slots and the relevant corporation tax was paid as an administration expense to HMRC.

However, the subsequent administration of Monarch Airlines' affiliate, MAEL, on 4 January 2019, has potentially altered the tax position of the Monarch Group, such that Monarch Airlines' tax returns may be resubmitted, with the benefit of any additional group relief which may be available. We are liaising with MAEL's administrators to explore this further and to the extent that a corporation tax repayment is made by HMRC to Monarch Airlines as a result of shelter provided by MAEL, it is expected that the benefits will be shared between Monarch Airlines and MAEL. Whilst it is likely that this issue will only impact Monarch Airlines, at this stage we cannot rule out an impact on other Group companies.

To the extent that the above issue does not impact on the Group companies, we will seek full corporation tax clearance from HMRC in respect of those companies' corporation tax affairs, in order to facilitate the closure of their Administrations.

2.2 Asset realisations

Realisations during the period are set out in the attached receipts and payments account (Appendix 2).

Other than bank interest the only realisation during the period has been an insurance refund of £10,000.

2.3 Costs

Payments made in this period are set out in the attached receipts and payments account (Appendix 2).

Summaries of the most significant payments made during the period are provided below.

Corporation tax

As explained in section 2.1 above, a tax liability arose in respect of the disposal of the Gatwick and Luton Airport landing rights. We have paid c.£7.1 million to HMRC representing corporation tax due for the period to 31 October 2018.

Costs recharged under the SFA

During the period, £76,881 was recharged to and paid by the CAA. This relates to the Joint Administrators' time costs in respect of services specific to the SFA. As noted above, the CAA have now funded all costs in respect of the agreement.

These costs are included under the appropriate subheadings in the receipts and payments account at Appendix 2, with the subsequent recharge of costs to the CAA also shown. These recharges do not represent the realisation of an asset of the Company; they are cost reimbursements.

2.4 Schedule of expenses

We have detailed the costs incurred during the period, whether paid or unpaid, in the schedule of expenses attached (Appendix 3).

Summaries of the most significant expenses which have been incurred in the period but have not yet been paid are provided below.

Administrators' fees of £279,147 have been incurred but not paid. Further information on our fees is available in section 4.

IT costs of £11,314 relate to the archiving solution required to maintain the Company's financial information.

3 Dividend prospects and dividends paid

3.1 Secured creditors

We set out a summary of the material security position for the Company, together with a summary of the security provided to merchant acquirers over the Company's bank accounts in our Proposals.

As previously advised, we consider that value will break in the secured debt.

During the period, we have made total distributions of £3.2 million to P.J.L. Of these, £0.6 million relates to fixed charge realisations and £2.6 million to floating charge realisations. In addition, Monarch Holidays, somewhere2stay and Monarch Holdings distributed £0.8 million, £0.3 million and £0.1 million respectively to P.J.L.

3.2 Preferential creditors

The preferential claims have been agreed at £2.7 million.

The preferential creditors have been repaid in full.

3.3 Unsecured creditors

As previously advised, there will be no distribution to unsecured creditors. We obtained an order from the Court that the prescribed part, being funds ordinarily set aside for unsecured creditors up to a maximum of £0.6 million, shall not apply on the grounds that the cost of making a distribution to the unsecured creditors would be disproportionate to the benefits, and exceed the funds available.

4 Joint Administrators' remuneration, disbursements and pre-administration costs

4.1 Joint Administrators' remuneration and disbursements

We previously reported that we had obtained the following approval from the secured and preferential creditors:

- That our remuneration will be drawn on the basis of time properly given by us and the various grades of our staff in accordance with the fees estimate and charge-out rates, as set out in the statement of proposals, but subject to a cap of no more than 80% of the charge out rates disclosed. This will include work undertaken in respect of, but not limited to, tax, VAT, employee and pensions advice from KPMG in-house specialists.

As set out in our statement of proposals and subsequent progress reports, creditors were advised that we have entered into a SFA with the CAA / ATT in respect of their repatriation of the airline passengers post-administration. Under that agreement the CAA /ATT is reimbursing Monarch for relevant costs incurred. This includes the recharge of Joint Administrators' time costs related to work under the SFA, which will also be subject to a cap of no more than 80% of the charge out rates disclosed. Whilst funded by the CAA, the Joint Administrators will be paid via Monarch.

- Disbursements for services provided by KPMG (defined as Category 2 disbursements in Statement of Insolvency Practice 9) will be charged in accordance with KPMG's policy as set out in Appendix 5.

The above approvals relate to the fees estimate we provided in our proposals in November 2017, since which time we have circulated a revised fees estimate, with our latest fees estimate attached at Appendix 4. Whilst we will continue to cap our fees at no more than

80% of the charge out rates disclosed, we are in the process of obtaining further approval from the secured and preferential creditors to draw fees in accordance with our revised fees estimate.

Time costs

From 2 April 2019 to 1 October 2019, we have incurred time costs of £279,147. These represent 538 hours at an average rate of £519 per hour and are based on our standard charge out rates.

From the date of our appointment to 1 October 2019, we have incurred time costs of £8,030,340. These represent 17,262 hours at an average rate of £465 per hour and are based on our standard charge out rates.

Remuneration

We have not drawn any remuneration in the period.

Disbursements

During the period, we have incurred disbursements of £7,064. None of these have yet been paid.

Additional information

We have attached a revised fees estimate at Appendix 4. As explained above, in line with the agreement reached with the senior secured creditor, we will not recover these costs in full. Our estimated time costs have increased as the administration has remained open for longer than initially anticipated. This is primarily a result of finalising the Group's complex tax affairs.

We have attached (Appendix 5) an analysis of the time spent, the charge-out rates for each grade of staff and the expenses paid directly by KPMG for the period from 2 April 2019 to 1 October 2019. We have also attached our charging and disbursements policy. This information is based on our standard charge out rates.

Under the SFA, the CAA agreed to meet costs which would not have been incurred but for the work they required in relation to the repatriation exercise. These costs included a recharge from the Company for the Administrators' time costs and expenses in relation to our work under the SFA. In agreeing these costs, the CAA is an independent body which is not connected with the Group, the Joint Administrators or KPMG.

5 Future strategy

5.1 Future conduct of the administration

We will continue to manage the affairs, the business and the property of the Company in order to achieve the purpose of the administration. This will include but not be limited to:

Realisation of the Company's remaining asset, comprising the potential settlement of pre-appointment insurance claims;

Complying with ongoing tax and VAT requirements and transfer of Group tax losses.

Making distributions to secured creditors;

Paying the remaining costs of the administration;

Complying with ongoing statutory and reporting obligations.

5.2 Future reporting

We will provide a further progress report within one month of 1 April 2020 or earlier if the administration has been completed prior to that time.

Appendix 1 Statutory information

Company information	
Company name	Monarch Airlines Limited
Date of incorporation	5 June 1967
Company registration number	00907593
Present registered office	15 Canada Square, Canary Wharf, London, E14 5GL

Administration information	
Administration appointment	The administration appointment granted in High Court of Justice, 007261 of 2017
Appointor	Court following application by the Directors
Date of appointment	2 October 2017
Joint Administrators' details	Jim Tucker, Blair Nimmo and Mike Pink
Estimated values of the Net Property and Prescribed Part	Estimated Net Property is c.£58.5 million (low case estimate). The Prescribed Part is capped at the statutory maximum of £600,000. The Court Order to disapply the Prescribed Part has been taken into account when determining the dividend prospects for unsecured creditors (Section 3.3).
Prescribed Part distribution	The Joint Administrators have obtained an order from the Court that the Prescribed Part shall not apply on the grounds that the cost of making a distribution to the unsecured creditors would be disproportionate to the benefits.
Functions	The functions of the Joint Administrators are being exercised by them individually or together in accordance with Paragraph 100(2)
Current administration expiry date	1 October 2020

Appendix 2 Joint Administrators' receipts and payments account

Monarch Airlines Limited - in Administration						
Abstract of receipts & Payments						
Cumulative GBP from						
Statement of Affairs at:	From 02/04/2019 To 01/10/2019 (€)	From 02/04/2019 To 01/10/2019 (Euro)	From 02/04/2019 To 01/10/2019 (SEK)	From 02/04/2019 To 01/10/2019 (CAD)	From 02/04/2019 To 01/10/2019 (US\$)	From 02/10/2017 To 01/10/2019 (€)
FIXED CHARGE ASSETS						
	NIL	NIL	NIL	NIL	NIL	4,260,100.00
	NIL	NIL	NIL	NIL	NIL	90,000.00
	745.17	NIL	NIL	NIL	NIL	3,484.47
2,262,748.00	NIL	NIL	NIL	NIL	NIL	NIL
6,043,387.00	NIL	NIL	NIL	NIL	NIL	NIL
121,372.00	NIL	NIL	NIL	NIL	NIL	NIL
	745.17	NIL	NIL	NIL	NIL	4,353,584.47
FIXED CHARGE COSTS						
	NIL	NIL	NIL	NIL	NIL	(178,910.00)
	NIL	NIL	NIL	NIL	NIL	(5,416.80)
	NIL	NIL	NIL	NIL	NIL	(80.00)
	NIL	NIL	NIL	NIL	NIL	(184,406.80)
FIXED CHARGE CREDITORS						
(7,500,000.00)	NIL	NIL	NIL	NIL	NIL	(1,584,598.00)
(94,885,897.00)	(585,121.09)	NIL	NIL	NIL	NIL	(2,745,121.09)
(6,043,387.00)	NIL	NIL	NIL	NIL	NIL	NIL
(121,372.00)	NIL	NIL	NIL	NIL	NIL	NIL
(2,262,748.00)	NIL	NIL	NIL	NIL	NIL	NIL
	(585,121.09)	NIL	NIL	NIL	NIL	(4,309,719.09)
GENERAL SECURED GROUP						
(25,596,000.00)	NIL	NIL	NIL	NIL	NIL	NIL
	NIL	NIL	NIL	NIL	NIL	NIL
ASSET REALISATIONS						
	NIL	NIL	NIL	NIL	NIL	13,500.00
268,100.00	NIL	NIL	NIL	NIL	NIL	109,163.32
	NIL	NIL	NIL	NIL	NIL	659,358.12
4,786,826.00	NIL	NIL	NIL	NIL	NIL	462,676.06
700,000.00	NIL	NIL	NIL	NIL	NIL	59,839.18
	NIL	NIL	NIL	NIL	NIL	266,263.60
	NIL	NIL	NIL	NIL	NIL	25,000.00
	NIL	NIL	NIL	NIL	NIL	57,518,624.58
22,342,930.00	NIL	NIL	NIL	NIL	NIL	19,428,358.93
	NIL	NIL	NIL	NIL	NIL	18,857.39
	NIL	NIL	NIL	NIL	NIL	710,218.05
	NIL	NIL	NIL	NIL	NIL	732,255.22
	NIL	NIL	NIL	NIL	NIL	40,652.00
	NIL	NIL	NIL	NIL	NIL	80,046,766.46
OTHER REALISATIONS						
	25,216.85	NIL	NIL	NIL	1,193.14	205,687.35
	NIL	NIL	NIL	NIL	NIL	118,936.85
	10,000.00	NIL	NIL	NIL	NIL	74,026.66
	NIL	NIL	NIL	NIL	NIL	115,269.92
	NIL	NIL	NIL	NIL	NIL	416,174.10
	NIL	NIL	NIL	NIL	NIL	426,996.89
	NIL	NIL	NIL	NIL	NIL	55,753.43
	NIL	NIL	NIL	NIL	NIL	85,307.00
	NIL	NIL	NIL	NIL	NIL	102,928.82
	NIL	NIL	NIL	NIL	NIL	5,421,065.63
	NIL	NIL	NIL	NIL	NIL	28,338.37
	35,216.85	NIL	NIL	NIL	1,193.14	7,050,485.02

COST OF REALISATIONS						
	Pre-administration legal fees	NIL	NIL	NIL	NIL	(112,357.90)
	IT Costs	NIL	NIL	NIL	NIL	(1,992,489.74)
	Administrators' fees	NIL	NIL	NIL	NIL	(3,658,490.00)
	Administrators' expenses	NIL	NIL	NIL	NIL	(144,300.00)
	Irrecoverable VAT	NIL	NIL	NIL	NIL	(295.99)
	Agents' Valuers' fees	(6,250.00)	NIL	NIL	NIL	(81,327.31)
	ERA solution costs	0.00	NIL	NIL	NIL	(85,483.40)
	Legal fees	(3,614.63)	NIL	NIL	NIL	(3,576,017.95)
	Refund of legal fees	NIL	NIL	NIL	NIL	188,009.38
	Payroll processing costs	NIL	NIL	NIL	NIL	(45,597.36)
	Corporation Tax	(7,066,291.14)	NIL	NIL	NIL	(7,066,291.14)
	Costs recharged under the SFA	76,881.14	NIL	NIL	NIL	2,500,589.57
	Other overheads	NIL	NIL	NIL	NIL	(48,865.82)
	Health & Safety	NIL	NIL	NIL	NIL	(1,894.71)
	Call centre costs	NIL	NIL	NIL	NIL	(372,080.98)
	Stationery & postage	NIL	NIL	NIL	NIL	(902.25)
	Heat & light	(1,427.79)	NIL	NIL	NIL	(87,792.38)
	Storage costs	NIL	NIL	NIL	NIL	(30,320.25)
	Re-direction of mail	NIL	NIL	NIL	NIL	(204.00)
	Statutory advertising	NIL	NIL	NIL	NIL	(140.00)
	Rent	NIL	NIL	NIL	NIL	(267,394.38)
	Rates	NIL	NIL	NIL	NIL	(284,278.51)
	Other property expenses	NIL	NIL	NIL	NIL	(77,280.03)
	Insurance of assets	NIL	NIL	NIL	NIL	(38,455.39)
	Wages & salaries	NIL	NIL	NIL	NIL	(1,722,731.80)
	PAYE & NIC	NIL	NIL	NIL	NIL	(916,713.09)
	Bank charges	(190.00)	NIL	NIL	NIL	(3,836.80)
	Currency Account Transfers	NIL	NIL	NIL	NIL	(5,686,857.51)
	Third party funds paid	NIL	NIL	NIL	NIL	(3,094.48)
	Merchant acquirer cost contribution	NIL	NIL	NIL	NIL	15,453.00
	Costs recharged to MAEL	NIL	NIL	NIL	NIL	500,000.00
		(7,000,892.42)	NIL	NIL	NIL	(23,103,431.22)
PREFERENTIAL CREDITORS						
	Subrogated EP(C)A claim	NIL	NIL	NIL	NIL	(1,442,194.40)
(2,451,524.00)	Employees	NIL	NIL	NIL	NIL	NIL
	Employees' holiday pay and wages	(78.35)	NIL	NIL	NIL	(1,256,531.12)
		(78.35)	NIL	NIL	NIL	(2,698,725.60)
FLOATING CHARGE CREDITORS						
(15,380,000.00)	Floating charge	(2,642,378.91)	NIL	NIL	NIL	(56,842,378.91)
		(2,642,378.91)	NIL	NIL	NIL	(56,842,378.91)
UNSECURED CREDITORS						
(335,587,333.00)	Trade, Intercompany Other	NIL	NIL	NIL	NIL	NIL
(35,398,647.00)	Employees	NIL	NIL	NIL	NIL	NIL
(95,431,351.00)	Pre-paid consumer creditors	NIL	NIL	NIL	NIL	NIL
		NIL	NIL	NIL	NIL	NIL
DISTRIBUTIONS						
(188,054,870.00)	Ordinary shareholders	NIL	NIL	NIL	NIL	NIL
		NIL	NIL	NIL	NIL	NIL
(771,987,766.00)		(10,202,508.75)	NIL	NIL	NIL	1,193.14
						4,312,522.34
REPRESENTED BY						
	Floating ch. VAT receivable					1,970,005.53
	Fixed charge current					723,927.37
	Floating charge current					3,441,456.08
	Funds due from Hilco					20,024.98
	Fixed charge VAT receivable					36,865.36
	Fixed charge VAT payable					(870,020.00)
	Trade creditors					750.00
	Floating ch. VAT payable					(625,856.49)
	Floating ch. VAT control					(384,208.69)
	Fixed charge VAT control					9,578.20
						4,312,522.34

Appendix 3 Schedule of expenses

Schedule of expenses (2 April 2019 to 1 October 2019)	Incurred and paid in the period	Incurred in the period and not yet paid	Total
Expenses	(£)	(£)	(£)
Cost of realisations			
Administrators fees	0.00	(279,147)	(279,147)
IT Costs	0.00	(11,314)	(11,314)
Agents'/Valuers' fees	(6,250)	0.00	(6,250)
Legal fees	(3,615)	0.00	(3,615)
Corporation Tax	(7,066,291)	0.00	(7,066,291)
Costs recharged under the SFA	76,881	0.00	76,881
Storage costs	0.00	(2,792)	(2,792)
Bank charges	(190.00)	0.00	(190)
TOTAL	(6,999,464)	(293,253)	(7,292,717)

Please note that the accrual for our remuneration is based on our charge out rates; for consistency of reporting purposes these costs have not been adjusted to reflect the discount agreed with the senior secured creditor, set out on page 5.

Requests for further information and right to challenge our remuneration and expenses

Creditors' requests for further information

If you would like to request more information about our remuneration and expenses disclosed in this progress report, you must do so in writing within 21 days of receiving this progress report.

Requests from unsecured creditors must be made with the concurrence of at least 5% in value of unsecured creditors (including, the unsecured creditor making the request) or with the permission of the Court.

Creditors' right to challenge our remuneration and expenses

If you wish to challenge the basis of our remuneration, the remuneration charged, or the expenses incurred during the period covered by this progress report, you must do so by making an application to Court within eight weeks of receiving this progress report.

Applications by unsecured creditors must be made with concurrence of at least 10% in value of unsecured creditors (including the unsecured creditor making the challenge) or with the permission of the Court.

The full text of the relevant rules can be provided on request by writing to the Joint Administrators at 15 Canada Square, Canary Wharf, London, E14 5GL.

Appendix 4 Joint Administrators' revised fees estimate

Estimated Joint Administrators' costs for Monarch Airlines	Estimated time costs for the engagement disclosed in progress report dated 30 April 2018			Additional estimated time costs for the engagement			Total			
	Note	Estimated Total hours	Estimated Time cost (£) hourly rate (£)	Estimated Average (£)	Additional Estimated Total hours	Additional Estimated Time cost (£)	Average hourly rate (£)	Total (£)	CAA Recharge (£)	Total cost to estate (£)
Administration & Planning										
Cashiering - procession of receipts & payments and bank reconciliations		478	152,236	318.32	-	-	318	152,236	12,000	140,236
General - books & records, fees and work in progress		246	99,679	405.03	228	104,372	430.49	204,051	-	204,051
Engagement management - administration strategy and case oversight		1,087	674,146	620.39	84	3,511	586.52	677,657	142,935	534,722
Preparation for court hearings - compiling information and preparing for court hearings		47	9,498	200.81	-	-	200.81	9,498	9,499	0
Statutory and compliance - appointment & related formalities, bonding checklist & reviews, reports to creditors, advertising		1,138	462,709	406.60	67	180,307	517.09	623,016	-	623,016
Reports to secured creditors - preparing & issuing reports to secured creditors		225	132,854	589.41	34	31,723	634.02	164,577	-	164,577
Tax - VAT & corporation tax, initial reviews, pre and post appointment tax	1	1,277	639,689	501.00	98	91,573	532.07	731,272	-	731,272
Creditors										
Employees - employee meetings, claims and correspondence		3,888	1,416,568	364.35	-96	83,508	395.63	1,500,076	272,935	1,227,141
Creditors and claims - customers - correspondence and claims from customers of the company		5,380	2,157,187	400.96	-170	-2,238	413.60	2,154,949	205,720	1,949,229
Press and stakeholder management - communication with key stakeholders and press		137	93,321	680.93	-4	-1,260	689.66	92,061	46,587	45,474
IT related - matters specifically relating to IT creditors and suppliers		244	106,904	438.67	-65	-17,991	497.28	88,913	50,937	37,976
Investigation										
Directors - correspondence, statement of affairs, questionnaires		189	65,390	346.34	-15	-71	379.70	65,319	-	65,319
Investigations - director conduct and affairs of the company		74	35,025	473.94	-5	-1,858	478.94	33,166	-	33,166
Realisation of assets										
Asset realisation - realisation of the company's assets		2,638	1,364,073	517.01	-45	45,234	543.34	1,409,306	11,513	1,397,793
Other										
Operating expenses - purchases, overheads, cashflows and fund management		1,054	411,901	390.97	-	83,264	470.00	495,166	103,477	391,689
CAA repayment		167	105,411	632.34	-	-	632.34	105,411	105,411	-
Totals		16,289	7,928,600	433.89	111	580,075	463	8,508,675	961,814	7,546,861

The revised estimated time costs shown above reflects an update based on actual time, grade mix and process codes to which time has been charged. This therefore leads to variances by process codes compared with previous estimates. It also includes an estimate of future time costs that we envisage incurring.

For consistency of reporting, this estimate is based on our standard charge out rates; these costs have not been adjusted to reflect the discount agreed with the senior secured creditor. As explained in section 4, in line with the agreement reached with the senior secured creditor, we will not recover these costs in full. This includes our costs recharged to the CAA.

Further details in relation to the revised fees estimate and of work to be undertaken for this engagement are given below.

Our work in relation to the above matters will remain ongoing throughout the administration. As a result of the complex nature of the group engagement – including the extent of wind down activities following our initial appointments, the ongoing travel agent debtor reconciliations, and finalising the Group's corporation tax affairs (see below) – the expected complexity and length of the administrations have increased. As such, our initial cost estimates in respect of the costs of the case and its finalisation have increased.

Note 1 – Tax

We forecast an increase in our costs for the above area of our work related primarily to dealing with the Company's corporation tax affairs. These have increased in complexity as a result of transfers of Group tax losses as we continue to consider the correct treatment of these.

Appendix 5 Joint Administrators' charging and disbursements policy

Joint Administrators' charging policy

The time charged to the administration is by reference to the time properly given by us and our staff in attending to matters arising in the administration. This includes work undertaken in respect of tax, VAT, employee and pensions advice from KPMG in-house specialists.

Our policy is to delegate tasks in the administration to appropriate members of staff considering their level of experience and 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 us.

A copy of "A Creditors' Guide to Joint Administrators Fees" from Statement of Insolvency Practice 9 ('SIP 9') produced by the Association of Business Recovery Professionals is available at:

<https://www.r3.org.uk/what-we-do/publications/professional/fees/administrators-fees>

If you are unable to access this guide and would like a copy, please write to the Joint Administrators at 15 Canada Square, Canary Wharf, London, E14 5GL

Hourly rates

Set out below are the relevant hourly charge-out rates for the grades of our staff actually or likely to be involved on this administration. Time is charged by reference to actual work carried out on the administration; using a minimum time unit of six minutes.

All staff who have worked on the administration, including cashiers and secretarial staff, have charged time directly to the administration and are included in the analysis of time spent. The cost of staff employed in central administration functions is not charged directly to the administration but is reflected in the general level of charge-out rates.

Table of charge-out rates

Charge-out rates (£) for: Restructuring	
Grade	From 01 Nov 2016 £/hr
Partner	835
Associate Partner	740
Director	740
Senior Manager	645
Manager	515
Senior Administrator	375
Administrator	285
Support	142
Work Experience	50

The charge-out rates used by us might periodically rise (for example to cover annual inflationary cost increases) over the period of the administration. In our next statutory report, we will inform creditors of any material amendments to these rates.

Policy for the recovery of disbursements

Where funds permit the officeholders will seek to recover both Category 1 and Category 2 disbursements from the estate. For the avoidance of doubt, such expenses are defined within SIP 9 as follows:

Category 1 disbursements: These are costs where there is specific expenditure directly referable to both the appointment in question and a payment to an independent third party. These may include, for example, advertising, room hire, storage, postage, telephone charges, travel expenses, and equivalent costs reimbursed to the officeholder or his or her staff.

Category 2 disbursements: These are costs that are directly referable to the appointment in question but not to a payment to an independent third party. They may include shared or allocated costs that can be allocated to the appointment on a proper and reasonable basis, for example, business mileage.

Category 2 disbursements charged by KPMG Restructuring include mileage. This is calculated as follows:

Mileage claims fall into three categories:

- Use of privately-owned vehicle or car cash alternative – 45p per mile.
- Use of company car – 60p per mile.
- Use of partner's car – 60p per mile.

For all of the above car types, when carrying KPMG passengers an additional 5p per mile per passenger will also be charged where appropriate.

We have incurred the following disbursements (excluding VAT) during the period 2 April 2019 to 1 October 2019.

SIP 9 - Disbursements					
Disbursements	Category 1		Category 2		Totals (£)
	Paid (£)	Unpaid (£)	Paid (£)	Unpaid (£)	
Meals	5.25		NIL		5.25
Sundry	7,058.53		NIL		7,058.53
Total	7,063.78		NIL		7,063.78

We have the authority to pay Category 1 disbursements without the need for any prior approval from the creditors of the Company.

Narrative of work carried out for the period 2 April 2019 to 1 October 2019

The key areas of work have been:

Statutory and compliance	<ul style="list-style-type: none"> ■ posting information on a dedicated web page; ■ preparing statutory receipts and payments accounts; ■ ensuring compliance with all statutory obligations within the relevant timescales.
Strategy documents, Checklist and reviews	<ul style="list-style-type: none"> ■ formulating, monitoring and reviewing the administration strategy, including the decision to trade and meetings with internal and external parties to agree the same; ■ briefing of our staff on the administration strategy and matters in relation to various work-streams; ■ regular case management and reviewing of progress, including regular team update meetings and calls; ■ reviewing and authorising junior staff correspondence and other work; ■ dealing with queries arising during the appointment; ■ reviewing matters affecting the outcome of the administration; ■ liaising with legal advisors; ■ complying with internal filing and information recording practices, including documenting strategy decisions.
Reports to debenture holders	<ul style="list-style-type: none"> ■ providing written and oral updates to representatives of the secured creditors regarding the progress of the administration and case strategy.
Cashiering	<ul style="list-style-type: none"> ■ preparing and processing vouchers for the payment of post-appointment invoices; ■ creating remittances and sending payments to settle post-appointment invoices; ■ reconciling post-appointment bank accounts to internal systems; ■ ensuring compliance with appropriate risk management procedures in respect of receipts and payments.
Tax	<ul style="list-style-type: none"> ■ reviewing information from the Company's records in relation to the taxation position of the Company; ■ analysing and considering the tax effects of realisations, tax planning for efficient use of tax assets and to maximise realisations, particularly in relation to Slot sales; ■ working on tax returns relating to the periods affected by the administration; ■ analysing VAT related transactions; ■ dealing with post appointment tax compliance.
Shareholders	<ul style="list-style-type: none"> ■ responding to enquiries from shareholders regarding the administration.
General	<ul style="list-style-type: none"> ■ reviewing time costs data and producing analysis of time incurred which is compliant with Statement of Insolvency Practice 9; ■ drawing remuneration in accordance with the basis which has been approved by the secured and preferential creditors; ■ dealing with the ongoing storage of the Company's books and records.
Asset realisations	<ul style="list-style-type: none"> ■ Seeking settlement of outstanding pre-appointment insurance claims.
Employees	<ul style="list-style-type: none"> ■ dealing with queries from employees regarding various matters relating to the administration and their employment; ■ dealing with statutory employment related matters, including statutory notices to employees and making statutory submissions to the relevant government departments; ■ communicating and corresponding with HM Revenue and Customs; ■ dealing with issues arising from employee redundancies, including statutory notifications and liaising with the Redundancy Payments Office; ■ managing claims from employees.
Creditors and claims	<ul style="list-style-type: none"> ■ responding to enquiries from creditors regarding the administration and submission of their claims; ■ arranging distributions to the secured creditor (PJL); ■ drafting our progress report.

Time costs

SIP 9 –Time costs analysis (02/04/2019 to 01/10/2019)			
	Hours	Time Cost (£)	Average Hourly Rate (£)
Administration & planning			
Bankrupt/Director/Member			
General correspondence	5.50	1,567.50	285.00
Cashiering			
Fund management	0.30	112.50	375.00
General (Cashiering)	12.90	3,023.40	234.37
Reconciliations (& IPS accounting reviews)	17.20	5,621.20	326.81
General			
Books and records	8.55	3,116.25	364.47
Fees and WIP	22.10	11,394.50	515.59
Statutory and compliance			
Budgets & Estimated outcome statements	72.70	36,484.50	501.85
Checklist & reviews	15.60	6,191.00	396.86
Closure and related formalities	2.00	1,480.00	740.00
Engagement management	83.90	62,048.00	739.55
Strategy documents	17.70	10,456.50	590.76
Tax			
Post appointment corporation tax	74.80	40,880.50	546.53
Post appointment PAYE (Non Trading)	6.60	3,688.00	558.79
Post appointment VAT	53.00	26,331.50	496.82
Creditors			
Creditors and claims			
General correspondence	10.15	4,928.25	485.54
Payment of dividends	0.80	228.00	285.00
Secured creditors	15.50	11,379.00	734.13
Statutory reports	52.30	25,475.50	487.10
Employees			
Correspondence	56.60	21,268.00	375.76
Realisation of assets			
Asset Realisation			
Debtors	2.30	862.50	375.00
Goodwill	0.20	129.00	645.00
Insurance	0.10	51.50	515.00
Leasehold property	0.10	28.50	285.00

SIP 9 –Time costs analysis (02/04/2019 to 01/10/2019)

	Hours	Time Cost (£)	Average Hourly Rate (£)
Other assets	2.10	933.50	444.52
<i>Purchases and operating costs</i>	5.15	1,467.75	285.00
Total in period	538.15	279,146.85	518.72

Brought forward time (appointment date to SIP 9 period start date)	16,724.14	7,751,193.45
SIP 9 period time (SIP 9 period start date to SIP 9 period end date)	538.15	279,146.85
Carry forward time (appointment date to SIP 9 period end date)	17,262.29	8,030,340.30

All staff who have worked on this assignment, including cashiers and secretarial staff, have charged time directly to the assignment and are included in the analysis of time spent. The cost of staff employed in central administration functions is not charged to the assignment but is reflected in the general level of charge out rates.

All time shown in the above analysis is charged in units of six minutes.

Appendix 6 Glossary

ATT	Air Travel Trust
CAA	Civil Aviation Authority
Company/Monarch Airlines	<i>Monarch Airlines Limited – in Administration</i>
Group	Avro Limited, Avro Aviation Limited, First Aviation Limited, MH Aviation Transport Limited, Monarch 2011 Limited, Monarch Airlines Limited, Monarch Holdings Limited, Monarch Holidays Limited, Monarch Travel Group Limited, somewhere2stay Limited (all in administration)
Joint Administrators/we/our/us	Jim Tucker, Blair Nimmo and Mike Pink
KPMG	KPMG LLP
MAEL	<i>Monarch Aircraft Engineering Limited – in administration</i>
PJL	Petrol Jersey Limited
PNC	PNC Business Credit (a trading name of PNC Financial Services UK Ltd)
PPF	Pension Protection Fund
Secured creditors	PJL, PPF, WJL and PNC
Senior secured creditor	PJL
SFA	Services and Funding Agreement

Slots

Take off and landing slots at UK airports

WJL

Windsor Jersey Limited

Any references in this progress report to sections, paragraphs and rules are to Sections, Paragraphs and Rules in the Insolvency Act 1986, Schedule B1 of the Insolvency Act 1986 and the Insolvency Rules (England and Wales) 2016 respectively.

Appendix 7 Notice: About this report

This report has been prepared by Jim Tucker, Blair Nimmo and Mike Pink, the Joint Administrators of Monarch Airlines Limited – in Administration (the 'Company'), solely to comply with their statutory duty to report to creditors under the Insolvency Rules (England and Wales) 2016 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 is not suitable to be used, to inform any investment decision in relation to the debt of or any financial interest in the Company or any other company in the Group.

Any estimated outcomes for creditors included in this report are illustrative only and cannot be relied upon as guidance as to the actual outcomes for creditors.

Any person that chooses to rely on this report for any purpose or in any context other than under the Insolvency Rules (England and Wales) 2016 does so at its own risk. To the fullest extent permitted by law, the Joint Administrators do not assume any responsibility and will not accept any liability in respect of this report to any such person.

James Robert Tucker and Michael Robert Pink are authorised to act as insolvency practitioners by the Institute of Chartered Accountants in England & Wales.

Blair Carnegie Nimmo is authorised to act as an insolvency practitioner by the Institute of Chartered Accountants of Scotland.

We are bound by the Insolvency Code of Ethics.

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The Joint Administrators act as agents for the Company and contract without personal liability. The appointments of the Joint Administrators are personal to them and, to the fullest extent permitted by law, KPMG LLP does not assume any responsibility and will not accept any liability to any person in respect of this report or the conduct of the administration.

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