

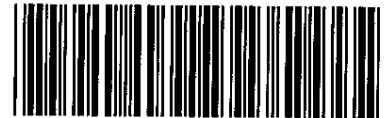
AM03

Notice of administrator's proposals



Companies House

SATURDAY



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25/11/2017

#2

COMPANIES HOUSE

1 Company details

Company number 0 1 1 6 5 0 0 1

Company name in full Monarch Holdings 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 ①

Full forename(s) Blair Carnegie

Surname Nimmo

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

5 Administrator's address ②

Building name/number 15 Canada Square

Street Canary Wharf

Post town London

County/Region

Postcode E 1 4 5 G L

Country

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

AM03

Notice of Administrator's Proposals

6	Statement of proposals	
	<input checked="" type="checkbox"/> I attach a copy of the statement of proposals	
7	Sign and date	
Administrator's Signature	<div>Signature</div> <div><input checked="" type="checkbox"/> <i>J. Tucker</i> <input checked="" type="checkbox"/></div>	
Signature date	<div><div>^d2^d4</div><div>^m1^m1</div><div>^y2^y0^y1^y7</div></div>	

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. ❶
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

❶ 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) Richard James
Surname Beard

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

AM03 Notice of Administrator's Proposals



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

Company name

KPMG LLP

Address

15 Canada Square

Canary Wharf

Post town

London

County/Region

Postcode

E 1 4 5 G L

Country

DX

Telephone

Tel +44 (0) 800 015 2557



Checklist

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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 and dated 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' proposals

Monarch Holdings Limited
and Monarch 2011 Limited –
both in Administration

24 November 2017

Notice to creditors

We have made this document available to you to set out the purpose of each of the administrations and to explain how we propose to achieve them.

We have also explained why the Companies entered administration and how likely it is that we will be able to pay each class of creditor.

You will find other important information in the document such as the proposed basis of our remuneration.

A glossary of the abbreviations used throughout this document is attached (Appendix 9).

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 these statements of proposals is attached (Appendix 10).



Contents

1	Executive summary	1
2	Group structure	3
3	Background and events leading to both administrations	4
4	Strategy and progress of each of the administrations to date	7
5	Dividend prospects	10
6	Ending each of the administrations	12
7	Approval of proposals	12
8	Joint Administrators' remuneration, disbursements and pre-administration costs	13
9	Summary of proposals	16
Appendix 1	Group structure chart	19
Appendix 2	Statutory information	20
Appendix 3	Joint Administrators' receipts and payments account	22
Appendix 4	Joint Administrators' fees estimates	25
Appendix 5	Joint Administrators' expenses estimates	29
Appendix 6	Joint Administrators' charging and disbursements policy	31
Appendix 7	Statements of Affairs, including creditor lists	39
Appendix 8	Summary of work by KPMG LLP prior to administration	49
Appendix 9	Glossary	50
Appendix 10	Notice: About these statements of proposals	52

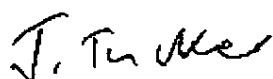
1 Executive summary

- The Companies in these proposals formed part of the Monarch Airlines Group which went in to administration on 2 October 2017. There are three sets of proposals, relating to the Airline subgroup, the Travel subgroup and the Holdings subgroup (these proposals).
- Monarch Holdings is the ultimate holding company of Monarch Airlines and Monarch 2011. Monarch 2011 is an intermediate holding company of the Group, with sub-groups below it of the holidays division: an independent travel group with core activities in offering scheduled flights and accommodation to tour operators, travel agents and direct to consumers, either as package holidays or as component parts; and the aircraft engineering division, which provided maintenance repairs and overhaul services to Group companies as well as third party airlines. Ongoing difficult market conditions led to a downturn in the Group's performance. The directors of the Group examined numerous options for a solvent solution to the Group's financial difficulties and, on 30 September 2017, concluded that the forecast trading losses and cash requirements of the Group, with little or no prospect of securing new investment or being sold, meant that the Companies were likely to be unable to pay their debts as they fell due. Therefore both Companies needed to be placed into administration.
- In order to protect the Companies' position, the directors applied to the Court on 1 October to appoint us – Jim Tucker, Blair Nimmo and Richard Beard – on 2 October 2017 as Joint Administrators of the Companies (Section 3 - Background and events leading to each of the administrations).
- In the period leading to administration, whilst undertaking a review of the Group, the directors met regularly with the CAA and instructed KPMG to prepare a contingency plan to ensure as orderly an insolvency process as possible in the event that administration of the Companies and other Group companies was unavoidable.
- The administrations took effect at 4.00 a.m. on 2 October 2017, a time when all aircraft were on the ground in the UK. One immediate priority was to assist the CAA to ensure that the repatriation of approximately 110,000 Monarch customers estimated to be overseas on 2 October could commence as smoothly as possible and to execute our related communications, web and media communications plan.
- Additional key priorities for us in the airline and holidays divisions are set out in their proposals. In these Companies, additional priorities were to secure the Companies' IT infrastructure and realise the Companies' assets. Monarch Holdings' key asset is its intellectual property rights and Monarch 2011's key realisable asset is its interest in the shares of MAEL, which continues to trade under the control of its directors (Section 4 - Strategy and progress of each of the administrations to date).
- The Group has three principal realisable assets:
 - Cash at bank at our appointment of £27.8 million. This is primarily an asset of Monarch Airlines and Monarch Holidays;
 - Slots. The rights to operate these slots are owned by Monarch Airlines. Having won our well-publicised appeal to the UK Appeal Court on 22 November, as these proposals were being finalised, we are now in the process of completing transactions relating to Slots at Gatwick and Luton airports. Further details on those transactions will be announced after their completion.

- The Group's engineering business, MAEL, which is not in any insolvency process and continues to trade normally under the control of its directors. The shares in MAEL are owned by Monarch 2011. In due course, this investment will be realised for maximum achievable value.

We cover specific assets relating to these Companies in Section 4 - Strategy and progress of each of the administrations to date.

- The Group had total secured debt at the date of our appointment of c£164 million. The senior secured creditor is PJJ, owed c£95 million at the date of our appointment. The second ranking secured creditor is the PPF, owed £7.5 million. The third ranking secured creditor is WJL, owed c£62 million (the amount of WJL secured debt varies across each of the Companies). There are other secured creditors around the group with specific security over certain assets, such as aircraft and leasehold property. Whilst the Slots and the engineering business have yet to be realised, in our view value is likely to break in the secured debt.
- As the secured creditors will likely suffer a shortfall, there is no real prospect of a return to unsecured creditors in either of the Companies (Section 5 - Dividend prospects).
- We intend to seek approval of our proposals for each company by deemed approval (Section 7 – Approval of proposals).
- We propose that our remuneration for each company will be drawn on the basis of time properly given by us and the various grades of our staff in accordance with the respective fees estimate and charge-out rates provided. We will seek approval for this from the secured creditors of each company. We also attach our expenses estimate for each company (Section 8 - Joint Administrators' remuneration, disbursements and pre-administration costs).
- We anticipate that the most likely exit route for each company will be dissolution (Section 6 - Ending each of the administrations).
- This document in its entirety is our statements of proposals. A summary list of each of the proposals is shown in Section 9 together with all relevant statutory information included by way of appendices. Unless stated otherwise, all amounts in the proposals and appendices are stated net of VAT.



Jim Tucker
Joint Administrator

2 Group structure

The Companies are part of a group which primarily provided holidays, flights and aircraft engineering services. The Group structure chart is attached as Appendix 1.

In addition to Monarch Holdings and Monarch 2011, eight other group companies were placed into administration on 2 October 2017. A brief overview of each of these entities in the Group is below.

Monarch Holdings Limited – in Administration

Monarch Holdings was incorporated in March 1974. It is owned by WJL and the PPF. Monarch Holdings is the holding company for the Group. It also owns certain intellectual property rights including the registered community trade mark for 'Monarch'.

Monarch 2011 Limited – in Administration

Monarch 2011 was incorporated in September 2011. It is owned by Monarch Holdings. Monarch 2011 is an intermediate holding company for the Group and currently holds the entire issued share capital of MAEL, the Group's engineering division. MAEL is not in administration and continues to trade.

Monarch Airlines Limited – in Administration

Monarch Airlines was incorporated in June 1967. It was the airline operator for the airlines division and its principal business activity was offering scheduled flights to tour operators, travel agents and direct to consumers: selling flights directly and also distributing them through the holidays division and third party travel agents and tour operators. Prior to December 2016, Monarch Airlines distributed flights through First Aviation.

Monarch Holidays Limited – in Administration

Monarch Holidays was incorporated in February 1987. It provided ATOL protected package holidays to the retail market. It was wholly dependent on Monarch Airlines to supply the flights for those holidays. Monarch Holidays traded from two UK sites (a call centre in Stockport, Greater Manchester and offices in Bromley, Kent) and also had employees in various overseas destinations, in premises provided by local third party agents.

First Aviation Limited – in Administration

First Aviation was incorporated in January 1993. It was an ATOL holder. Prior to December 2016 its principal trading activity was selling ATOL protected flights with particular focus on flight-only bookings.

Avro Limited – in Administration

Avro was incorporated in December 1983. It was an ATOL holder. Its principal activity was as a flight-only booking agent which purchased flights from Avro Aviation (and others) and sold them onwards to third party travel agents

Avro Aviation Limited – in Administration

Avro Aviation was incorporated in December 1995. It held a restricted ATOL which permitted it to sell to trade customers but not consumers. Its principal activity was purchasing flights from Monarch Airlines and selling them onwards to Avro.

Monarch Travel Group Limited – in Administration

Monarch Travel Group was incorporated in March 1975. It is the holding company for the holidays division.

somewhere2stay Limited – in Administration

somewhere2stay was incorporated in December 1986. Its principal trading activity was selling accommodation only bookings through approximately 90 travel agents.

MH Aviation Transport Limited – in Administration

MH Aviation Transport was incorporated in November 1974. It held a restricted ATOL which permitted it to sell flights to trade customers but not to consumers.

3 Background and events leading to both administrations

3.1 Background information

The Group is owned by a majority shareholder: PJJ, via WJL, and a minority shareholder: the PPF. The Group's business activities centred around three core divisions: the airlines division, the holidays division and the aircraft engineering division.

Monarch Airlines offered scheduled flights to tour operators, travel agents and direct to consumers. It had operated in the UK for 49 years and offered over 7.5 million seats per annum on scheduled flights.

The holidays division sold accommodation and flights through travel agents or direct to consumers as package holidays or as component parts. Operating in the UK for 57 years, it handled approximately 400,000 passengers per annum.

The aircraft engineering division is not in administration. It provides maintenance, repairs and overhaul services to both Monarch Airlines and third party airlines. The principal operating company in this division is MAEL.

The Companies did not have any employees and did not trade.

3.2 Funding and financial position of each of the Companies

In 2014, difficult market conditions led to a downturn in the performance of the airlines division. This led to a strategic review and restructuring of the Group and the sale of the Group to the current shareholders. As part of this restructuring the Group entered into, among other things:

- new debt and security arrangements for the provision of new money by PJL;
- a pensions compromise, whereby each statutory employer under the Monarch Airlines Retirement Benefits Plan was discharged of its liabilities in return for a lump sum payment to the PPF of £30 million, deferred loan notes and 10% of the shareholding of Monarch Holdings;
- compromises with significant unsecured creditors of the Group; and
- changes to employee terms and conditions.

Following the 2014 restructuring, each of the Group companies granted a guarantee and indemnity for certain costs and expenses relating to the failure of an ATOL holder, in favour of the CAA on behalf of the ATT.

Following the 2014 restructuring, the Group reported a return to profitability in 2015.

Challenging conditions for short-haul European air travel in the aviation sector (as a result in part of terrorist activity in Tunisia, Sharm El Sheikh, Paris, Brussels and Turkey) caused the financial position of the Group to deteriorate during the course of 2016, which we understand caused pressure on its short-term cash flow. The Group secured further funding as part of its licence renewal process in September 2016.

The difficult market conditions continued into 2017. Based on management accounts, between November 2015 and 31 August 2017 the Group reported a loss of over £138 million of annual revenue, driven by price and foreign exchange pressure. Despite redeploying planes to other European destinations, the losses arose predominantly from the Group ceasing to operate to and from Tunisia in the summer of 2015; Sharm el Sheikh in November 2015 and a reported loss of 50% to 60% of demand to and from Turkish destinations. Over supply in key destinations led to a decline in ticket prices, compounded by the Group's revenue being largely in sterling whilst many of its operating costs were in US dollars and euros. The weakening in sterling against the US dollar and the euro impacted the Group's profitability. The combined effects of these external factors resulted in a reported fall in profitability of more than £120 million over the twenty-two month period to August 2017.

3.3 Events leading to each of the administrations

In April 2017 Monarch Airlines commissioned a business review from a third party aviation consultancy. The review concluded in late August and we understand that it showed that a potential change in business model to a long haul business was expected to be profitable, but that the ability to improve the short haul network was limited and the costs of transition were material. Budget forecasts prepared by Monarch Airlines for the airlines division showed that it would incur substantial losses in the 2018 financial year given the challenging environment and would be unable to pay its debts in the coming months unless it received significant new investment or was sold. Management explored these options, including holding advanced talks with a potential buyer for Monarch Airlines. However, the potential buyer was ultimately unwilling to proceed.

In the lead up to administration, on 1 September 2017 KPMG was engaged to explore options and run a sales process principally for the Group's airline operating and travel businesses. KPMG was also engaged to prepare suitable contingency plans to minimise losses to creditors and passenger disruption in the event that no sale or refinancing solutions could be implemented.

A number of Monarch Airlines competitors were invited to bid for the Group or its business and assets. Some offers were received as well as offers for other parts of the Group and certain assets, however, none of these offers resulted in a going concern sale.

With the Group's ATOL licence due to expire on 30 September 2017, and having explored sale and other options, during the evening of 30 September the board of Monarch Airlines resolved to file for administration effective overseas as soon as was practicable. As it was not possible for either of the Companies to fulfil their obligations if the Group's operating companies (Monarch Airlines and Monarch Holidays) were not trading, the boards of each of the Companies also resolved to file for administration with effect from the same time. The contingency plan was implemented upon our appointment as administrators at 4 a.m. on 2 October.

A summary of the work which KPMG provided in the six years prior to administration is set out in Appendix 8. This includes our role as standby administrator when Monarch was close to insolvency in 2014. This was also disclosed to the Court at the time of our appointment to each company.

We are satisfied that the work carried out by KPMG before each of our appointments, including the pre-administration work summarised below, has not resulted in any relationships which create a conflict of interest or which threaten our independence.

Furthermore, we are satisfied that we are acting in accordance with the relevant guides to professional conduct and ethics.

3.4 Pre-administration work

The following work was carried out prior to our appointment with a view to placing the Companies into administration:

- KPMG assisted in the preparation of the appointment documents;
- Freshfields advised the Companies regarding the administration appointment;
- Freshfields assisted the directors with the preparation and filing of the appointment documents.

The work was necessary in order to place the Companies into administration.

KPMG's work was carried out under an engagement letter dated 1 September 2017 with Monarch Holdings.

3.5 Appointment of Joint Administrators

An application was made to Court by the directors for both Companies to be placed into administration. Administration Orders for each company were made on 1 October 2017, but effective from 4.00 a.m. on 2 October 2017, and we were duly appointed as administrators.

4 Strategy and progress of each of the administrations to date

4.1 Strategy to date

Strategy

Our strategy for the Companies focused on securing the IT infrastructure and assets with a view to realising them.

Repatriation

The CAA's repatriation plan for passengers overseas comprised an initial two-week programme of repatriation flights operating leased planes and aircrew. Prior to our appointment, we understand that the CAA was instructed by the Government (Department for Transport) that all overseas customers due to fly back to the UK in that two week period should be repatriated to the UK, whether they had booked flight-only tickets or were ATOL protected. At the planning stage, approximately 110,000 customers were estimated to be overseas and would require repatriation. In the event, approximately 86,000 were repatriated.

Services and Funding Agreement

During the contingency planning phase of our work, a Services and Funding Agreement had been pre-agreed with the CAA, effective on our appointment. Under the terms of the SFA the Group's staff and the Joint Administrators worked with the CAA in order to achieve the above.

The services provided by the Companies to the CAA in respect of repatriation would not otherwise have been undertaken in those administrations. Therefore, we agreed with the CAA that it would pay the cost of these services, including the time spent by us and our staff, so that the administration estates were not disadvantaged by assisting the repatriation exercise.

We agreed a SFA with the CAA which summarised the services to be provided and the terms of reimbursement to the respective companies. That agreement was signed upon appointment in order that repatriation could commence immediately.

The SFA also provided for the small amount of costs of placing certain of the Group companies (including Monarch Holdings and Monarch 2011) into administration, as these companies had no assets of their own, but were potentially critical to the repatriation exercise. Again, this was to ensure that the estates were not disadvantaged.

Communications

Since our appointment, we have provided regular information to the Group's customers, creditors, other stakeholders and the media to assist them to understand the impact of the administrations, in particular customers who were abroad at the time of our appointment or due to fly from the UK.

As part of this we established a dedicated website for the administration of the Group www.kpmg.co.uk/monarch we have and will continue to use to provide regular updates on the administrations.

We set up a call centre number (UK Freephone 0800 015 2557; international +44 207 205 5395) and dedicated e-mail enquiry addresses (details of these are on our website), whilst also retaining the Monarch website to automatically re-direct web traffic to the CAA website and securing social media platforms.

Recharges

Certain costs relating to Monarch Holdings (primarily the hosting of domain names and other costs relating to intangible assets) have been met by Monarch Airlines. In order to reflect the costs borne by Monarch Airlines that relate to Monarch Holdings, a recharge between the two companies is expected.

Transitional Services Agreement with MAEL

The Group and MAEL have historically provided certain services to each other in the ordinary course of business. The Group and MAEL have reached an agreement to continue to provide certain services necessary for the Group to achieve the purpose of the administrations and for MAEL to continue its business operations. Both parties will pay for the direct cost incurred in providing the relevant service.

Intellectual property, brand and intangible assets

Monarch Holdings owns certain intellectual property rights including the registered community trade mark for 'Monarch'. The majority of the 300 or so internet domain names used by the Group for online trading and promotion are owned by Monarch Holdings.

We approached a number of independent agents in order to consider the strategies for realising these assets.

At this stage, it is not possible to estimate what value may be obtained for these assets, however we will provide an update on this in our subsequent reports to creditors.

Investments

Monarch 2011's main assets are its interests in the shares of MAEL and Monarch Travel Group.

Monarch Travel Group is in administration. We do not envisage any realisations from these shares.

MAEL remains outside of an administration process and continues to trade under the control of its directors. Its directors and key stakeholders are considering the options available to preserve the business and deliver value in due course for its key stakeholders.

We will work with the directors and other key stakeholders of MAEL to develop the strategy for stabilising this business and then look to realise value for these shares.

Cash at bank

On appointment Monarch 2011 held an account with the Group's main bankers which had a nil balance. Accounts in multiple currencies, operated by Holdings with the same bank have a small cash balance.

We contacted the bank immediately following our appointment with a request to place the accounts on stop, whilst accepting any credits and to transfer the balances on account to us. The bank is also owed money by the Group, accordingly we understand it will hold back certain funds to allow it time to determine its exposure. We are liaising closely with the bank to ensure an early release of funds held.

4.2 Asset realisations

There have been no transactions in Monarch 2011 to 10 November 2017.

Realisations for Monarch Holdings from the date of our appointment to 10 November 2017 are set out in the attached receipts and payments accounts (Appendix 3).

Summaries of the most significant realisations to date are provided below.

VISA settlement

Funds of some £286,000 have been received in the estate of Monarch Holdings on behalf of Monarch Airlines and Monarch Holidays. We will transfer this sum to the respective estates.

Funding and Facility from CAA

Monarch Holdings has received funds of £3.3 million from the CAA. These funds do not form part of Monarch Holdings' estate. They were provided to be disbursed to Monarch Airlines and/or Monarch Holidays to meet urgent administration expenses, including employee costs and IT costs. If the funds are not used for these purposes, then under the SFA they will be used for ongoing administration costs incurred as a result of the CAA repatriation exercise.

In addition, the Companies have each been allocated funds of £2,500 from the CAA. These funds, which do not form part of the respective Companies' estates, have been provided by the CAA under the terms of the SFA referred to in section 4.1 to meet certain expenses of the administrations of the Companies.

Investigations

We are reviewing the affairs of each of the Companies to find out if there are any actions which can be taken against third parties to increase recoveries for creditors.

In this regard, if you wish to bring to our attention any matters which you believe to be relevant, please do so by writing to The Joint Administrators of Monarch Holdings Limited at KPMG LLP, 15 Canada Square, London E14 5GL, United Kingdom or The Joint Administrators of Monarch 2011 Limited at KPMG LLP, 15 Canada Square, London E14 5GL, United Kingdom.

4.3 Costs

Estimates of all the anticipated costs likely to be incurred throughout the duration of the administrations of the Companies are set out in the attached summaries of expenses (Appendix 5). This includes unpaid pre-administration legal costs to be met from each estate once approved.

Payments, none of which are significant, made from Monarch Holdings from the date of our appointment to 10 November 2017 are set out in the attached receipts and payments accounts (Appendix 3).

5 Dividend prospects

5.1 Secured creditors

As part of the restructuring that took place in 2014, the Group entered into new debt and security arrangements, including an Intercreditor Deed which included priority of security in the Group.

We have summarised below material security positions within the Group (this excludes any lessor security).

Creditor	Debt as at 2 October 2017
Petrol Jersey Limited	<p>A £75 million facility was agreed between Monarch Holdings and PJJ as part of the 2014 restructuring.</p> <p>Monarch Holdings' obligations under the PJJ Facility Agreement and related finance documents (the PJJ Finance Documents) are guaranteed by all of the Administration Companies (except First Aviation) and MAEL, (being together the Group Obligors). PJJ has a debenture at Monarch Holdings and Monarch 2011. Monarch 2011's investment in MAEL is not secured under PJJ's debenture.</p> <p>The Intercreditor Deed sets out that the PJJ facility ranks in priority to the PPF debt. The PJJ facility consists of two tranches:</p> <ul style="list-style-type: none">■ Tranche A – £60 million revolving facility, with interest payable of LIBOR plus 8% per annum. Tranche A was drawn in full during 2014 and remains fully drawn.■ Tranche B – A £15 million revolving facility, with interest payable of LIBOR plus 15% per annum. Tranche B has remained fully drawn since early 2016. <p>Including interest accrued since 2014, the amount due to PJJ as at the date of administration was circa £95 million.</p>

Pension Protection Fund	<p>As part of the 2014 restructuring the PPF were provided with £30 million of cash and £7.5 million of loan notes by Monarch Holdings (the Pension Loan Notes). This amount of £7.5 million remains outstanding.</p> <p>Monarch Holdings' obligations under the Pension Loan Notes and related finance documents (the Pension Finance Documents) are guaranteed by the Group Obligors. The PPF has a debenture at both Monarch Holdings and Monarch 2011. Monarch 2011's investment in MAEL is not secured under the PPF's debenture.</p> <p>The Intercreditor Deed sets out that the PPF debt is subordinated to the PJL facility.</p>
Windsor Jersey Limited (Monarch 2011 only)	<p>Loans originated prior to the 2014 restructuring were assigned from the Previous Shareholder to PJL pursuant to a deed of assignment of loans and related security dated 24 October 2014 (the PJL Assignment Agreement).</p> <p>The loans were subsequently assigned from PJL to WJL pursuant to a shares and loan purchase agreement dated 19 August 2015 (the WJL Assignment Agreement).</p> <p>WJL has fixed charge security over 20,000 £1 ordinary shares in Monarch Travel Group and 100,000 £1 ordinary shares in MAEL. WJL has approximately £21 million of secured debt at Monarch 2011.</p> <p>WJL debt ranks behind the PJL facility and the PPF Loan Notes where relevant.</p>

We engaged CMS Cameron McKenna Nabarro Olswang LLP, trading as CMS, an independent law firm, to undertake a review of all security and comment on its validity. Given the complexity of the security interests this review is not fully complete, albeit no material issues have arisen to date. We will also obtain confirmation on which secured creditors are required to approve any decisions, including in relation to our remuneration, in the administrations.

No distributions have been made to the secured creditors to date.

Overall we consider there is likely to be a shortfall to the secured creditors. Any return to the secured creditors from either company is dependent on the level of realisations from the respective company's assets.

5.2 Preferential creditors

Claims from employees in respect of (1) arrears of wages up to a maximum of £800 per employee, (2) unlimited accrued holiday pay and (3) certain pension benefits, rank preferentially.

We are not aware of any preferential claims against either of the Companies.

5.3 Unsecured creditors

Based on current estimates, it is highly unlikely that there will be any dividend to unsecured creditors in either of the administrations.

6 Ending each of the administrations

6.1 Exit route from each of the administrations

We consider it prudent to retain all of the options available to us, as listed in Section 9, to bring each administration to a conclusion in due course.

However, at this stage we anticipate that the most likely exit route for each company will be dissolution.

6.2 Discharge from liability

We will seek approval from the Court that we will be discharged from liability in respect of any action as Joint Administrators upon the filing of each of our final receipts and payments accounts for both Companies with the Registrar of Companies.

Discharge does not prevent the exercise of the Court's power in relation to any misfeasance action against us.

7 Approval of proposals

7.1 Deemed approval of proposals

The administrators' proposals for both Companies will be deemed approved, with no requirement to seek deemed consent or use a decision procedure, as it appears that both Companies have insufficient property to enable us to make a distribution to the unsecured creditors.

On expiry of eight business days from the date our proposals were delivered to the creditors, they will be deemed to have been approved by the creditors unless 10% in value of creditors request that a decision procedure is convened. Further details of the steps to convene a procedure are detailed below.

7.2 Creditors' right to request a decision

We will use a decision making procedure or deemed consent to seek approval of our proposals for either company (1) if asked to do so by creditors whose debts amount to at least 10% of the total debts of the relevant company, and (2) if the procedures set out below are followed.

Requests for a decision procedure must be made within eight business days of the date on which our proposals were delivered. They must include:

- a statement of the requesting creditor claim in the relevant administration;
- a list of the creditors concurring with the request, showing the amounts of their respective debts in the relevant administration;
- written confirmation of their concurrence from each concurring creditor; and
- a statement of the purpose of the proposed decision.

In addition, the expenses of the decision procedure undertaken at the request of a creditor must be paid by that creditor. That creditor is required to deposit security for such expenses with us.

If you wish to request a decision procedure, please complete and return a decision requisition form for the relevant company available at www.kpmg.co.uk/monarch.

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

8.1 Approval of the basis of remuneration and disbursements

We propose to seek approval in each of the administrations from the secured 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 estimates provided in Appendix 4 and the charge-out rates included in Appendix 6;
- 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 6.

Agreement to the basis of our remuneration and the drawing of Category 2 disbursements is subject to specific approval. It is not part of our proposals.

Should the circumstances of either of the administrations change, we reserve the right to revert to the unsecured creditors in order to seek approval for the basis of remuneration and the drawing of Category 2 disbursements.

Time costs

In Monarch Holdings, from the date of our appointment to 10 November 2017, we have incurred time costs of £33,303.00. These represent 68 hours at an average rate of £491 per hour.

In Monarch 2011, from the date of our appointment to 10 November 2017, we have incurred time costs of £19,519. These represent 43 hours at an average rate of £452 per hour.

Disbursements

We have incurred disbursements of £12 in Monarch Holdings only which have not yet been paid.

Additional information

We have attached at (Appendix 6) an analysis of the time spent for each of the administrations, the charge-out rates for each grade of staff and the disbursements paid directly by KPMG for the period from our appointment to 10 November 2017. We have also attached our charging and disbursements recovery policy.

Under the SFA, the CAA has agreed to meet costs which would not have been incurred but for the work they required in relation to the repatriation exercise. In addition, they have provided a facility to cover statutory costs in relation to those Group companies which have no assets to meet those costs, but which were required to be placed into administration in order to ensure that the repatriation could take place without any hindrance. In both cases, these costs include the fees charged by KPMG in relation to our work. In approving those costs, the CAA is an independent body which is itself subject to Government oversight and which is not connected with the Group, the Joint Administrators, or KPMG.

8.2 Pre-administration costs

The following pre-administration costs have been incurred by Freshfields in relation to the pre-administration work undertaken by them as detailed in Section 3:

Pre-administration costs – Monarch Holdings			
	Paid (£)	Unpaid (£)	Total (£)
Freshfields' fees	NIL	12,568	12,568
Freshfields' disbursements	NIL	6,159	6,159
Total	NIL	18,727	18,727

Pre-administration costs – Monarch 2011			
	Paid (£)	Unpaid (£)	Total (£)
Freshfields' fees	NIL	12,568	12,568
Freshfields' disbursements	NIL	6,159	6,159
Total	NIL	18,727	18,727

Freshfields have been paid pre-administration costs of £31,773 relating to the Group which were paid by Monarch Airlines.

The payment of unpaid pre-administration costs as an expense of each of the administrations is subject to the same approval as our remuneration, as outlined above. It is not part of our proposals.

We advise that the pre-administration work undertaken by KPMG in relation to the Company was minimal. We have not been paid for this work and we do not propose to seek approval to draw any remuneration in this regard.

9 Summary of proposals

With there being no party to date willing to buy the Group or any of the Companies in whole or in part, and uncertainties over Monarch Airline's Operating Licence and Air Operating Certificate, we have not been able to pursue 3(1)(a) (rescue of the company as a going concern) and therefore our primary objective for each company is to achieve a better result for the company's creditors as a whole than would be likely if the company were wound up, in accordance with Paragraph 3(1)(b).

In addition to the specific itemised proposals for each company below, this document in its entirety constitutes our proposals. We are required to specify this information on a per company basis.

We propose the following:

Monarch Holdings

General matters

- to continue to do everything that is reasonable, and to use all our powers appropriately, in order to maximise realisations from the assets of the company in accordance with the objective as set out above;
- to investigate and, if appropriate, to pursue any claims the company may have;
- to seek an extension to the administration period if we consider it necessary.

Distributions

- to make distributions to the secured creditors where funds allow;
- to make distributions to the unsecured creditors if funds become available, and to apply to the Court for authority to do so, where applicable.

Ending the administration

We might use any or a combination of the following exit route strategies in order to bring the administration to an end:

- place the company into creditors' voluntary liquidation. In these circumstances we propose that we, Jim Tucker, Blair Nimmo and Richard Beard, be appointed as Joint Liquidators of the company without any further recourse to creditors. If appointed Joint Liquidators, any action required or authorised under any enactment to be taken by us may be taken by us individually or together. The creditors may nominate different persons as the proposed Joint Liquidators, provided the nomination is received before these proposals are approved;
- petition the Court for a winding-up order placing the company into compulsory liquidation and to consider, if deemed appropriate, appointing us, Jim Tucker, Blair Nimmo and Richard Beard, as Joint Liquidators of the company without further recourse to creditors. Any action required or authorised under any enactment to be taken by us as Joint Liquidators may be taken by us individually or together;
- file notice of move from administration to dissolution with the Registrar of Companies if we consider that liquidation is not appropriate because (1) no dividend will become available to creditors, and (2) there are no other outstanding matters that require to be dealt with in

liquidation. The company will be dissolved three months after the registering of the notice with the Registrar of Companies.

Alternatively, we may allow the administration to end automatically.

Joint Administrators' remuneration and pre-administration costs

We propose 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 provided in Appendix 4 and the charge-out rates included in Appendix 6;
- 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 6;
- unpaid pre-administration legal costs be an expense of the administration.

Monarch 2011

General matters

- to continue to do everything that is reasonable, and to use all our powers appropriately, in order to maximise realisations from the assets of the company in accordance with the objective as set out above;
- to investigate and, if appropriate, to pursue any claims the company may have;
- to seek an extension to the administration period if we consider it necessary.

Distributions

- to make distributions to the secured creditors where funds allow;
- to make distributions to the unsecured creditors if funds become available, and to apply to the Court for authority to do so, where applicable.

Ending the administration

We might use any or a combination of the following exit route strategies in order to bring the administration to an end:

- place the company into creditors' voluntary liquidation. In these circumstances we propose that we, Jim Tucker, Blair Nimmo and Richard Beard, be appointed as Joint Liquidators of the company without any further recourse to creditors. If appointed Joint Liquidators, any action required or authorised under any enactment to be taken by us may be taken by us individually or together. The creditors may nominate different persons as the proposed Joint Liquidators, provided the nomination is received before these proposals are approved;
- petition the Court for a winding-up order placing the company into compulsory liquidation and to consider, if deemed appropriate, appointing us, Jim Tucker, Blair Nimmo and Richard Beard, as Joint Liquidators of the Company without further recourse to creditors. Any action required or authorised under any enactment to be taken by us as Joint Liquidators may be taken by us individually or together;
- file notice of move from administration to dissolution with the Registrar of Companies if we consider that liquidation is not appropriate because (1) no dividend will become available to creditors, and (2) there are no other outstanding matters that require to be dealt with in

liquidation. The company will be dissolved three months after the registering of the notice with the Registrar of Companies.

Alternatively, we may allow the administration to end automatically.

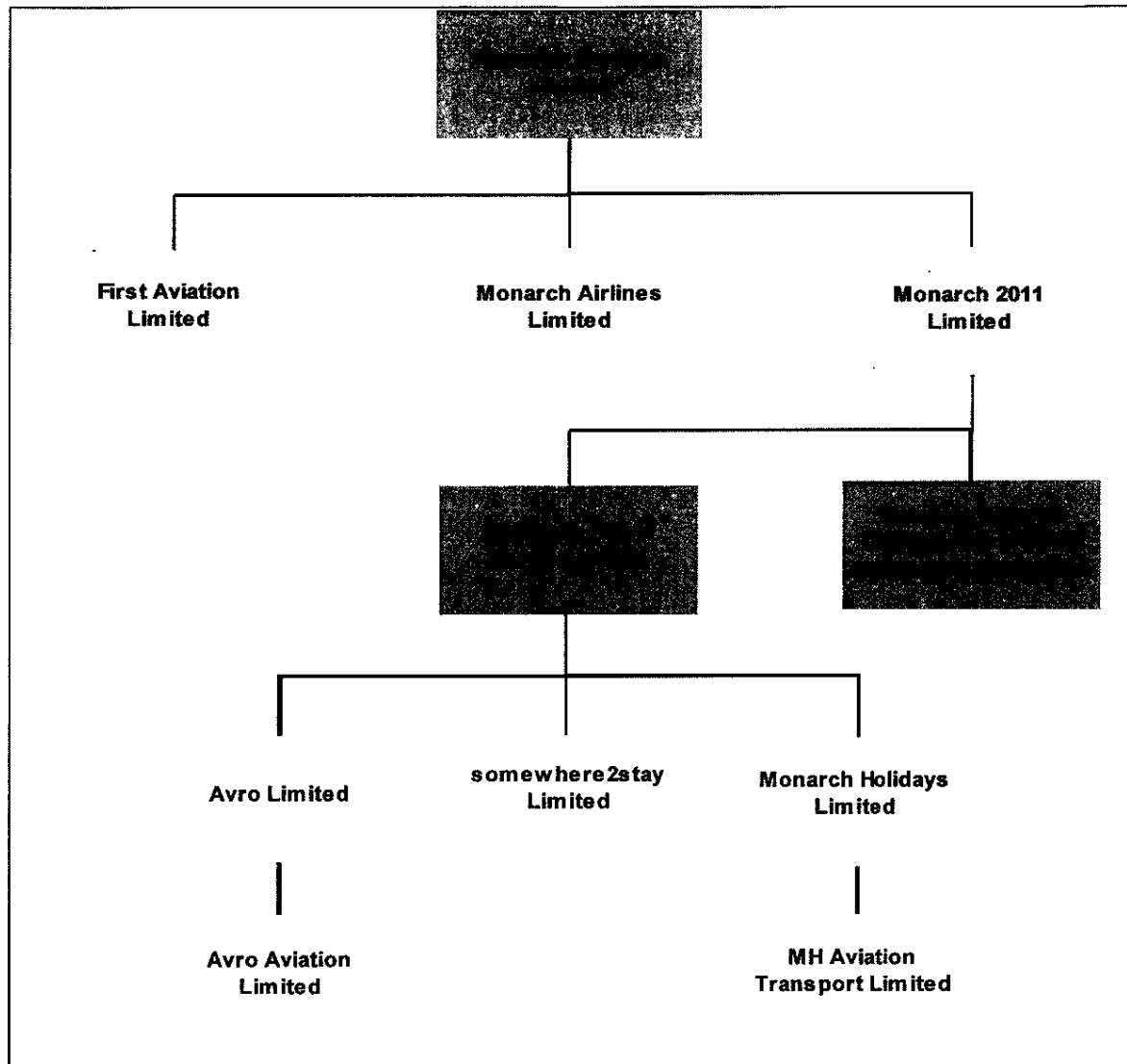
Joint Administrators' remuneration and pre-administration costs

We propose 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 provided in Appendix 4 and the charge-out rates included in Appendix 6;
- 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 6;
- unpaid pre-administration legal costs be an expense of the administration.

Appendix 1 Group structure chart

A simplified Group structure chart for companies referred to in this report is below.



Appendix 2 Statutory information

Company information

Company and Trading name	Monarch Holdings Limited
Date of incorporation	29 March 1974
Company registration number	01165001
Trading address	Prospect House, Prospect Way, London Luton Airport, Luton, Bedfordshire, LU2 9NU
Previous registered office	Prospect House, Prospect Way, London Luton Airport, Luton, Bedfordshire LU2 9NU
Present registered office	15 Canada Square, Canary Wharf, London, E14 5GL
Company Directors	Christopher John Bennett Richard Carl Perlhagen Marc Joseph Meyohas Andrew John Swaffield Nathaniel Jerome Meyohas
Company Secretary	Andrew Lingard

Administration information

Administration appointment	The administration appointment granted in High Court of Justice, 007270 of 2017
Appointor	Court following application by the directors
Date of appointment	2 October 2017
Joint Administrators	Jim Tucker, Blair Nimmo and Richard Beard
Purpose of the administration (but see section 9)	Achieving a better result for the company's creditors as a whole than would be likely if the company were wound up.
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 2018
Prescribed Part	The Prescribed Part is not applicable on this case as the net property is expected to be below the prescribed minimum of £10,000.
Application of EC Regulations	EC Regulations apply and these proceedings will be the Main Proceedings as defined in Article 3 of the EC Regulations.

Company information

Company and Trading name	Monarch 2011 Limited
Date of incorporation	19 September 2011
Company registration number	07779279
Trading address	Prospect House, Prospect Way, London Luton Airport, Luton, Bedfordshire, LU2 9NU
Previous registered office	Prospect House, Prospect Way, London Luton Airport, Luton, Bedfordshire LU2 9NU
Present registered office	15 Canada Square, Canary Wharf, London, E14 5GL
Company Directors	Andrew John Swaffield Christopher John Bennett
Company Secretary	Andrew Lingard

Administration information

Administration appointment	The administration appointment granted in High Court of Justice, 007256 of 2017
Appointor	Court following application by the directors
Date of appointment	2 October 2017
Joint Administrators	Jim Tucker, Blair Nimmo and Richard Beard
Purpose of the administration (but see section 9)	Achieving a better result for the company's creditors as a whole than would be likely if the company were wound up.
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 2018
Prescribed Part	The Prescribed Part is not applicable on this case as the net property is expected to be below the prescribed minimum of £10,000.
Application of EC Regulations	EC Regulations apply and these proceedings will be the Main Proceedings as defined in Article 3 of the EC Regulations.

Appendix 3 Joint Administrators' receipts and payments account

Monarch Holdings

Monarch Holdings Limited - in Administration

Abstract of receipts & payments

Statement of affairs (£)		From 02/10/2017 To 10/11/2017 (£)	From 02/10/2017 To 10/11/2017 (£)
FIXED CHARGE ASSETS			
100,000.00	Intellectual Property rights	NIL	NIL
		NIL	NIL
FIXED CHARGE CREDITORS			
(7,500,000.00)	Fixed charge creditor	NIL	NIL
(94,685,897.00)	Fixed charge creditor (2)	NIL	NIL
		NIL	NIL
ASSET REALISATIONS			
442.00	Cash at bank	NIL	NIL
	Insurance refund	42,350.00	42,350.00
	VISA settlement - funds for MAL and MHol	286,455.16	286,455.16
		328,805.16	328,805.16
OTHER REALISATIONS			
	Bank interest, gross	539.08	539.08
	Sundry refunds	1,571.69	1,571.69
	Facility from CAA	2,500.00	2,500.00
		4,610.77	4,610.77
ADVANCES			
	Advance funding from CAA	3,265,000.00	3,265,000.00
		3,265,000.00	3,265,000.00
COST OF REALISATIONS			
	Sundry expenses	(1,000.00)	(1,000.00)
	Re-direction of mail	(204.00)	(204.00)
	Statutory advertising	(69.00)	(69.00)
	Bank charges	(30.00)	(30.00)
		(1,303.00)	(1,303.00)
UNSECURED CREDITORS			
(92,370,200.00)	Trade, Intercompany, Other	NIL	NIL
		NIL	NIL

Monarch Holdings Limited - in Administration

Abstract of receipts & payments

Statement of affairs (£)		From 02/10/2017 / To 10/11/2017 (£)	From 02/10/2017 To 10/11/2017 (£)
DISTRIBUTIONS			
(168,004,871.00)	Ordinary shareholders	NIL	NIL
		NIL	NIL
(362,460,526.00)		3,597,112.93	3,597,112.93
REPRESENTED BY			
	Floating ch. VAT rec'able		13.80
	Floating charge current		3,597,099.13
			3,597,112.93

Monarch 2011

Monarch 2011 Limited - in Administration

Abstract of receipts & payments

Statement of affairs (£)		From 02/10/2017 To 10/11/2017 (£)	From 02/10/2017 To 10/11/2017 (£)
FIXED CHARGE CREDITORS			
(7,500,000.00)	Fixed charge creditor	NIL	NIL
(94,685,897.00)	Fixed charge creditor (2)	NIL	NIL
(20,693,723.00)	Fixed charge creditor (3)	NIL	NIL
		NIL	NIL
UNSECURED CREDITORS			
(19,000,000.00)	Trade, Intercompany, Other	NIL	NIL
		NIL	NIL
DISTRIBUTIONS			
(20,000,001.00)	Ordinary shareholders	NIL	NIL
		NIL	NIL
(161,879,621.00)		NIL	NIL

Appendix 4 Joint Administrators' fees estimates

Monarch Holdings

Joint Administrators' costs for Monarch Holdings Limited				
	Notes	Total hours	Total cost (£)	Average hourly rate (£)
Administration & Planning				
Cashiering - processing of receipts & payments and bank reconciliations	1	23	9,215	400.65
General - books & records, fees and work in progress	2	2	588	293.75
Engagement management - administration strategy and case oversight	3	2	1,244	622
Statutory and compliance - appointment & related formalities, bonding, checklist & reviews, reports to creditors, advertising	4	64	32,365	505.7
Tax - VAT & Corporation tax, initial reviews, pre and post appointment tax	5	36	22,406	622.38
Creditors				
Employees – pension reviews	6	1	515	515
Creditors and claims - other - correspondence and claims from other creditors of the company	7	16	8,660	541.25
Press and stakeholder management - communication with key stakeholders and press	8	1	418	417.5
Investigation				
Directors - correspondence, statement of affairs, questionnaires	9	36	18,499	513.85
Investigations - direct conduct and affairs of the company	10	20	10,010	500.5
Realisation of assets				
Asset realisation - realisation of the company's assets	11	96	51,042	531.68
Totals		297	154,962	521.75

Note 1 – Cashiering

It is unlikely that Monarch Holdings will have any material volume of receipts or payments, hence cashiering time is expected to comprise bank reconciliations and facilitating the payment of any outlays.

Note 2 - General

General time costs include matters such as securing the company's books and records, and maintaining files.

Note 3 - Engagement management

Engagement management work will comprise setting and reviewing the strategy for the administration, ensuring sufficient funds are available to meet any third party costs, and undertaking progress reviews.

Note 4 – Statutory and compliance

Statutory and compliance work will include notifying the Registrar of Companies and other relevant parties of our appointment, arranging bonding and ensuring compliance with all statutory obligations such as reporting to creditors.

Note 5 - Tax

VAT and Tax specialists from within KPMG will review the company's tax and VAT affairs. We will submit post-administration tax and VAT returns as required.

Note 6 – Employees

Time in relation to employees relates to searches for any pension schemes operated by Monarch Holdings. As the company had no employees, time incurred under this category is expected to be minimal.

Note 7 – Creditors and claims - other

Monarch Holdings did not trade in the months preceding the administration, hence there are minimal third party creditors. There may be certain contingent creditors which arise upon insolvency, and we have assumed that a small amount of time will be incurred in reviewing this position and dealing with any creditor enquiries.

Note 8 – Press and stakeholder management

Press and stakeholder management work will primarily include the drafting of any press releases in relation to the administrations and updating stakeholders.

Note 10 - Directors

Our anticipated work in relation to directors will involve correspondence with directors, requesting the completion of the Statement of Affairs and questionnaire, and review of these documents.

Note 9 - Investigations

Investigations work will include reviewing the company's affairs and submitting our findings on the directors' conduct to the Insolvency Service.

Note 11 – Asset realisations

Monarch Holdings owns approximately 300 of the web domain names and brands used by the Group and we will undertake work to realise these assets.

Monarch 2011

Joint Administrators' costs for Monarch 2011 Limited				
	Notes	Total hours	Total cost (£)	Average hourly rate (£)
Administration & Planning				
Cashiering - processing of receipts & payments and bank reconciliations	1	20	7,900	395
General - books & records, fees and work in progress	2	2	588	293.75
Engagement management - administration strategy and case oversight	3	2	1,244	622
Statutory and compliance - appointment & related formalities, bonding, checklist & reviews, reports to creditors, advertising	4	64	32,365	505.7
Tax - VAT & Corporation tax, initial reviews, pre and post appointment tax	5	36	22,406	622.38
Creditors				
Employees - employee meetings, claims and correspondence	6	1	515	515
Creditors and claims - other - correspondence and claims from other creditors of the company	7	16	8,660	541.25
Press and stakeholder management - communication with key stakeholders and press	8	1	418	417.5
Investigation				
Directors - correspondence, statement of affairs, questionnaires	9	33	17,097	518.09
Investigations - direct conduct and affairs of the company	10	20	10,010	500.5
Realisation of assets				
Asset realisation - realisation of the company's assets	11	73	37,293	510.86
Totals		268	138,496	516.78

Note 1 – Cashiering

It is unlikely that Monarch 2011 will have any material volume of receipts or payments, hence cashiering time is expected to comprise bank reconciliations and facilitating the payment of any outlays.

Note 2 - General

General time costs include matters such as securing the company's books and records, and maintaining files.

Note 3 - Engagement management

Engagement management work will comprise setting and reviewing the strategy for the administration, ensuring sufficient funds are available to meet any third party costs, and undertaking progress reviews.

Note 4 – Statutory and compliance

Statutory and compliance work will include notifying the Registrar of Companies and other relevant parties of our appointment, arranging bonding and ensuring compliance with all statutory obligations such as reporting to creditors.

Note 5 - Tax

VAT and Tax specialists from within KPMG will review the company's tax and VAT affairs. We will submit post-administration tax and VAT returns as required.

Note 6 – Employees

Time in relation to employees relates to searches for any pension schemes operated by Monarch 2011. As the company had no employees, time incurred under this category is expected to be minimal.

Note 7 – Creditors and claims - other

Monarch 2011 did not trade in the months preceding the administration, hence there are minimal third party creditors. There may be certain contingent creditors which arise upon insolvency, and we have assumed that a small amount of time will be incurred in reviewing this position and dealing with any creditor enquiries.

Note 8 – Press and stakeholder management

Press and stakeholder management work will primarily include the drafting of any press releases in relation to the administrations and updating stakeholders.

Note 10 - Directors

Our anticipated work in relation to directors will involve correspondence with directors, requesting the completion of the Statement of Affairs and questionnaire, and review of these documents.

Note 9 - Investigations

Investigations work will include reviewing the company's affairs and submitting our findings on the directors' conduct to the Insolvency Service.

Note 11 – Asset realisations

Monarch 2011's main asset is its shareholding in MAEL. Estimated time costs in relation to realising this asset comprises time spent negotiating and completing any sale of the shareholding.

Appendix 5 Joint Administrators' expenses estimates

Monarch Holdings

Summary of estimated administration expenses for Monarch Holdings Limited				
£	Notes	Paid to date	Estimated future costs	Total estimate
Pre administration legal fees	1	-	18,000	18,000
Post appointment legal fees	2	-	91,000	91,000
Recharged costs	3	-	48,000	48,000
Other costs	4	1,303	13,697	15,000
		1,303	170,697	172,000

Below is further detail of the expected costs for this engagement:

Note 1 – Pre-administration legal fees

Pre-administration legal fees comprise Freshfields' costs in relation to preparing the documentation to appoint administrators to the company, counsel's costs for the process, and court fees for the administration application.

Note 2 – Post-appointment legal fees

Legal fees comprise the costs estimated to be incurred by our lawyers, primarily Freshfields, on a number of matters including: exploration of the sale of intangible assets owned by Monarch Holdings and general matters arising in the administration.

Note 3 – Recharged costs

Certain costs relating to Monarch Holdings (primarily the hosting of domain names and other costs relating to intangible assets) have been met by Monarch Airlines. In order to reflect the costs borne by Monarch Airlines that relate to Monarch Holdings, a recharge between the two companies is expected.

Note 4 – Other costs

Other costs comprise our estimate of general overheads associated with each company such as consumables, bank charges and statutory costs.

Monarch 2011

Summary of estimated administration expenses for Monarch 2011 Limited				
£	Notes	Paid to date	Estimated future costs	Total Estimate
Pre administration legal fees	1	-	18,000	18,000
Post appointment legal fees	2	-	90,000	90,000
Other costs	3	-	7,000	7,000
		-	115,000	115,000

Below is further detail of the expected costs for this engagement:

Note 1 – Pre-administration legal fees

Pre-administration legal fees comprise Freshfields' costs in relation to preparing the documentation to appoint administrators to the company, counsel's costs for the process, and court fees for the administration application.

Note 2 – Post-appointment legal fees

Legal fees comprise the costs estimated to be incurred by our lawyers, primarily Freshfields, on a number of matters including: advice on the shares in MAEL owned by Monarch 2011 and general matters arising in the administration.

Note 3 – Other costs

Other costs comprise our estimate of general overheads associated with each company such as consumables, bank charges and statutory costs.

Appendix 6 Joint Administrators' charging and disbursements policy

Joint Administrators' charging policy

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

Our policy is to delegate tasks in the administrations 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 contact the dedicated call centre on 0800 015 2557 or e-mail monarchclaims@kpmg.co.uk.

Hourly rates

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

All staff who have worked on the administrations, including cashiers and secretarial staff, have charged time directly to the relevant 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 administrations but is reflected in the general level of charge-out rates.

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

The charge-out rates used by us might periodically rise (for example to cover annual inflationary cost increases) over the period of the administrations. 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 estates. 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.

Monarch Holdings has incurred the following disbursements during the period 2 October 2017 to 10 November 2017.

SIP 9 - Disbursements					
Disbursements	Category 1		Category 2		Totals (£)
	Paid (£)	Unpaid (£)	Paid (£)	Unpaid (£)	
Travel		11.78		NIL	11.78
Total		11.78		NIL	11.78

Monarch 2011 has not incurred any disbursements during the period 2 October 2017 to 10 November 2017.

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

Category 2 disbursements for each of the Companies are to be approved in the same manner as our remuneration.

Narrative of work carried out for each of the Companies for the period 2 October 2017 to 10 November 2017

The key areas of work have been:

Statutory and compliance	<ul style="list-style-type: none"> ■ collating initial information to enable us to carry out our statutory duties, including creditor information, details of assets and information relating to the licences; ■ providing initial statutory notifications of our appointments to the Registrar of Companies, creditors and other stakeholders, and advertising our appointments; ■ issuing regular press releases and posting information on a dedicated web page; ■ preparing statutory receipts and payments accounts; ■ arranging bonding and complying with statutory requirements; ■ 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 strategies and meetings with internal and external parties to agree the same; ■ briefing of our staff on the administration strategies and matters in relation to various work-streams; ■ regular case management and reviewing of progress, including regular team update meetings and calls; ■ meeting with management to review and update strategies and monitor progress; ■ reviewing and authorising junior staff correspondence and other work; ■ dealing with queries arising during the appointments; ■ reviewing matters affecting the outcome of the administrations; ■ allocating and managing staff/case resourcing and budgeting exercises and reviews; ■ liaising with legal advisors regarding the various instructions, including agreeing content of engagement letters; ■ 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 administrations and case strategies.
Cashiering	<ul style="list-style-type: none"> ■ setting up administration bank accounts and dealing with the Companies pre-appointment accounts; ■ preparing and processing vouchers for the payment of post-appointment invoices (Monarch Holdings only); ■ creating remittances and sending payments to settle post-appointment invoices (Monarch Holdings only); ■ reconciling post-appointment bank accounts to internal systems; ■ ensuring compliance with appropriate risk management procedures in respect of receipts and payments (Monarch Holdings only).
Tax	<ul style="list-style-type: none"> ■ gathering initial information from the Companies' records in relation to the taxation position of the Companies; ■ submitting relevant initial notifications to HM Revenue and Customs; ■ reviewing the Companies' pre-appointment corporation tax and VAT positions; ■ analysing and considering the tax effects of various sale options, tax planning for efficient use of tax assets and to maximise realisations; ■ working initially on tax returns relating to the periods affected by the administrations; ■ analysing VAT related transactions; ■ dealing with post appointment tax compliance.
Shareholders	<ul style="list-style-type: none"> ■ providing notification of our appointments; ■ responding to enquiries from shareholders regarding the administrations; ■ providing copies of statutory reports to the shareholders.
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; ■ locating relevant books and records for the Companies, arranging for their collection and dealing with the ongoing storage.
Asset realisations	<ul style="list-style-type: none"> ■ collating information from the Companies' records regarding the assets; ■ liaising with agents regarding the sale of intellectual property assets (Monarch Holdings only); ■ working with the directors and other key stakeholders of MAEL in relation to the strategy for stabilising this business and realising value for the shares (Monarch 2011 only); ■ corresponding with bankers in relation to cash at bank on appointment and providing such information as they require (Monarch Holdings only); ■ reviewing the inter-company debtor position between the Companies and other Group companies.

Property matters	<ul style="list-style-type: none"> ■ performing land registry searches.
Health and safety	<ul style="list-style-type: none"> ■ liaising with health and safety specialists in order to manage all health and safety issues and environmental issues, including ensuring that legal and licensing obligations are complied with; ■ liaising with the Health and Safety Executive regarding the administrations and ongoing health and safety compliance.
Open cover insurance	<ul style="list-style-type: none"> ■ arranging ongoing insurance cover for the Companies' business and assets; ■ liaising with the post-appointment insurance brokers to provide information, assess risks and ensure appropriate cover in place; ■ assessing the level of insurance premiums.
Pensions	<ul style="list-style-type: none"> ■ collating information and reviewing any pension schemes; ■ ensuring compliance with our duties to issue statutory notices.
Creditors and claims	<ul style="list-style-type: none"> ■ drafting and circulating our proposals; ■ obtaining details of the unsecured creditors; ■ responding to enquiries from creditors regarding the administrations and submission of their claims.
Investigations/ directors	<ul style="list-style-type: none"> ■ liaising with management to produce the Statements of Affairs; ■ arranging for the redirection of the Companies' mail.

Time costs - Monarch Holdings

SIP 9 – Time costs analysis (02/10/2017 to 10/11/2017)			
	Hours	Time Cost (£)	Average Hourly Rate (£)
Administration & planning			
Notifying shareholders			
General correspondence	0.10	74.00	740.00
Notification of appointment	1.20	433.00	360.83
Cashiering			
General (Cashiering)	3.80	1,761.00	463.42
Reconciliations (& IPS accounting reviews)	0.60	309.00	515.00
General			
Books and records	0.10	51.50	515.00
Statutory and compliance			
Appointment and related formalities	20.55	8,369.75	407.29
Bonding & Cover Schedule	1.20	464.00	386.67
Checklist & reviews	2.90	1,176.50	405.69
Court hearings and preparation	0.20	129.00	645.00
Engagement management	0.70	451.50	645.00
Statutory advertising	0.10	51.50	515.00
Strategy and related documents	2.30	1,538.50	668.91
Tax			
Initial reviews - CT and VAT	2.30	1,082.50	470.65
Post appointment corporation tax	8.00	5,920.00	740.00
Post appointment VAT	0.20	103.00	515.00
Creditors			
Creditors and claims			
General correspondence	0.60	212.00	353.33
Notification of appointment	1.90	1,036.50	545.53
Secured creditors	0.30	112.50	375.00
Statutory reports	4.40	2,191.00	497.95
Employees			
Pensions reviews	3.85	1,106.25	287.34
General analysis			
Administration and planning - general			
Project management and reporting	1.00	376.00	376.00
Investigation			

SIP 9 – Time costs analysis (02/10/2017 to 10/11/2017)

	Hours	Time Cost (£)	Average Hourly Rate (£)
Directors			
Director correspondence	2.00	828.00	414.00
Statement of affairs	0.40	114.00	285.00
Mail redirection	1.40	568.00	405.71
Realisation of assets			
Asset Realisation			
Cash and investments	0.70	262.50	375.00
Goodwill	0.50	370.00	740.00
Health & safety	0.20	129.00	645.00
Insurance	0.20	80.00	400.00
Intellectual Property	5.70	3,743.00	656.67
Leasehold property	0.10	37.50	375.00
Other assets	0.30	222.00	740.00
Total in period	67.80	33,303.00	491.19
Brought forward time (appointment date to SIP 9 period start date)	0.00	0.00	
SIP 9 period time (SIP 9 period start date to SIP 9 period end date)	67.80	33,303.00	
Carry forward time (appointment date to SIP 9 period end date)	67.80	33,303.00	

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 directly 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.

Time costs - Monarch 2011

SIP 9 – Time costs analysis (02/10/2017 to 10/11/2017)			
	Hours	Time Cost (£)	Average Hourly Rate (£)
Administration & planning			
Notifying shareholders			
Notification of appointment	1.50	573.50	382.33
Cashiering			
General (Cashiering)	1.10	538.50	489.55
Reconciliations (& IPS accounting review s)	0.60	309.00	515.00
General			
Books and records	0.10	51.50	515.00
Statutory and compliance			
Appointment and related formalities	16.75	6,934.75	414.01
Bonding & Cover Schedule	1.20	464.00	386.67
Checklist & review s	2.90	1,176.50	405.69
Court hearings and preparation	0.20	129.00	645.00
Engagement management	0.70	451.50	645.00
Statutory advertising	0.10	51.50	515.00
Strategy documents	2.00	1,316.50	658.25
Tax			
Initial review s - CT and VAT	2.30	1,082.50	470.65
Post appointment corporation tax	0.40	206.00	515.00
Post appointment VAT	0.80	370.00	462.50
Creditors			
Creditors and claims			
General correspondence	0.30	131.50	438.33
Notification of appointment	1.90	1,036.50	545.53
Secured creditors	0.30	112.50	375.00
Statutory reports	3.80	1,804.00	474.74
Employees			
Pensions review s	0.6	180.00	300.00
Investigation			
Directors			
Director correspondence	2.1	820.50	390.71

SIP 9 – Time costs analysis (02/10/2017 to 10/11/2017)			
	Hours	Time Cost (£)	Average Hourly Rate (£)
Mail redirection	1.40	568.00	405.71
Realisation of assets			
Asset Realisation			
Cash and investments	1.60	965.00	603.13
Health & safety	0.20	129.00	645.00
Insurance	0.20	80.00	400.00
Leasehold property	0.10	37.50	375.00
Total in period	43.15	19,519.25	452.36
<hr/>			
Brought forward time (appointment date to SIP 9 period start date)	0.00	0.00	
SIP 9 period time (SIP 9 period start date to SIP 9 period end date)	43.15	19,519.25	
Carry forward time (appointment date to SIP 9 period end date)	43.15	19,519.25	

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 directly 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 7 Statements of Affairs, including creditor lists

Monarch Holdings

This is the Statement of Affairs for Monarch Holdings as at the date of our appointment provided by Christopher Bennett, director.

We have not carried out anything in the nature of an audit on the information provided. The figures do not take into account the costs of the administration.

Rule 3.30

Statement of affairs

Name of Company Monarch Holdings Limited	Company number 01165001
In the High Court of Justice	Court case number 007270 of 2017

Statement as to the affairs of (a) Monarch Holdings Limited (the 'Company'), 15 Canada Square, Canary Wharf, London, E14 5GL

On the 2 October 2017, the date that the Company entered administration.

Statement of Truth

I believe that the facts stated in this statement of affairs are a full, true and complete statement of the affairs of the Company as at 2 October 2017 the date that the Company entered administration.

Full name CHRISTOPHER JOHN BENNETT
Signed *CBennett*
Dated 23 NOV 2017

A - Summary of Assets

ASSETS	Estimated to		Note
	Book Value	Realise	
	£	£	
Assets subject to fixed charge:			
- Intellectual Property Rights	-	100,000	1
- Investment in subsidiary (Monarch 2011 Ltd)	1	Uncertain	2
- Investment in subsidiary (Monarch Airlines Ltd)	188,054,870	-	2
- Investment in subsidiary (First Aviation Ltd)	25,000	-	2
- Investment in subsidiary (Monarch Technical Support Ltd)	2	-	2
- Investment in subsidiary (Monarch Group Management Ltd)	2	-	2
Total assets subject to fixed charge		100,000	
Less: Amount(s) due to fixed charge holder(s)			
- Petrol Jersey Limited	(94,685,897)	(94,685,897)	3
- The Board of the Pension Protection Fund	(6,468,626)	(7,500,000)	4
Shortfall/surplus to fixed charge holder(s) c/d		<u>(102,085,897)</u>	
Assets subject to floating charge:			
- Cash	442	442	
- Intercompany (Monarch Airlines Ltd)	46,977,341	-	
- Intercompany (Monarch Travel Group Ltd)	13,413,026	-	
- Intercompany (Monarch Holidays Limited)	18,797,929	-	
- Intercompany (Group relief)	80,708	-	
Total assets subject to floating charge		442	
Uncharged assets:		-	
Total uncharged assets		-	
Estimated total assets available for preferential creditors	166,194,798	442	

Notes:

1 - Intellectual Property Rights assumed to be minimal.

2 - Investments assumed to be nil for all investments apart from Monarch 2011 Limited which is uncertain.

Monarch 2011 Limited holds an investment in Monarch Aircraft Engineering Limited which is an ongoing trading entity. It has recently lost its largest customer, Monarch Airlines Limited.

3 - This includes £75,000,000 of borrowings and £19,685,897 of accrued interest and fees.

4 - Book value is lower than realisable value as these loans were interest free. Under IFRS, a portion of this was recognised as a capital commitment.

Signature



Date 20/11/17

A1 - Summary of Liabilities

	Estimated to Realise £	Note
Estimated total assets available for preferential creditors (carried from page A)	442	
Liabilities		
Preferential creditors:-		
- Preferential (employee) creditors (No. Nil)	-	
- Other preferential creditors	-	
Estimated deficiency/surplus as regards preferential creditors	442	
Estimated prescribed part of net property where applicable (to carry forward)	-	1
Estimated total assets available for floating charge	442	
Debts secured by floating charge	(102,085,897)	
Estimated deficiency/surplus of assets after floating charges	(102,085,455)	
Estimated prescribed part of net property where applicable (brought down)	-	
Total assets available to unsecured creditors	-	
Unsecured non preferential claims (excluding any shortfall to floating charge holders):-		
- Trade creditors, Intercompany, Other creditors	(92,370,200)	
- Employee creditors	-	
- Pre-paid consumer creditors	-	
Estimated deficiency/surplus as regards unsecured creditors	(92,370,200)	
Shortfall to fixed charge holders (brought down)	-	
Shortfall to preferential creditors (brought down)	-	
Shortfall to floating charge holders (brought down)	(102,085,455)	
Estimated deficiency/surplus as regards creditors	(194,455,655)	
Issued and called up capital	(168,004,871)	
Estimated deficiency/surplus as regards members	(362,460,526)	

Notes:

1 - Cost of administration will be in excess of assets available for floating charge holders. Therefore, nil.

Signature



Date

23/11/17

Company Trade Creditors

Name of creditor or claimant	Address	City	Postcode	Country	Amount of debt £	Details of any security held by creditor	Date security given	Value of security £	HP/Chattel/ Conditional sale	Claiming NOT
Air Travel Trust Claim	CAA House, 45-59 Kingsway	London	WC2B 6TE	England	(35,000,000)	n/a	n/a	n/a	n/a	Note 1
Distant Dreams Limited	Deloitte LLP, Hill House, 1 Little Street	London	EC4A 3TR	England	(50,000)	n/a	n/a	n/a	n/a	n/a
Lubbe S.A.	25A Boulevard Grande-Duchesse	Charlotte	L-1331	Luxembourg	(15,035,179)	n/a	n/a	n/a	n/a	n/a
Monarch 2011 Limited	15 Canada Square	London	E14 5GL	England	(12,554,723)	n/a	n/a	n/a	n/a	n/a
Monarch Aircraft Engineering Limited	Prospect House, Prospect Way	Luton	LU2 9NU	England	(28,480,296)	n/a	n/a	n/a	n/a	n/a
Monarch Technical Support Limited	Deloitte LLP, Hill House, 1 Little Street	London	EC4A 3TR	England	(2)	n/a	n/a	n/a	n/a	n/a
Pullman Holidays Limited	Deloitte LLP, Hill House, 1 Little Street	London	EC4A 3TR	England	(100,000)	n/a	n/a	n/a	n/a	n/a
Windsor Jersey Limited	23/27, Charter Place, 23/27 Seaton Place	St Helier	JE1 2JY	Jersey	(1,150,000)	n/a	n/a	n/a	n/a	n/a
Total					(92,370,200)					

Notes:

1 - The company guaranteed any failure of an ATOL holder within the Monarch Group. Monarch Holidays Limited was the main ATOL holder.

Signature

Date

23/11/17

Company Shareholders

Name of shareholder	Address	City	Postcode	Country	No. of shares held	Nominal value £	Details of shares held
Windsor Jersey Limited	23/27, Charter Place, 23/27 Seaton Place	St Helier	JE1 1JY	Jersey	1	1	Note 2 - Preference Shares
Windsor Jersey Limited	23/27, Charter Place, 23/27 Seaton Place	St Helier	JE1 1JY	Jersey	151,204,383	151,204,383	Note 1 - Ordinary Shares
Pension Protection Fund	Renaissance, Dingwall Road	Croydon	CR0 2NA	England	16,800,487	16,800,487	Note 1 - 'A' Ordinary Shares
					<u>168,004,871</u>	<u>168,004,871</u>	

Notes:

- 1 - The ordinary shares and 'A' ordinary shares are entitled pro rata to their holdings to dividend payments or returns of capital after distributions to the preference share have been paid. The ordinary shares entitle their holders to attend, speak and vote at a general meeting of the Company whereas the 'A' ordinary shares do not have these rights.
- 2 - The preference shares shall rank ahead of all other classes in respect of the first £147.37m of all distributions and returns of capital made by the Company. The share will carry no rights as to interest or other fixed rate of return, and shall have no rights to distributions or returns of capital once the first £147.37m of all distributions have been paid in full.

Signature



Date

23/11/17

Monarch 2011

This is the Statement of Affairs for Monarch 2011 as at the date of our appointment provided by Christopher Bennett, director.

We have not carried out anything in the nature of an audit on the information provided. The figures do not take into account the costs of the administration.

Rule 3.30

Statement of affairs

Name of Company Monarch 2011 Limited	Company number 07779279
In the High Court of Justice	Court case number 007256 of 2017

Statement as to the affairs of (a) Monarch 2011 Limited (the 'Company'), 15 Canada Square, Canary Wharf, London, E14 5GL

On the 2 October 2017, the date that the Company entered administration.

Statement of Truth

I believe that the facts stated in this statement of affairs are a full, true and complete statement of the affairs of the Company as at 2 October 2017 the date that the Company entered administration.

Full name CHRISTOPHER JOHN BENNETT
Signed C Bennett
Dated 23 NOV 2017

A - Summary of Assets

ASSETS	Book Value £	Estimated to Realise £	Note
Assets specifically pledged:			
- Investment in subsidiary (Monarch Aircraft Engineering Ltd)	100,000	Uncertain	1
Less amounts due to Windsor Jersey Limited	(19,132,144)	(20,693,723)	3
Estimated surplus/(deficit)		(20,693,723)	
- Investment in subsidiary (Monarch Travel Group Ltd)	27,350,169	-	1
- Petrol Jersey Limited	-	(94,685,897)	2
- The Board of the Pension Protection Fund	-	(7,500,000)	2
- Windsor Jersey Limited		(20,693,723)	
Estimated shortfall to Petrol Jersey Ltd, Pension Protection Fund and Windsor Jersey Ltd under their fixed charge c/d		(122,879,620)	
Assets subject to floating charge:			
- Intercompany (Monarch Holdings Ltd)	12,554,723	-	
Total assets subject to floating charge		-	
Uncharged assets:			
		-	
Total uncharged assets		-	
Estimated total assets available for preferential creditors	20,872,748	-	

Notes:

- 1 - Investments assumed to be nil for all investments apart from Monarch Aircraft Engineering Limited which is minimal. Monarch Aircraft Engineering Limited which is an ongoing trading entity. It has recently lost its largest customer, Monarch Airlines Limited.
- 2 - The book value for the amounts owed to fixed charge holders is shown within the Statement of Affairs for Monarch Holdings Limited.
- 3 - Book value is lower than realisable value as these loans were interest free. Under IFRS, a portion of this was recognised as a capital commitment. This includes £20,000,000 of borrowings and £693,723 of accrued historic interest. Only Windsor Jersey Limited has security over the shares in Monarch Aircraft Engineering Limited.

Signature

CBenett

Date

23/11/17

A1 - Summary of Liabilities

	Estimated to Realise £	Note
Estimated total assets available for preferential creditors (carried from page A)	-	
Liabilities		
Preferential creditors:-		
- Preferential (employee) creditors (No. Nil)	-	
- Other preferential creditors	-	
Estimated deficiency/surplus as regards preferential creditors	-	
Estimated prescribed part of net property where applicable (to carry forward)	-	
Estimated total assets available for floating charge	-	
Debts secured by floating charge	(122,879,620)	
Estimated deficiency/surplus of assets after floating charges	(122,879,620)	
Estimated prescribed part of net property where applicable (brought down)	-	
Total assets available to unsecured creditors	-	
Unsecured non preferential claims (excluding any shortfall to floating charge holders):-		
- Trade creditors, Intercompany, Other creditors (No. 1)	(19,000,000)	
- Employee creditors	-	
- Pre-paid consumer creditors	-	
Estimated deficiency/surplus as regards unsecured creditors	(19,000,000)	
Shortfall to fixed charge holders (brought down)	-	
Shortfall to preferential creditors (brought down)	-	
Shortfall to floating charge holders (brought down)	(122,879,620)	
Estimated deficiency/surplus as regards creditors	(141,879,620)	
Issued and called up capital	(20,000,001)	
Estimated deficiency/surplus as regards members	(161,879,621)	

Notes:

Signature

C. Bennett

Date

23/11/17

Company Trade Creditors

Name of creditor or claimant	Address	City	Postcode	Country	Amount of debt £	Details of any security held by creditor	Date security given	Value of security £	MP/Charge/ Conditional sale	Claiming RDT	Note 1
All Travel Trust Claim	C&A House, 45-59 Kingsway	London	WC2B 6TE	England	(19,000,000)	n/a	n/a	n/a	n/a	n/a	
Total					(19,000,000)						

Notes:

1 - The company guaranteed any failure of an ATOL holder within the Monarch Group. Monarch Holidays Limited was the main ATOL holder.

Signature



Date

23/11/17

Company Shareholders

Name of shareholder	Address	City	Postcode	Country	No. of shares held	Nominal value £	Details of shares held
Windsor Jersey Limited	23/27, Charter Place, 23/27 Saaton Place	St Helier	JE1 1JY	Jersey	20,000,000	20,000,000	Preference Shares
Monarch Holdings Limited	15 Canada Square	London	E14 5GL	England	1	1	Ordinary Shares
					20,000,001	20,000,001	

Notes:

Signature *CBentley* Date 23/11/17

Appendix 8 Summary of work by KPMG LLP prior to administration

The following is a summary of KPMG LLP's prior professional relationship with the Group over the last six years:

- Prior to October 2011, KPMG LLP and KPMG S.A. (Spain) were engaged to perform a number of insignificant and non-material tax and advisory engagements.
- In October 2011, KPMG was engaged to provide advice on stakeholder management, short and medium term cash and improvement actions together with contingency planning. The scope of this engagement was subsequently extended to include the provision of a report on corporate governance and a review of the implementation plan for new financial reporting systems;
- From July 2012 to June 2014, KPMG and KPMG S.A. were engaged to perform a number of insignificant and non-material engagements including tax, pensions and high level advisory work;
- In June 2014, KPMG was engaged to assist Monarch Holdings in preparing for discussions with and presentations to its shareholder (at that time), the CAA and other stakeholders following a period of difficult trading which had created a need for liquidity. Simultaneously, KPMG was also engaged to (i) review the Group's short term cash flow forecast, to provide advice in relation to short term cash generation and preservation measures and to review variances against forecasts; (ii) to review and provide advice in respect of the Group's turnaround and cost reduction actions; and (iii) to provide advice on contingency planning measures in the event a refinancing and restructuring could not be achieved. The engagements ended with the restructuring and sale of the Group on 24 October 2014;
- In the period between November 2014 and August 2017, KPMG LLP and KPMG S.A. (Spain) were engaged to provide further non-material pensions and tax advice;
- As mentioned above, in late August 2017, KPMG LLP were contacted by Monarch Holdings and subsequently engaged on 1 September 2017 to explore sale options and run a sales options process principally for the Group's airline operating and travel business. KPMG LLP was also engaged to prepare suitable contingency plans to minimise losses to creditors and passenger disruption in the event that no sale or refinancing solutions could be implemented.

Appendix 9 Glossary

ATOL	Air Travel Organiser's Licence
ATT	Air Travel Trust
Avro	Avro Limited
Avro Aviation	Avro Aviation Limited
CAA	Civil Aviation Authority
CMS	Cameron McKenna Nabarro Olswang LLP
Companies	Monarch Holdings Limited- in Administration Monarch 2011 Limited – in Administration
First Aviation	First Aviation Limited
Freshfields	Freshfields Bruckhaus Deringer LLP
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 and somewhere2stay Limited (all in administration) and as appropriate MAEL and other group companies
Joint Administrators/we/our/us	Jim Tucker, Blair Nimmo and Richard Beard
KPMG	KPMG LLP
MAEL	Monarch Aircraft Engineering Limited

MH Aviation Transport	MH Aviation Transport Limited
Monarch 2011	Monarch 2011 Limited
Monarch Airlines	Monarch Airlines Limited
Monarch Holdings	Monarch Holdings Limited
Monarch Holidays	Monarch Holidays Limited
Monarch Travel Group	Monarch Travel Group Limited
PJL	Petrol Jersey Limited
PPF	Pension Protection Fund
Second ranking secured creditor	PPF
Senior secured creditor	PJL
SFA	Services and Funding Agreement
Slots	Take off and landing slots at UK airports
somewhere2stay	somewhere2stay Limited
Third ranking secured creditor	WJL
WJL	Windsor Jersey Limited

Any references in these proposals 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 (England and Wales) Rules 2016 respectively.

Appendix 10 Notice: About these statements of proposals

These statements of proposals ('proposals') have been prepared by Jim Tucker, Blair Nimmo and Richard Beard, the Joint Administrators of Monarch Holdings Limited – in Administration and Monarch 2011 Limited – in Administration (the 'Companies'), solely to comply with their statutory duty under Paragraph 49, Schedule B1 of the Insolvency Act 1986 to lay before creditors a statement of their proposals for achieving the purposes of each of the administrations, and for no other purpose. They are not suitable to be relied upon by any other person, or for any other purpose, or in any other context.

These proposals have not been prepared in contemplation of them being used, and are not suitable to be used, to inform any investment decision in relation to the debt of or any financial interest in the Companies or any other company in the same group.

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

Any person that chooses to rely on these proposals for any purpose or in any context other than under Paragraph 49, Schedule B1 of the Insolvency Act 1986 does so at their 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 these proposals.

James Robert Tucker and Richard James Beard 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.

The Joint Administrators act as agents for the Companies 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 these proposals or the conduct of the administrations.

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