

The Insolvency Act 1986

**Administrator's progress report**

Name of Company

The Mediterranean Insurance & Reinsurance  
Company Limited

Company number

01395873

In the  
High Court of Justice, Chancery Division,  
Companies Court

(full name of court)

Court case number  
9278 of 2015(a) Insert full  
name(s) and  
address(es) of  
administrator(s)I/We (a)  
Steven Edward Butt  
Rollings Oliver LLP  
6 Snow Hill  
London  
EC1A 2AYMichael David Rollings  
Rollings Oliver LLP  
6 Snow Hill  
London  
EC1A 2AY

administrator(s) of the above company attach a progress report for the period

From

To

(b) Insert date


(b) 4 December 2015

(b) 3 June 2016

Signed

  
Joint / Administrator(s)

Dated

  
1 JULY 2016**Contact Details:**You do not have to give any contact  
information in the box opposite but if  
you do, it will help Companies House to  
contact you if there is a query on the  
formThe contact information that you give  
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# **Joint Administrators' Progress Report**

**The Mediterranean Insurance & Reinsurance Company  
Limited  
- In Administration**

**30 June 2016**

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## **THE ADMINISTRATOR'S PROGRESS REPORT**

### **1 Introduction**

- 1 1 Mike Rollings and I were appointed as Joint Administrators of the Company by order of the High Court on 4 December 2015
- 1 2 This Administration is being handled by Rollings Butt LLP (formerly Rollings Oliver LLP) at 6 Snow Hill, London, EC1A 2AY. The Administration is registered in the High Court of Justice, Chancery Division, Companies Court, reference number 9278 of 2015. Please note that with effect from 1 May 2016 Rollings Oliver LLP's name was changed to Rollings Butt LLP.
- 1 3 The trading address of the Company was 20 St Dunstons Hill, London, EC3R 8HL. The business also traded under the name MedRe.
- 1 4 The registered office of the Company has been changed from c/o Charles Taylor Insurance Services Ltd, Lloyd's Chambers, Portoken Street, London, E1 8BT to 6 Snow Hill, London, EC1A 2AY and its registered number is 01395873.
- 1 5 As Joint Administrators, we are required to provide a progress report covering the period of six months commencing from the date the Company entered Administration and every subsequent period of six months. This progress report covers the period from 4 December 2015 to 3 June 2016 ("the Period") and should be read in conjunction with our proposals report dated 22 January 2016 (the "Proposals").
- 1 6 A creditors' committee ("the Committee") was formed following the initial meeting of creditors held on 10 February 2016 comprising the following creditors:
- Hannover Ruck SE
  - GIC of India
  - FAIR Reinsurance Pool
  - Libya Insurance Company

### **2 Progress of the Administration**

- 2 1 You may recall that the statutory objective being pursued in the Administration was to achieve a better result for the Company's creditors as a whole than would be likely if the Company were wound up (without first being in Administration). In addition to the pursuance of this statutory objective, the Administrators have duties imposed by insolvency and other legislation, some of which may not provide any financial benefit to creditors.
- 2 2 This section of the report provides creditors with an update on the progress made in the Period, both in terms of the achievement of the statutory objective, but also work which is required of the Administrators under other related legislation.
- 2 3 At Appendix A is our Receipts and Payments Account covering the period of this report.
- 2 4 As shown in the Receipts and Payments Account, the only realisations to date have been cash at bank, which are discussed in further detail below. Payments made thus far, comprise professional fees and expenses, administrative expenses (advertising, bank charges, land registry searches) and VAT incurred.
- 2 5 A large proportion of the professional fees incurred to date have been as a result of the ongoing investigations into matters associated with the reasons for the Company's insolvency and resultant claims available to the Company. Further details are set out below.
- 2 6 We have appointed Charles Taylor Services Limited ("CTS") as the Administration run-off agents, given their previous involvement with the Company and consequent understanding of

the business. Significant time was spent by the Administrators and our legal advisers on establishing the nature, scope and terms of the accelerated run-off agreement so as to ensure that the services provided under it are specifically aligned to the steps that need to be taken in the Administration.

- 2.7 Consequently, CTS have been asked to initially focus on asset recoveries, on behalf of the Company, and an updated reconciliation of the Company's creditor/debtor position, taking into account the discrepancies contained within the Company's previous records.
- 2.8 The amount payable to CTS under the terms of the accelerated run-off agreement will not exceed £175,000 plus disbursements and VAT. CTS have indicated that they believe that the work required will be capable of completion within an accelerated timeframe of 9 to 12 months and monthly payments are to be made to CTS for the period in which they provide these services during the Administration.
- 2.9 Attached at Appendix C is a narrative guide to activities undertaken by the Administrators and their staff in the period 4 December 2015 to 3 June 2016.
- 2.10 Further information about the basis of remuneration agreed in this case and the Administrators' fees estimate set out in our Proposals together with other relevant information can be found in section 4 of this report.

#### ***Administration (including statutory compliance & reporting)***

- 2.11 As noted above, the Administrators must undertake some work which may not bring any financial benefit to creditors generally, but ensures that certain statutory compliance requirements in accordance with The Insolvency Act 1986 and other related legislation are met. Details about the work that we anticipated would need to be done in this area was outlined in our initial fees estimate/information.
- 2.12 At this stage of the Administration, the costs of statutory compliance work and reporting to creditors remain within our initial estimate. However, and as detailed in section 8.2 below, we will be seeking to extend the Administration beyond the initial 12 month period, and in turn this will place further statutory reporting requirements on the Administrators which will incur additional costs. The Creditors' Committee will be provided with an updated fee estimate at the next Committee meeting which will incorporate the estimated costs of this work.

#### ***Realisation of assets***

##### ***Company bank accounts***

- 2.13 To date, £1,530,180.10 has been recovered from the Company's bank accounts.
- 2.14 Given that the Administration is a UK insolvency process in which the claims of creditors and distributions will be dealt with in GB Pounds, funds should be held in that currency, and therefore funds received in US Dollars and Euros have been converted into GB Pounds.
- 2.15 After assessing the likely short term cash requirements for the Company during the Administration, the Administrators believe that it is in the interests of the Creditors for some of the Company's funds to be held in interest bearing bank accounts. Accordingly, the funds available to the Administrators have been placed in a mixture of short and medium term deposit or interest bearing accounts. The Company's cash requirements will be reviewed on an ongoing basis, and the Administrators will continue to consider the appropriateness of interest bearing accounts.
- 2.16 The Administrators are also liaising with lawyers in Bahrain in order to obtain recognition of the UK insolvency proceedings in Bahrain, to enable the release of USD \$96k held in a Company account with Bank ABC (Bahrain).

- 2 17 We believe that funds previously indicated to be held with a bank in Algeria and Tunisia may not be recoverable, as no information in the Company's records has been found to show that these accounts are still open, and we have received no response from the bank in question to our enquiries in respect of these accounts

*Debtor collections*

- 2 18 As detailed in the Proposals, one of the main reasons for the Company entering formal insolvency proceedings was the concerns regarding the recoverability and other aspects of certain unsupported debtors
- 2 19 Also detailed in the Proposals was the Administrators belief that appointing a Run-off agent would be necessary in order to, amongst other tasks, assist in debt collection
- 2 20 As referred to in Section 2 6 above, given their previous involvement with the Company and consequent understanding of the business, the Administrators have now appointed CTS to act as the Administration Run-Off Agents
- 2 21 The Run-Off Agreement has been constructed to ensure that the services provided under it are specifically aligned to the steps that need to be taken in the Administration and to ensure that CTS' focus, in the initial stages, will be on asset recoveries and the reconciliation of the updated creditor/debtor position

*Creditors (claims and distributions)*

- 2 22 Further information on the anticipated outcome for creditors in this case can be found at section 5 of this report The Administrators are not only required to deal with correspondence and claims from unsecured creditors (which may include retention of title claims), but also those of any secured and preferential creditors of the Company This may involve separate reporting to any secured creditor and dealing with distributions from asset realisations caught under their security, most typically a debenture
- 2 23 Claims from preferential creditors typically involve employee claims and payments made on behalf of the Company by the Redundancy Payments Service following dismissal, however, as detailed in the Administrators' Statement of Proposals dated 22 January 2016 ("the Proposals"), it is the Administrators' current understanding that there are no outstanding employee liabilities or matters to be dealt with and as a consequence no preferential claims are anticipated
- 2 24 The above work may not bring any financial benefit to creditors generally, however the Administrators are required by statute to undertake this work Similarly, if a distribution is to be paid to any class of creditor, work will be required to agree those claims and process the dividend payments to each relevant class of creditor The more creditors a company has, the more time and cost will be involved by the Administrators in dealing with those claims As referred to elsewhere in this report, following the Company entering into an Administration Run-Off agreement with CTS, some work that had been undertaken by the Administrators will now be undertaken by CTS
- 2 25 Please note
- There are approximately 224 unsecured creditor claims in this case with a value per the director(s) statement of affairs of £2 88 million
  - There are no known secured or preferential creditors
  - Based on current estimates, the Administrators anticipate realising sufficient assets to enable a distribution to be made to unsecured creditors However, given the uncertainty surrounding the value of realisations made from debtors of the Company, in particular the unsupported debtors, the Administrators are not in a position to determine the value of any unsecured dividend
  - Creditors will be provided with guidance on the proposed dividend process and likely return in due course

## **Investigations**

- 2 26 Some of the work the Administrators are required to undertake is to comply with legislation such as the Company Directors' Disqualification Act 1986 ("the CDDA 1986") and Statement of Insolvency Practice 2 – Investigations by Office Holders in Administration and Insolvent Liquidations and may not necessarily bring any financial benefit to creditors, unless these investigations reveal potential asset recoveries that the Administrators can pursue for the benefit of creditors
- 2 27 I can confirm that we have submitted a report on the conduct of the Directors of the Company to the Department for Business Innovation & Skills under the CDDA 1986. As this is a confidential report, I am unable to disclose the contents
- 2 28 However, as referred to in the Proposals, there are some significant matters that appear to have played a fundamental part in the Company's insolvency which had first been discovered following CTS' appointment as run-off agents in July 2014 and in respect of which they had undertaken a substantial amount of work in assessing the Company's financial position and the recoverability of certain debtors for which the level of supporting documentation was less than anticipated
- 2 29 Shortly after appointment, I made an initial assessment of whether these matters may lead to recoveries for the estate and what further investigations may be appropriate. This assessment took into account information provided by CTS, the former Directors and analysis of the Company records and took into account the following issues which had been revealed largely through CTS' investigations
- That the Company's management accounts inherited by CTS on its appointment purported to show that the Company had substantial net assets (as indeed do the Company's statutory accounts for the previous years), but that the management accounts included entries (amounting to some £6.592 million) in respect of debts supposedly owing to the Company, but for which no underlying documentation was available (save for an entry on the financial ledger of the Company)
  - That despite numerous requests by CTS prior to our appointment, the former Finance Director ("the former FD") of the Company, had failed to provide any additional information or an explanation of these apparent irregularities
  - That when CTS, on behalf of the Company, had attempted to reconcile the unsupported debt with certain of the reinsurance companies which appeared to be overall debtors, there was a significant discrepancy between the balances recorded in the Company's accounts, and the respective balances identified by the respondent companies
  - That upon further inspection, many of the transactions recorded on the Company's ledger in relation to these unsupported debts actually related to cheque payments made out to "Cash" and various parties other than the relevant insurers or reinsurers reflected in the Company's ledgers
  - In addition, there were significant irregularities as to the apparent signatories for these cheques

## ***Administrators' further enquiries and actions***

- 2 30 Following our appointment as Administrators, given the scale and significance of the unsupported debtor balances referred to above (especially in the context of the estimated shortfall to creditors set out in the Directors' statement of affairs), pursuing any potential claim for the recovery of the payments that have been accounted for as the unsupported debtor balances quickly became a priority for the Administrators and our legal advisers
- 2 31 In order to clarify our information gathering efforts, we took early advice from Counsel (who had acted for the Company in relation to the Administration application) on the merits of all and

any claim that the Company should have in relation to the making of the unsupported debtor payments referred to above

- 2 32 At this time, Counsel's view was that to pursue such a claim, we would need to obtain information from a number of sources including, but not limited to, the Company's primary bankers, the Company's credit card provider, CTS (from the records of the Company that they had been holding in their capacity as the run off agents for the Company) and the various Directors of the Company including the former FD
- 2 33 Consequently, we issued a number of detailed information requests to the Company's bankers, credit card providers and CTS, as well as sending information requests to the Directors of the Company
- 2 34 At the time of our appointment, we had been advised by CTS that they had been unable to make contact with the former FD for quite some time but had been advised that following his retirement he intended to move overseas and he had advised CTS that he had purchased property for this purposes. However, it was apparent that he still had a freehold interest in a property which was shown as being up for sale with a local estate agent and shortly after our appointment, we were made aware that the property was now shown as being "sold subject to contract" which indicated that an offer had been accepted for the sale of the property but that contracts had not as yet been exchanged for the sale nor the sale completed
- 2 35 In conjunction with our investigations in respect of the former FD's property, we were analysing the information provided by the Company's credit card provider and the bank in respect of the cheque payments made from the Company accounts, at which point it became apparent that many of the cheques had been paid against credit cards that were not in the name of the Company. This information resulted in a number of concerns for the Administrators as to the legitimacy and appropriateness of these payments
- 2 36 As explained above, the treatment of these entries in the ledger is very difficult to understand and we continue to investigate these transactions

*Interim freezing order and further investigations*

- 2 37 Given the background information to the unsupported debtor balances and the investigations referred to above in relation to the payments to non-Company credit cards, it is our view, in conjunction with the advice of Counsel and our legal advisors, that there are strong grounds to believe that between October 2009 and May 2015 the former FD of the Company, misappropriated an amount initially evidenced at £2.4 million of the Company's funds by writing cheques drawn on the Company's account for his own benefit (and third parties, some of whom are believed to be connected to him) and then concealing such payments in the Company's accounting records
- 2 38 Despite extensive efforts to obtain explanations from the former FD as to the entries in the Company's accounting records, he had only provided a limited explanation prior to Administration of a very few transactions which, it now appears, were clearly incorrect
- 2 39 Since our appointment, and in conjunction with our legal advisors, we have sought to investigate these transactions and to obtain documents and information from the Company's bank and credit card provider so as to enable us to assess what claims might be brought against the former FD or any other relevant party, what assets he may have available to him and whether any interim measures may be necessary to protect the position of the Company, particularly in respect of these assets
- 2 40 We were subsequently made aware that the sale of the former FD's house (his only significant known asset in the UK) was nearing completion and after seeking legal advice (including further input from Counsel) were advised that we had sufficient grounds to make an application for a freezing order over his assets given that there was a very real risk that he could dissipate his assets so as to prevent any effective enforcement against him, to the significant prejudice of the Company and its creditors



- 2 41 Accordingly, an application was made and a World Wide freezing order ("WWFO") against the former FD's assets was granted by the High Court on 2 March 2016. Given the information available to us at this time, the initial claim that was made in support of the freezing order application totals c£2.4m plus costs and interest. However, the Company reserves the right to increase this claim as and when additional information becomes available.
- 2 42 It was understood at that stage that the former FD was not in the UK at that time and it was understood that he was unlikely to return within the period covered by the initial return date required by the order. Consequently, it was necessary for us to seek an amending order allowing us to serve the former FD with the order by email (given that he had emailed me in the days prior to the WWFO being obtained so we were therefore aware that his email account was active). The WWFO was served on the solicitors dealing with the sale of the property who held the former FD's interest in the proceeds of sale as well as other parties who are holding assets in which the former FD has or may have an interest. The effect of the WWFO is that those assets may not be disposed of, used or diminished by the former FD.
- 2 43 Following his return to the UK, we have undertaken discussions with the former FD and his legal advisers in relation to the Company's claim in respect of the unsupported debtor transactions (against the former FD and/or any other relevant party) and the assets covered by the terms of the WWFO. These discussions continue and the outcome of these discussions and the connected claims remains uncertain at this time.
- 2 44 Full disclosure of these discussions and all other relevant material has been provided to the Committee all of who have entered into confidentiality agreements. In the interests of confidentiality and so as to protect the Company's position in relation to certain aspects of its claims, we are not able to provide further details to the wider body of creditors at this time.

#### **Shareholders**

- 2 45 Given the financial interest of the respective shareholders and the historic nature of their trading relationship with the Company and their desire to assist the Administrators where possible in carrying out our duties, we have an ongoing dialogue (by way of periodic calls and exchanges of correspondence on various issues) with the shareholders in relation to the Company's affairs.
- 2 46 Whilst the time incurred in this may not have a direct financial benefit for the estate, it is anticipated that information available from this source will assist us (and CTS) in the recovery of receivables and our investigations into claims available to the Company in relation to the unsupported debtors.

#### **Trading**

- 2 47 The Company stopped trading new business in 2009. However, there is some further work that needs to be done in relation to the run-off and which will be largely undertaken by CTS under the terms of the post-Administration run-off services agreement.
- 2 48 The time that the Administrators have incurred in relation to Trading primarily relates to the creation and completion of the agreement with CTS, discussions with the relevant Regulators and monitoring the progress of CTS.
- 2 49 Whilst the time incurred in this may not have a direct financial benefit for the estate, the connected work that is being undertaken by CTS in relation to reconciling the Company's financial position and recovering balances due to the Company clearly will. In addition, it is anticipated that as this work progresses, the Administrators will need to undertake tasks such as agree settlements with debtors which will fall under this category and which will have a direct financial benefit to the Company and its creditors.

### Case specific matters

- 2 50 Case specific refers to time incurred in dealing with matters specific to this Administration which are outside the scope of the other standard activity codes referred to elsewhere in this report
- 2 51 The work undertaken here largely consists of liaising with the various regulators for the Company in relation to matters relevant to the Administration. The time incurred in relation to this is unlikely to have a direct financial benefit to the Company but is a necessary consequence of the Company being a regulated entity

### 3 Pre-Administration costs

- 3 1 On 17 March 2016 the following amounts in respect of pre-Administration costs were approved by the Creditors' Committee

Charged by	Services provided	Costs charged (£)	Disbursements (£)	Amount paid (£)
Rollings Butt LLP (formerly Rollings Oliver LLP)	Pre-administration fees - Insolvency advice and assistance in seeking court order	83,067 50	188 75	83,256 25
EC3Legal LLP	Legal advice and assistance in seeking Court Order	25,916 50	Nil	25,916 50
Erskine Chambers	Legal advice and representation in Court hearing	19,540 00	Nil	19,540 00
3 Verulam Buildings	Legal consultation and research	420 00	Nil	420 00
<b>Total</b>		<b>128,944 00</b>	<b>188.75</b>	<b>129,132 75</b>

\*All figures shown exclusive of VAT

- 3 2 In addition, the Creditors' Committee were requested to approve, by way of written resolution, the following amounts

Charged by	Services provided	Costs charged (£)	Disbursements (£)	Amount unpaid (£)
Charles Taylor Services Limited	Analysis and provision of information to support application to Court	50,733 33	3,186 00	53,919 33

\*All figures shown exclusive of VAT

At the time of writing, we are awaiting the outcome of the Committee's decision on the written resolution

### 4 Joint Administrators' remuneration

- 4 1 As referred to in Section 1 6 above following the formation of a Committee, and in accordance with the provisions of Rule 2 106 of the Insolvency Act 1986, it is for the Committee to determine the basis on which the Administrators' remuneration should be fixed
- 4 2 Consequently, the Committee have resolved by written resolution (which is effective from 22 June 2016) that the basis of the Administrators' remuneration should be fixed by reference to time properly spent by us and our staff in attending to matters arising in the Administration

- 4 3 In addition to this, we have agreed with the Committee that before we are able to draw remuneration for any specific period, we will agree the quantum of remuneration to be drawn with the Committee. In this regard and given the inherent uncertainty in relation to a number of aspects of the Administration and consequently the amount of work that may be required and the resulting return to creditors, we have agreed to defer 20% of the value of the time incurred by us on a monthly basis, with the balance of this deferment to be considered with the Committee at a later point in time as and when the potential outcome of the Administration can be more clearly defined.
- 4 4 In seeking resolution from the Committee regarding the quantum of the Administrators' remuneration to be drawn for specific periods we have provided details reports to the Committee, setting out the value of the time that has been incurred, the number of hours incurred by activity type and the blended average hourly rate by activity. In addition to this, we have provided an analysis of the work that has been undertaken by activity.
- 4 5 The Administrators' remuneration approved by the Committee to date is as follows:

Period	Value of time incurred (£)	Agreed remuneration (£)	20% Deferred remuneration (£)
4 December 2015 to 15 January 2016	49,420 50	39,536 40	9,884 10
16 January 2016 to 29 February 2016	70,231 00	56,184 80	14,046 20
1 March 2016 to 30 April 2016	94,926 50	75,941 20	18,985 30
<b>Total</b>	<b>214,578 00</b>	<b>171,662.40</b>	<b>42,915.60</b>

- 4 6 As detailed in the Proposals, our initial fee estimate covered the period to 3 June 2016, however, as a Creditors' Committee was appointed at the Initial Meeting of Creditors, the Administrators' Remuneration is now subject to their approval. Our initial fees estimate was originally provided to creditors prior to the basis of our remuneration being approved and was based on information available to us at that time and using our firm's charge out rates at that time.
- 4 7 A comparison of the estimate to the value of the time that has been incurred for the period covered by this report is set out below:

Category of work	Number of Hours		Average blended charge out rate (£ per hour)		Cost (£)	
	Estimated	Actual	Estimated	Actual	Estimated	Actual
Administration (inc statutory compliance & reporting)	450 00	268 80	319 21	291 69	134,502 50	78,407 00
Case specific matters (inc regulatory correspondence)	25 00	9 50	393 08	371 68	9,827 00	3,531 00
Creditors (claims & distributions)	104 00	225 10	292 38	286 73	30,395 00	64,542 00
Investigations	102 00	204 30	276 95	341 07	29,885 00	69,680 50
Realisation of assets (including litigation)	162 50	48 40	274 40	363 94	44,612 50	17,614 50
Shareholders	-	0 40	-	470 00	-	188 00
Trading (including run-off work)	-	37 30	-	426 34	-	15,902 50
<b>Total</b>	<b>843 50</b>	<b>793 80</b>	<b>295 46</b>	<b>314 77</b>	<b>249,222.00</b>	<b>249,865 50</b>

\*All figures shown exclusive of VAT

- 4 8 The value of time that we have incurred for the period covered by this report totals £249,865 50. This represents 793 80 hours at an average rate of £314 77 per hour. Attached at Appendix B is a Time Analysis which provides details of the activity costs incurred by staff grade during the period in respect of the costs fixed by reference to time properly spent in managing the

Administration, as well as the Administrators' initial fee estimate for the period, as provided in the Proposals dated 22 January 2016. As the resolutions approving the amount to be drawn by the Administrators became effective from 22 June 2016, no payments have been made to the Administrators in relation to our remuneration during the period covered by this report.

- 4.9 Attached at Appendix C is a narrative guide to activities undertaken by the Administrators and their staff in the period 4 December 2015 to 3 June 2016 and attached at Appendix D is additional information in relation to the Administrators' fees, expenses and disbursements, including where relevant, information on the use of subcontractors and professional advisers.
- 4.10 As can be seen from the table above, the value of the time incurred has exceeded the amount set out in our initial estimate by £643,500, albeit that the mix of the time incurred has differed significantly from that initially estimated, which was based on the information available at that time.
- 4.11 The reason why the Administrators have exceeded the initial estimate is largely as a consequence of the following:
- The volume of work that has arisen in relation to the investigation into the unsupported debtor balances and the associated claim and particularly the application for the WWFO has significantly exceeded that which could reasonably have been foreseen at the date that the Proposals were issued given the comparatively limited information available to us at that time,
  - The Company's asset realisations have proved more protracted than was initially anticipated. In addition to the work in relation to the identification of assets covered by the terms of the WWFO and the necessary steps to enable execution against these assets, the recovery of the funds held in bank accounts outside of the UK has been more problematic than initially anticipated. Further work will be required to realise these assets and it is anticipated at this stage that this further work will bring a financial benefit to creditors.
- 4.12 However, given the nature of the agreements that have been reached with the Committee at this stage in relation to the basis of the Administrators' remuneration and the quantum of remuneration that should be drawn for the relevant periods (including the basis of the 20% deferral), it is not anticipated that the amount to actually be paid to the Administrators as remuneration for this period will exceed the amount set out in the initial estimate.
- 4.13 As referred to elsewhere in this report, given that it is the responsibility of the Committee to agree the basis and quantum of our remuneration, it will be necessary for us to provide a further fee estimate to the Committee for the period 4 June 2016 to 3 December 2016 (and later periods as appropriate) in advance of being able to draw remuneration for those periods.
- 4.14 A copy of 'A Creditors' Guide to Administrators' Fees' is available on request or can be downloaded from [https://www.r3.org.uk/media/documents/publications/professional/Guide\\_to\\_Administrators\\_Fees\\_Oct\\_2015.pdf](https://www.r3.org.uk/media/documents/publications/professional/Guide_to_Administrators_Fees_Oct_2015.pdf)

## **5 Estimated outcome for creditors**

- 5.1 An Estimated Outcome Statement ("EOS") as at 3 June 2016 together with explanatory notes is attached at Appendix E.
- 5.2 Please note that this statement must be read in conjunction with the explanatory notes and that it is an illustration of a potential outcome based on information available to the Administrators at this time. For the avoidance of doubt, the EOS is for illustrative purposes only, and should not be relied upon for investment or divestment purposes. Neither the Company, the Administrators, their staff or agents have any responsibility or liability to any party who acts or refrains from acting based on the information included in this EOS (or this report) generally.

The actual outcome may change during the course of the Administration dependent on future recoveries and unknown matters that may arise

***Secured creditors***

- 5 3 There is no registered security giving charges over the assets of the Company. Consequently, the provisions of S176A of the Insolvency Act 1986 will not apply.

***Preferential creditors***

- 5 4 The Company had no remaining employees at the date of our appointment, nor is there believed to be any outstanding employee liabilities. As such, it is understood that the Company has no preferential creditors.

***Unsecured Creditors***

- 5 5 Based on current estimates, the Administrators anticipate realising sufficient assets to enable a distribution to be made to unsecured creditors. However, given the uncertainty surrounding the value of realisations made from debtors of the Company, in particular the unsupported debtors, the Administrators are not in a position to determine the value of any unsecured dividend. Creditors will be provided with guidance on the proposed dividend process and likely return in due course.

**6 Ending the Administration**

- 6 1 As set out in the Proposals, there are a number of potential exit routes from the Administration which will, at least in part, be driven by the number of different classes of creditors of the Company and the level of funds available to be distributed to creditors. In summary the options available are

- Scheme of arrangement,
- Company Voluntary Arrangement ("CVA"),
- Court sanctioned distribution mechanism

- 6 2 The Administrators continue to believe that it is too early to consider whether a scheme of arrangement would be feasible due to the complexity and costs of a scheme, as there remains to be a significant amount of work to be done in reconciling the debtor and creditor position by CTS, and determining the level of return to the Company from debtors.

- 6 3 A CVA may be considered in due course, but as with a scheme of arrangement it will be dependent on the level of return to the Company from debtors and funds available for unsecured creditors.

- 6 4 It is currently anticipated that once the majority of the run-off work has been concluded and the Administrators have a full understanding of the overall creditor/debtor recovery position, they may consider applying to Court for an order to make a distribution under Paragraph 65(3) of Schedule B1 of the Insolvency Act 1986. However, this outcome may change as the creditor/debtor recovery position is clearer.

- 6 5 If this method of distribution is undertaken, once the distribution has been completed, and assuming that there are no further matters that need to be dealt with in the Administration generally, it may be appropriate for a notice to thereafter be filed at Court and with the Registrar of Companies with the Administrators' final report, for the dissolution of the Company.

- 6 6 However, given the uncertainty surrounding the value of realisations and potential for a distribution, the Administrators will continue to evaluate the best method of exit from the

Administration and further information will be provided to creditors in relation to these matters as the Administration progresses

**7 Creditors' rights**

- 7 1 Within 21 days of the receipt of this report, a secured creditor, or an unsecured creditor (with the concurrence of at least 5% in value of the unsecured creditors) may request in writing that the Administrators provide further information about their remuneration or expenses (other than pre-Administration costs) which have been itemised in this progress report
- 7 2 Any secured creditor, or an unsecured creditor (with the concurrence of at least 10% in value of the unsecured creditors) may within 8 weeks of receipt of this progress report make an application to court on the grounds that, in all the circumstances, the basis fixed for the Administrators' remuneration is inappropriate and/or the remuneration charged or the expenses incurred by the Administrators, as set out in this progress report, are excessive

**8 Next report**

- 8 1 The Administrators are required to provide a progress report within one month of the end of the next six months of the Administration or earlier if the Administration has been finalised
- 8 2 The Administrators are not expecting that the Administration will be concluded within 12 months due to the complex nature of the ongoing investigations and matters associated with the run-off of the Company, therefore it is anticipated that the Administrators will seek an extension to the Administration by creditors in accordance with Paragraph 76(2)(b) to Schedule B1 of the Insolvency Act 1986

For The Mediterranean Insurance & Reinsurance Company Limited



**Steve Butt**  
**Joint Administrator**

Michael David Rollings and Steven Edward Butt were appointed as Joint Administrators of The Mediterranean Insurance & Reinsurance Company Limited by order of the High Court on 4 December 2015

The affairs, business and property of the Company are being managed by the Joint Administrators who act as agents of the Company and without personal liability

Michael David Rollings and Steven Edward Butt are licensed to act in the UK as insolvency practitioners by the Insolvency Practitioners Association

The Mediterranean Insurance & Reinsurance Company Limited is authorised by the Prudential Regulation Authority and regulated by the Prudential Regulation Authority and the Financial Conduct Authority, reference number 202239 The Company Number is 01395873 and the registered office is 6 Snow Hill, London, EC1A 2AY

**The Mediterranean Insurance & Reinsurance Company Limited  
(In Administration)**

**Summary of Receipts & Payments  
04 December 2015 to 03 June 2016**

<b>RECEIPTS</b>	<b>Total (£)</b>
Cash at Bank	1,530,180 10
	<u><b>1,530,180.10</b></u>
 <b>PAYMENTS</b>	
Office Holder Fees (Pre-Administration)	83,067 50
Office Holder Expenses (Pre-Administration)	188 75
Process Server fees	170 00
Legal Fees (Pre-Administration)	45,876 50
Statutory Advertising	534 50
Land Registry Searches	7 00
Bank Charges	7 65
Vat Receivable	25,960 61
	<u><b>155,812.51</b></u>
<b>Balance In Hand</b>	<u><b>1,374,367.59</b></u>
	<u><u><b>1,530,180.10</b></u></u>

**The Mediterranean Insurance & Reinsurance Company Limited - In Administration**  
**Time Analysis for the Period 4 December 2015 to 3 June 2016**

Classification of Work Function	Partner	Manager	Associate	Total Hours	Time Cost (£)	Average Hourly Rate (£)
100 Administration & Planning	23.00	7.10	23.00	53.10	16,740.50	315.26
101 Administrative Set-Up	1.20	0.60	2.80	4.60	1,276.00	277.39
102 Appointment	4.40	1.20	2.80	8.40	2,928.00	348.57
103 Background Information	0.00	1.70	0.20	1.90	633.00	333.16
104 Case Management	0.40	5.70	18.50	24.60	5,736.00	233.17
105 Case Planning	18.70	2.50	13.30	34.50	11,845.50	343.35
106 Maintenance Of Records	0.60	0.00	0.00	0.60	356.00	445.00
107 Statutory Reporting	14.70	9.20	41.80	65.70	17,378.50	264.51
108 Statutory Compliance	4.70	1.00	2.80	8.50	2,973.50	349.82
109 Review	0.00	1.10	0.00	1.10	385.00	350.00
111 Billing	0.00	0.00	0.30	0.30	57.00	190.00
112 Post Appointment Tax	1.50	3.80	7.10	12.40	3,470.00	279.84
115 Meetings	5.00	3.40	7.60	16.00	4,859.00	303.69
116 Case Accounting	1.20	8.40	17.70	27.30	6,010.50	220.16
702 Liaison With Directors	4.70	4.60	0.30	9.60	3,758.50	391.51
<b>Administration &amp; Planning</b>	<b>80.30</b>	<b>50.30</b>	<b>138.20</b>	<b>268.80</b>	<b>78,407.00</b>	<b>291.69</b>
600 Case Specific	3.40	5.30	0.80	9.50	3,531.00	371.66
<b>Case Specific Matters</b>	<b>3.40</b>	<b>5.30</b>	<b>0.80</b>	<b>9.50</b>	<b>3,531.00</b>	<b>371.66</b>
500 Creditors	16.50	2.40	59.80	78.70	19,340.50	245.75
505 Creditors Committee	44.20	29.60	70.60	144.40	44,518.50	308.29
508 Employees	0.00	0.00	0.50	0.50	100.00	200.00
510 Pre Appointment Tax	0.60	0.60	0.10	1.30	585.00	390.00
<b>Creditors</b>	<b>61.30</b>	<b>32.60</b>	<b>131.00</b>	<b>225.10</b>	<b>64,542.00</b>	<b>286.73</b>
200 Investigations	59.20	60.40	48.30	167.90	56,598.50	337.10
201 CDDA Reports	10.70	9.90	9.50	30.10	10,402.50	345.60
206 Meetings With Directors	5.50	0.50	0.30	6.30	2,679.50	425.32
<b>Investigations</b>	<b>75.40</b>	<b>70.80</b>	<b>58.10</b>	<b>204.30</b>	<b>69,680.50</b>	<b>341.07</b>
300 Realisation Of Assets	3.30	1.20	11.20	15.70	4,048.00	257.83
302 Identifying Securing, Insuring Assets	0.60	0.00	0.70	1.30	490.00	326.67
303 Book Debts	0.20	0.00	1.80	2.00	431.00	215.50
314 Litigation	26.80	0.00	2.30	29.20	12,645.50	433.07
<b>Realisation of Assets</b>	<b>31.20</b>	<b>1.20</b>	<b>16.00</b>	<b>48.40</b>	<b>17,614.50</b>	<b>363.94</b>
800 Shareholders	0.40	0.00	0.00	0.40	186.00	470.00
<b>Shareholders</b>	<b>0.40</b>	<b>0.00</b>	<b>0.00</b>	<b>0.40</b>	<b>186.00</b>	<b>470.00</b>
401 Management Of Operations	30.90	3.80	2.60	37.30	15,902.50	426.34
<b>Trading</b>	<b>30.90</b>	<b>3.80</b>	<b>2.60</b>	<b>37.30</b>	<b>15,902.50</b>	<b>426.34</b>
<b>Total Hours</b>	<b>283.10</b>	<b>164.00</b>	<b>348.70</b>	<b>793.80</b>	<b>249,855.50</b>	<b>314.77</b>



**The Mediterranean Insurance & Reinsurance Company Limited - In Administration**  
**Administrators' initial fee estimate for the period 4 December 2015 to 3 June 2016**  
**As per the Administrators' Proposals dated 22 January 2016**

<i>Classification of Work Function</i>	<i>Partner</i>	<i>Director</i>	<i>Other Senior Professionals</i>	<i>Assistants &amp; Support Staff</i>	<i>Total Hours</i>	<i>Time Cost (£)</i>	<i>Average Hourly Rate (£)</i>
100 Administration & Planning	20.00	20.00	20.00	0.00	60.00	19,420.00	323.67
101 Administrative set-up	3.00	1.00	3.00	0.00	7.00	2,213.00	316.14
102 Appointment	5.00	5.00	5.00	0.00	15.00	4,865.00	323.67
103 Background Information	5.00	10.00	1.00	0.00	16.00	5,901.00	368.81
104 Case Management	10.00	20.00	5.00	0.00	35.00	12,330.00	352.29
105 Case Planning	20.00	25.00	10.00	0.00	55.00	19,410.00	352.91
106 Maintenance Of Records	0.50	2.00	5.00	0.00	7.50	1,802.50	240.33
107 Statutory Reporting	7.50	10.00	35.00	0.00	52.50	12,997.50	247.57
108 Statutory Compliance	7.50	5.00	10.00	0.00	22.50	6,847.50	304.33
111 Billing	1.00	2.00	5.00	0.00	8.00	2,025.00	253.13
112 Post Appointment Tax	5.00	5.00	10.00	0.00	20.00	5,735.00	286.75
115 Meetings	7.00	15.00	10.00	0.00	32.00	10,125.00	316.41
116 Case Accounting	2.00	5.00	40.00	0.00	47.00	9,680.00	205.96
117 Bank Reconciliations	1.00	2.00	1.00	0.00	4.00	1,321.00	330.25
118 Receipts & Payments	1.00	5.00	25.00	0.00	31.00	6,595.00	212.74
702 Liaison With Directors	15.00	15.00	7.50	0.00	37.50	13,245.00	353.20
<b>Administration &amp; Planning</b>	<b>110.50</b>	<b>147.00</b>	<b>192.50</b>	<b>0.00</b>	<b>450.00</b>	<b>134,502.50</b>	<b>319.21</b>
600 Communication with the FRA and FCA	10.00	5.00	1.00	0.00	16.00	6,376.00	398.50
601 Regulatory issues and considerations	5.00	3.00	1.00	0.00	9.00	3,451.00	383.44
<b>Case Specific Matters</b>	<b>15.00</b>	<b>8.00</b>	<b>2.00</b>	<b>0.00</b>	<b>25.00</b>	<b>9,827.00</b>	<b>393.08</b>
500 Creditors	4.00	15.00	30.00	0.00	49.00	12,730.00	259.80
505 Creditors Committee (if appointed)	15.00	15.00	15.00	0.00	45.00	14,775.00	328.33
510 Pre Appointment Tax	2.00	3.00	5.00	0.00	10.00	2,890.00	289.00
<b>Creditors</b>	<b>21.00</b>	<b>33.00</b>	<b>50.00</b>	<b>0.00</b>	<b>104.00</b>	<b>30,395.00</b>	<b>292.38</b>
200 Investigations	20.00	25.00	25.00	0.00	70.00	22,400.00	320.00
201 CDDA Reports	3.00	4.00	25.00	0.00	32.00	7,485.00	233.91
<b>Investigations</b>	<b>23.00</b>	<b>29.00</b>	<b>50.00</b>	<b>0.00</b>	<b>102.00</b>	<b>29,885.00</b>	<b>276.95</b>
300 Realisation Of Assets	7.50	15.00	30.00	0.00	52.50	14,287.50	272.14
302 Identifying, Securing, Insuring Assets	7.50	15.00	30.00	0.00	52.50	14,287.50	272.14
303 Debtors	7.50	20.00	30.00	0.00	57.50	16,037.50	278.91
<b>Realisation of Assets</b>	<b>22.50</b>	<b>50.00</b>	<b>90.00</b>	<b>0.00</b>	<b>162.50</b>	<b>44,612.50</b>	<b>274.40</b>
<b>Total Hours</b>	<b>177.00</b>	<b>259.00</b>	<b>382.50</b>	<b>0.00</b>	<b>818.50</b>	<b>249,222.00</b>	

**The Mediterranean Insurance and Reinsurance Company Limited - in Administration**  
**Narrative Guide to Activities Undertaken by the Administrators**

Analysis Code	Description	Narrative
<b>Administration and planning</b>		
100	Administration & Planning	Periodic review of anti money laundering and ethical consideration checklists Joint Administrators' statutory bond calculation and submission in accordance with Insolvency Practitioners Regulation 2005 Recording and analysing time incurred by the Joint Administrators and their staff
101	Administrative Set-up	Initial set-up of IPS (internal case management system) records Setting up web portal to provide general creditor information
102	Appointment	Initial notifications to the Registrar of Companies, Creditors, Shareholders, Directors, Court, PRA and FCA
103	Background Information	Gathering of initial information to enable statutory filing and reporting to be completed, including creditor details, management accounts for Statement of affairs, details of assets/cash at bank, information relating to insurance, debtor details Retrieval of accounts and filings from Companies House and 3rd party Credit Search engines Identify location of company books and records, retrieval of electronic records and storage
104	Case Management	Complying with internal case management procedures Checklists and status updates Review of case workstreams to ensure appropriate staff assigned to appropriate tasks
105	Case Planning	Initial formulation and ongoing documentation of strategy to achieve administration purposes Ongoing consultation with legal advisors to ensure process and strategy are appropriate Regular meetings with Administrators' staff to discuss status of case, future planning and strategy Planning of future tasks necessary to achieve administration purposes
106	Maintenance of Records	Periodic review of Joint Administrators' statutory bond Maintaining and amending IPS (internal case management system) records
107	Statutory Reporting	Review of Statement of Affairs and filing with the Registrar of Companies Preparation of the Joint Administrators' proposals for achieving the statutory purpose of the administration Report to creditors regarding the outcome of the initial creditors meeting Drafting and preparing statutory progress report to creditors, filing at the Registrar of Companies and Court
108	Statutory Compliance	Advertisements in London Gazette and additional press as deemed necessary
109	Review	Director and Partner Reviews of Files
111	Billing	Analysis of Work in Progress Preparation of the Joint Administrators' fee estimates in accordance with the Insolvency (amendment) Rules
112	Post Appointment Tax	Initial information gathering relating to the Company's tax position Initial notification and subsequent communications to/from HM Revenue & Customs Submission of relevant returns and ensuring all post-appointment tax liabilities are accounted for

Analysis Code	Description	Narrative
<b>Administration and planning</b>		
115	Meetings	Preparation for internal and external meetings, including document production and review
116	Case Accounting	Insolvency accounting system administration Opening of case bank accounts Initial set-up and ongoing administration of bank accounts including holding funds in specific currencies Correspondence with banks in order to place funds into interest bearing accounts
117	Bank Reconciliations	Reconciling IPS and bank accounts
118	Receipts & Payments	Preparing and processing Receipts and payments accounts for Creditors' Committee and statutory reporting purposes
702	Liaison With Directors	Requesting, printing, reviewing information provided by Directors and 3rd parties Email/telephone correspondence with the Directors relating to the Company (non investigative work)
<b>Case Specific</b>		
600	Case Specific	Consultation and ongoing correspondence with regulatory bodies (PRA and FCA) to ensure Administration strategy is appropriate Liaising with the PRA and FCA regarding distribution mechanism for return to creditors Solvency II considerations and confirmation to PRA regarding considerations undertaken Liaison with PRA regarding any proposed outsourcing agreements Legal advice to ensure compliance with all relevant regulation and legislation within statutory periods including adherence to PRA and FCA regulation requirements
<b>Creditors</b>		
500	Creditors	Preparation of documents for initial creditors' meeting, agendas, attendance registers, voting forms Ongoing liaison with ad hoc queries from creditors by post, email, telephone Review of creditor claims, logging onto IPS system Adjudication of creditor claims
505	Creditors Committee	Planning and preparation for Creditors' committee meetings Attendance at Creditors' committee meetings and subsequent reporting Seeking approval of Creditors committee as appropriate (fee resolutions, legal proceedings, case strategy and statutory matters)
508	Employees	Completion of statutory filing for creditors committee Checking status of former employees and dealing with any employee issues that may arise
510	Pre Appointment Tax	Review of pre appointment VAT and corporation tax

Analysis Code	Description	Narrative
<b>Investigations</b>		
200	Investigations	Preparation and submission of letters and questionnaires to company directors Investigation into the pre Administration affairs of the company and where appropriate taking further action Review of books and records of the company to identify any matters that may require further investigation Review and action on information provided by creditors (if any) Instruct solicitors (if appropriate) to assist with further enquiries into the company's affairs and any subsequent action required Liaise with legal advisors and run-off agents on any matters that may require assistance during investigation Assistance with the provision and analysis of information necessary in order to make applications to Court Attending Court hearings in relation to claims made on behalf of the Company Correspondence with the Police in relation to claims and investigations made into the Company's affairs Correspondence with the Company's bankers and auditors, and investigation into banking and audit records
201	CDDA Reports	Review of questionnaires completed by Directors, preparation and submission of report in accordance with the Company Directors Disqualification Act 1986
206	Meetings with Directors	Correspondence, meetings and updates with Non-Executive Directors
<b>Realisation of Assets</b>		
300	Realisation Of Assets	Liaise with legal advisors in jurisdictions outside of the UK regarding UK Insolvency Recognition to transfer funds from foreign bank accounts Ongoing meetings, calls and emails with CTS re, collection debtors Regular review of update of creditor/debtor position
302	Identifying, Securing, Insuring Assets	Initial notification to insurers to provide open cover and ongoing review of Company assets and insurance provision
303	Book Debts	Agreeing strategy for realisation of debtors with CTS
314	Litigation	Liaising with legal advisors in relation to general claims on behalf of the Company Attending Court hearings in respect of claims made Preparation of documents and analysis of information in relation to Court hearings and applications
<b>Shareholders</b>		
800	Shareholders	Correspondence and meetings with shareholders
<b>Trading</b>		
401	Management of Operations	Discussions with CTS in relation to the nature, scope and terms of an accelerated run-off agreement Ongoing correspondence regarding run-off agreement Correspondence with legal advisors in relation to the nature, scope and terms of an accelerated run-off agreement

## The Mediterranean Insurance & Reinsurance Company Limited – in Administration

### Additional Information in Relation to the Joint Administrators' Fees, Expenses & Disbursements

#### 1 Staff allocation and the use of sub-contractors

- 1.1 The general approach to resourcing our assignments is to allocate staff with the skills and experience to meet the specific requirements of the case
- 1.2 The constitution of the case team will usually consist of a Partner, a Director or Manager, and an Associate. The exact constitution of the case team will depend on the anticipated size and complexity of the assignment and the experience requirements of the assignment
- 1.3 We are not proposing to utilise the services of any sub-contractors in this case

#### 2 Charge-out Rates

- 2.1 Rollings Butt LLP's charge-out rates for the period 1 April 2015 to 31 March 2016 are detailed below

Grade	Rate (£ per hour)
Partner	445
Director	350
Manager	270
Associate	120-190

- 2.2 Rollings Butt LLP's current charge-out rates effective from 1 April 2016 are detailed below

Grade	Rate (£ per hour)
Partner	470
Director	370
Manager	285
Associate	130-200

Please note this firm records its time in minimum units of 6 minutes

#### 3 Professional advisors

- 3.1 On this assignment we have used the professional advisors listed below. We have also indicated alongside, the basis of our fee arrangement with them, which is subject to review on a regular basis

Name of Professional Advisor	Basis of Fee Arrangement
Cooley (UK) LLP (legal advice)	Hourly rate and disbursement, with deferral of 50% of litigation fees to be reviewed at a later date taking into account the progress of claims
Marsh Limited (insurance brokers)	Fixed fee
Charles Taylor Services Ltd (Run-off agents)	Fixed fee

- 3 2 Our choice was based on our perception of their experience and ability to perform this type of work, the complexity and nature of the assignment and the basis of our fee arrangement with them

#### 4 Joint Administrators' expenses & disbursements

- 4 1 The estimate of expenses (including disbursements) which were anticipated at the outset of the Administration was provided to creditors in the Administrators' Proposals Report a copy of which is set out below

Provider	Activity and nature of expense	Fee basis	Estimated total cost (£)
Cooley (UK) LLP	Regulatory advice	Time costs	50,000
	Assistance with investigations	Time costs	75,000
Erskine Chambers	Assistance with investigations	Time costs	25,000
	Assistance with Court directions	Time costs	25,000
Charles Taylor Services Limited	Estimated run-off agent costs	Time and materials - TBC	175,000
	Assistance with provision of information for proposals	Time and materials - TBC	1,485
Accountants	Corporation tax returns, VAT advice	Estimated fee - time costs capped	5,000
<b>Total estimated expenses</b>			<b>356,485</b>

\*All figures shown exclusive of VAT

#### Current position of Joint Administrators' expenses

- 4 2 An analysis of the expenses paid to the date of this report, together with those incurred but not yet paid, and an estimate of those anticipated to be incurred is provided below

Charged by	Services provided	Costs incurred (£)	Disbursements (£)	Amount unpaid (£)	Estimated future costs (£)
Cooley (UK) LLP	Legal advice - Administration and insurance matters	75,000 00	586.06	75,586 06	25,000 00
Cooley (UK) LLP	Legal advice - Litigation and pursuit of claims	250,000 00	41,677 65	291,677 65	65,000 00
Tremark Associates Limited	Process serving	170 00	nil	nil	nil
Courts Advertising Limited	Statutory advertising	534 50	nil	nil	500 00
Land Registry	Property searches	7 00	nil	nil	nil
Mazars LLP	Provision of payroll information	250 00	nil	250 00	nil
Charles Taylor Services Limited	Administration Run-off services	175,000 00	nil	175,000 00	nil
Smith & Williamson LLP	Specialist tax advisers	1,200 00	nil	1,200 00	nil
<b>Total</b>		<b>502,161 50</b>	<b>42,263 71</b>	<b>543,713 71</b>	<b>90,500 00</b>

\*All figures shown exclusive of VAT

- 4 3 Category 1 disbursements do not require approval by creditors. The type of disbursements that may be charged as a Category 1 disbursement to a case generally comprise of external supplies of incidental services specifically identifiable to the case, such as postage, case advertising, invoiced travel and external printing, room hire and document storage. Also chargeable will be any properly reimbursed expenses incurred by personnel in connection with the case. These disbursements are included in the tables of expenses above.
- 4 4 Category 2 disbursements do require approval from creditors. These are costs which are directly referable to the appointment in question but are not payments which are made to an independent third party and may include shared or allocated costs that can be allocated to the appointment on a proper and reasonable basis such as internal room hire, document storage

or business mileage Details of Category 2 disbursements charged by this firm (where appropriate) were provided in the Administrators' Proposals Report and the Creditors' Committee passed a resolution at their meeting on 12 May 2016 authorising the Administrators to draw Category 2 disbursements as and when funds are available, in accordance with Rollings Butt LLP's published tariff (as below)

Category 2 Disbursement	Cost
Postage	At cost
Photocopying	15 pence per sheet
Travel (car)	45 pence per mile

4 5 Category 1 Disbursements charged to date are shown below

Category 1 Disbursements	Costs incurred (£)	Amount unpaid (£)
Postage	602 83	602 83
Couriers	81 64	81 64
Land registry searches	6 00	6 00
Meeting rooms & refreshments	205 50	205 50
Stationery	3 70	3 70
Statutory Bonding	2,700 00	2,700 00
<b>Total</b>	<b>3,599 67</b>	<b>3,599 67</b>

*\*All figures shown exclusive of VAT*

4 6 Category 2 Disbursements charged to date are shown below

Category 2 Disbursements	Costs incurred (£)	Amount unpaid (£)
Printing	216 75	216 75
Postage	39 48	39 48
<b>Total</b>	<b>256 23</b>	<b>256 23</b>

*\*All figures shown exclusive of VAT*

**The Mediterranean Insurance and Reinsurance Company Limited - in Administration**  
**Estimated outcome statement as at 3 June 2016**

	Statement of Affairs (£ 000s)	Notes*	As at 3 June 2016 (£ 000s)	Est. future movement (£ 000s)	Est. final outcome (£ 000s)
<b>Asset Realisations</b>					
Cash at bank	1,503 2	1	1,530 2	63 9	1,594 1
Supported debtors	1,480 2	2	-	1,036 0	1,036 0
Unsupported debtors	Uncertain	3	-	Uncertain	Uncertain
Other debtors	Uncertain	4	-	-	Nil
<b>Total estimated asset realisations</b>			<b>1,530 2</b>	<b>1,099 9</b>	<b>2,630 1</b>
<b>Estimated costs and expenses</b>					
<i>Pre-administration costs</i>					
Administrators' pre-administration fees		5	(83 1)	-	(83 1)
Administrators' pre-administration disbursements			(0 2)	-	(0 2)
Legal fees			(45 9)	-	(45 9)
CTS fees		6	-	(53 9)	(53 9)
			<b>(129 2)</b>	<b>(53 9)</b>	<b>(183 1)</b>
<i>Administration costs and expense</i>					
Administrators' remuneration		7	-	(499 9)	(499 9)
Administrators' disbursements		8	-	(5 9)	(5 9)
Administration expenses		9	(0 7)	(2 0)	(2 7)
CTS - Administration run-off agent		10	-	(175 0)	(175 0)
Legal fees - litigation		11	-	(315 0)	(315 0)
Legal fees - general			-	(100 0)	(100 0)
Legal disbursements			-	(42 3)	(42 3)
			<b>(0 7)</b>	<b>(1,140 1)</b>	<b>(1,140 8)</b>
<b>Total costs and expenses</b>			<b>(129.9)</b>	<b>(1,194 0)</b>	<b>(1,323 9)</b>
<b>Estimated funds available for creditors</b>					<b>1,306.3</b>

\* Please read in conjunction with the attached notes

\*\* All figures are shown exclusive of VAT

**Notes to the Estimated Outcome Statement ("EOS") as at 3 June 2016**

**1. Cash at bank**

To date, £1,530,180 has been realised and a further \$96,614 is anticipated to be received from Bank ABC Bahrain, equating to £63,900 (using conversion rates as at 4 December 2015)

To date, realisations of cash at bank have been higher than initially anticipated. This is as a result of the Company holding slightly more cash in its accounts than was initially understood by the Directors and as a result of favourable exchange rates in the conversion of funds previously held by the Company in Euros(€) and US Dollars (\$)



## **2. Supported debtors**

CTS intend to update the Company's financial position as one of their priorities following the agreement and execution of the Administration run-off agreement

Consequently, the most recent and relevant information in relation to the recovery of amounts other than the unsupported debtors is the information that was available in the period prior to Administration which was based in part on the management accounts for the Company as at 30 June 2015 as amended by CTS as part of their debtor and creditor reconciliation at that time

Following discussions with CTS, and for the purposes of this report we have made certain assumptions and estimations regarding the recoverability of the other supported debtors based on relevant information available at this time. In the interests of confidentiality and in order to protect the Company's position and rights in relation to these amounts generally, we are not able to provide any further details on this at this time

However, it should be noted that it is likely that these numbers may change following the work that is already being undertaken by CTS in reference to the above

## **3. Unsupported debtors**

These relate to the unsupported accounting entries referred to in the Investigations section of the report, from Section 2.26 onwards. Given the nature of our ongoing enquiries, the likely potential recoveries at this stage remain uncertain and, in the interests of prudence and the need for confidentiality referred to elsewhere in this report, have been reflected as such in the estimated outcome statement. However, we anticipate that significant further information will be available at the time of our next report

## **4. Other debtors**

The Company's management accounts as at 30 June 2015, showed "other debtors" at £14,055. No information is available in respect of these debtors, either from the Company's books and records or the information held by CTS, therefore is assumed irrecoverable

## **5. Pre-Administration fees and pre-Administration legal fees**

These costs have been approved by way of formal resolution at the first Committee meeting on 17 March 2016

## **6. CTS fees**

As set out in section 3.2 of the report we are currently awaiting the Committee's approval of these costs.

## **7. Administrators' remuneration**

As set out in the main report, the value of time incurred by the Administrators and their staff to 3 June 2016 totals £249,865. Whilst the Administrators have agreed remuneration with the Committee which has the effect of deferring 20% of the value of the time incurred to date to be considered at a future point in time, the full value of the time incurred is reflected in the EOS

At this stage of the Administration and in the absence of an agreed distribution mechanism for returning funds to creditors, accurately estimating the value of the future time to be incurred by Administrators is problematic. However, whilst we have assumed a figure of £250,000, future costs are subject to the agreement of the Committee

## **8. Administrators' disbursements**

The Administrators' category 1 and category 2 disbursements are disclosed in Appendix D, Section 4.5-4.6

A provision of £2,000 for future disbursements has been included in the interest of prudence

#### **9. Administration expenses**

This figure relates to those expenses incurred as a matter of course in the Administration, and paid directly from the Administration estate, such as statutory advertising, process serving etc. A breakdown of the expenses incurred in the Administration thus far can be found in the Receipts and Payments account, attached as Appendix A

A provision of £2,000 for future expenses has been included in the interest of prudence

#### **10. CTS – Administration run-off agent**

The costs shown for the run-off work and based on the maximum exposure for the Company under the agreement with CTS which is referred to in the main body of the report

#### **11. Legal fees and disbursements**

Legal fees incurred to date include the full value at standard charging rate for Cooley (UK) LLP for both the litigation and general advice matters

Whilst provision has been made for future legal and other costs in relation to the unsupported debtors and other potential claims, as referred to in note 3, potential recoveries from such claims are referred to as uncertain in the estimated outcome statement. We would however ultimately expect realisations to be made if these costs are incurred which would have the effect of increasing the potential return to creditors illustrated in the estimated outcome statement