

2.17B

The Insolvency Act 1986

Statement of administrator's proposals

Name of Company

COVENTRY CITY FOOTBALL CLUB LIMITED

Company number

03056875

In the

**HIGH COURT OF JUSTICE, CHANCERY
DIVISION, COMPANIES COURT**

(full name of court)

Court case number

2176 OF 2013(a) Insert full name(s)
and address(es) of
administratorsI/We ^(a)**Paul Appleton
David Rubin & Partners LLP
26 - 28 Bedford Row
London WC1R 4HE****Stephen Katz
David Rubin & Partners LLP
26-28 Bedford Row
London WC1R 4HE***Delete as applicable attach a copy of ~~my~~/our proposals in respect of the administration of the above companyA copy of these proposals is available for reading or downloading from our website at
www.drpartners.com/cases

Signed

Dated **15 May 2013**

Joint / Administrator(s) (IP No(s) 8883 | 8681

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 form. The contact information that you give will be visible to searchers of the public record.

**David Rubin & Partners LLP
26 - 28 Bedford Row
London WC1R 4HE****Tel 020 7400 7900
DX Number 267****DX Exchange London/Chancery
Lane**When you have completed and signed this form, please send it to the
Registrar of Companies at -
Companies House, Crown Way, Cardiff CF14 3UZ DX 33050 Cardiff

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COMPANIES HOUSE

IN THE HIGH COURT OF JUSTICE

NO 2176 OF 2013

IN THE MATTER OF

COVENTRY CITY FOOTBALL CLUB LIMITED - IN ADMINISTRATION

AND

THE INSOLVENCY ACT 1986

THE JOINT ADMINISTRATORS' REPORT AND

STATEMENT OF FORMAL PROPOSALS

AS REQUIRED BY PARAGRAPH 49 OF SCHEDULE B1

OF THE INSOLVENCY ACT 1986

COVENTRY CITY FOOTBALL CLUB LIMITED – IN ADMINISTRATION

STATEMENT OF FORMAL PROPOSALS AND REPORT

OF THE JOINT ADMINISTRATORS AS REQUIRED BY

PARAGRAPH 49 OF SCHEDULE B1 OF THE INSOLVENCY ACT 1986

1. INTRODUCTION

Paul Appleton and Stephen Katz, both of David Rubin & Partners LLP, 26 - 28 Bedford Row, London, WC1R 4HE, were duly appointed Joint Administrators of Coventry City Football Club Limited ("the Company") on 21 March 2013. The appointment was made by ARVO Master Fund Limited ("ARVO") pursuant to Paragraph 14 of Schedule B1 to the Insolvency Act 1986.

The Joint Administrators act jointly and severally in the exercising of any and all functions exercisable by an administrator appointed under the provisions of Schedule B1 of the Insolvency Act 1986.

2. STATUTORY INFORMATION

The Company's statutory information is set out in Appendix 1 of this Report.

3. BACKGROUND AND TRADING HISTORY

The Company was incorporated on 16 May 1995, its principal activity being described as that of the operation of sports facilities.

It is a wholly owned subsidiary of Coventry City Football Club (Holdings) Limited ("Holdings") (formerly called The Coventry City Football Club Limited), which, since 1907, has been the entity responsible for managing the business affairs of the professional football club, Coventry City Football Club ("the Club").

The Club has been involved in the playing of professional football matches since 1919 when it was admitted to the Football League ("the FL").

During the many years since its existence, the Club has had a number of owners, the latest being SISU Capital Limited ("SISU"), a privately owned hedge fund sponsor, which acquired both the Company and Holdings in 2007.

The Club was one of the inaugural members of the English Premier League, which, in 1992, became the country's elite footballing league. It competed in the Premier League until 2001, when it was relegated to the second tier of English football, now known as The Championship. A further relegation in 2012 now sees the Club competing in the third tier, the League 1 of the Football League.

Until 2005, the Club's home ground was situated at Highfield Road, where it had played for some considerable time. However, in 1998, it was decided that efforts to move to a larger, purpose built stadium would be made. Plans were advanced, and in 2005, the Club played its first match at The Ricoh Arena ("the Ricoh"), where it has played ever since.

3. BACKGROUND AND TRADING HISTORY (continued)

Since its relegation from the Premier League and, subsequently from the Championship, the Club's financial fortunes have taken a turn for the worst. Indeed, in 2007, shortly prior to SISU acquiring it, the Club faced extinction as a result of its parlous financial position.

Extracts from the Company's Financial Statements are as detailed below

	Year Ended 31 May 2011	Year Ended 31 May 2010	Year Ended 31 May 2009
Turnover	10,267,708	9,291,108	8,895,301
Operating Costs	(995,009)	(930,478)	(913,979)
Staff & Administrative Expenses	(15,345,685)	(15,739,921)	(13,694,541)
Operating Loss	(6,000,777)	(2,678,717)	(7,538,380)
Interest Payable (Net)	(739,465)	(392,318)	(71,429)
Loss for the period	(6,740,242)	(3,071,035)	(7,609,809)
Retained Losses	(54,930,977)	(48,190,835)	(45,119,700)
Dividends	Nil	Nil	Nil

Management accounts for the year ended 31 May 2012 disclose that the Company's turnover for the year amounted to £9,407,018, net of VAT, with a loss recorded of £3,238,522.

4. BACKGROUND TO THE APPOINTMENT OF ADMINISTRATORS

Following its acquisition of the Club, the Company and Holdings in 2007, SISU have invested heavily. However, it has not succeeded in stemming the year on year losses being incurred. Notwithstanding this, the Company, together with the Club and Holdings, has always received the financial backing of its owners and, indeed, the Club and Holdings continues to benefit from these arrangements.

It is noted that the current owners inherited certain contracts, which have added a significant strain to the financial position. In particular, there was a Lease and Licence, which, since 2005, allowed the Club to occupy the Ricoh. These documents are held in the name of the Company. The terms of those specific contracts have had a highly damaging effect on the finances and long term viability of the Club. Consequently, following its relegation to the Football League Division 1 in 2012, the Club's owners opened negotiations with its landlord, Arena Coventry Limited ("ACL"), in an attempt to re-negotiate the terms of those contracts. At that time, the Club's obligations under the terms of the Lease and Licence meant that it was paying in excess of £1m for occupation of the Ricoh, a cost that it was unable to financially sustain. In addition to the level of its obligations to its landlord, the main income received by the Club from the Ricoh was from ticket sales. However, unlike other clubs in the League, it receives nothing from the sale of hospitality, food and drink, additional income that would prove essential if the Club was to be in a position to compete when the Financial Fair Play Regulations came into force in 2011.

It is noted that a series of attempts to negotiate more preferable terms for the occupation of the Ricoh were made, which ultimately broke down.

4. BACKGROUND TO THE APPOINTMENT OF ADMINISTRATORS (continued)

Whilst those negotiations were taking place, the Company did not honour its obligations under the terms of the Lease and Licence. By January 2013, it had accrued a net liability with its landlords of circa £600,000, after taking into account the Rent Deposit held by the landlord in the amount of £500,000.

On 5 December 2012, the Club's landlord issued a Statutory Demand arising out of a judgment it had obtained in the High Court for unpaid rental and licence fees in the amount of some £1.14m. Despite this, negotiations for revised terms to the contracts continued between the parties, but those negotiations subsequently broke down completely and, on 14 February 2013, the landlord applied for a number of Interim Third Party Debt Orders ("TPDO") against debtors and bank accounts, some of which were being operated by Holdings.

On 13 March 2013, the landlord presented a Creditor's Petition for an Administration Order against the Company in the High Court, which was scheduled for Hearing on 22 March 2013.

The application asserted in the evidence in support that it was the Company that was responsible for the Club's footballing operations. It maintained that it is the Company, which is the holder of a share issued by both the Football League and the Football Association, which confer the rights to compete in professional football competitions organised by the same.

This suggestion is a bone of contention. Indeed, throughout, SISU maintain that the footballing activities have been conducted through Holdings and that the legal and beneficial interest in both the Football League and Football Association shares is held by Holdings. There are a number of competing views in this regard, not least, the Football League and the Football Association, both of whom believe that the Club's footballing activities ought to have been run through the Company. Notwithstanding these competing views, the Rules of both the Football League and the Football Association confer a wide discretion upon these organisations relating to the decision as to whether, or not, it should register any proposed transfer.

Following presentation of the Petition by the landlord, and following an initial approach on 14 March 2013, we met with representatives of ARVO on 18 March 2013 and were instructed to review the financial position of the Company on 19 March 2013. Ultimately, the purpose of these meetings were to consider accepting the appointment as Administrators of the Company in the event that a compromise could not be achieved concerning the application. Prior to this approach, neither Paul Appleton, Stephen Katz, nor David Rubin & Partners LLP had any previous business relationship with the Company, or its Directors.

Discussions then took place between the Company, ACL and ARVO, and their respective advisors, which failed to achieve an adjournment of the Petition. Following the breakdown of those negotiations, myself and Stephen Katz were duly appointed Joint Administrators of the Company by ARVO, as the holder of a Qualifying Floating Charge over the assets of the Company. That appointment was made on 21 March 2013 pursuant to the provisions of Paragraph 14 of Schedule B1 to the Insolvency Act 1986.

5. PURPOSE OF THE ADMINISTRATION ORDER

Paragraph 3(1) of Schedule B1 of the Insolvency Act 1986 states that Administrators must perform their functions with the objective of

- (a) rescuing the Company as a going concern, or
- (b) achieving 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), or
- (c) realising property in order to make a distribution to one or more Secured or Preferential Creditors

It was clear from the outset that purpose (a) would be difficult to achieve given the level of the Company's liabilities, and the arguments over "ownership" of the footballing activities. Notwithstanding this, the Administrators have not discounted this particular objective.

Similarly, objective (b) is not discounted. Indeed, the appointment of Administrators has enabled the actions for the granting of the TPDO's to be withdrawn, thus ensuring that we are free to realise those assets subject to the TPDO's that may be due to the Company.

Finally, in the event that neither (a), nor (b), can be achieved, we are confident that objective (c) can be achieved by virtue of the anticipated realisations.

6. ACTION TAKEN BY THE ADMINISTRATORS

Immediately following our appointment, Solicitors were instructed to liaise with the Solicitors acting for ACL in an attempt to ensure that the application for a Creditors' Petition for Administration was withdrawn on the basis that the Company was already in Administration. Unfortunately, that Petition was not withdrawn and extensive additional work was required to be undertaken by us and our Solicitors in order to ensure that the same was done. The Creditors' Petition was subsequently withdrawn at the adjourned Hearing held on 26 March 2013.

In addition to the foregoing, significant investigatory work has been undertaken in an attempt to resolve the issue over the entity within which the Football League Share is held, together with the ownership of certain assets, which, it could be presumed, ought to be owned by the entity holding that Share.

As outlined above, there are competing views as to the "ownership" of the Share and assets, not least as a result of the information contained within historic documents, including Statutory Accounts, Share Registers, etc, which suggest that the Club's assets are held in the Company's name. Further information is currently being sought in this regard, with enquiries being made of the Company's current and former auditors, the Football League and the Football Association, amongst others.

Together with these competing views, there is also a significant amount of competing evidence and, at the time of completion of these Proposals, we have yet to form a definitive view, whilst further information and documentation is sought. Indeed, it ought to be clarified that, in the absence of specific, un-challengeable, evidence, it may well be necessary for us to make an application to Court for the purposes of seeking its directions with a view to determining the position.

6. ACTION TAKEN BY THE ADMINISTRATORS (continued)

Notwithstanding the above, we have been contacted by a number of parties expressing interest in whatever assets may be owned by the Company. Preliminary discussions have been held with each party, and perhaps unsurprisingly, a number of them have withdrawn interest as a direct result of the ongoing argument over the ownerships of assets. However, a number of parties remain interested, and, notwithstanding the ongoing arguments over the ownership of the assets, we are continuing to engage with those parties to establish if it is possible to facilitate a sale process for whatever rights, title and interest the Company may have in certain assets that will be acquired. In this regard, to date, two parties have suggested that they may be interested in participating in a sale under these terms and a decision in this regard is likely to be made very shortly if further evidence is not forthcoming.

In addition to attempting to determine the ownership of where certain assets sit, there are also issues that remain to be resolved concerning the costs claimed by ACL in respect of its application for the appointment of its Administrators.

In view of the lack of funding available to us as Administrators, coupled with the view from Holdings that it, in fact, owns the rights to operate the Club's footballing activities, we have, therefore, had little involvement in the continuance of trading of the football activities. In this regard, immediately following our appointment, and as a direct result of the lack of funds available, we advised the Company's landlord that they did not intend to use the Ricoh for the purposes of the Company's Administration. However, we have become involved in certain negotiations between ACL and Holdings with a view to the use of the Ricoh for the Club's final three home matches of the season, together with certain other activities organised by the Club.

We have also been involved in extensive correspondence with both the landlord and their Solicitors surrounding the Club's Football Academy, correspondence, which is ongoing.

We have also been in direct contact with the Football League and the Football Association, and have had numerous meetings and telephone calls with the Football League to discuss ongoing matters.

7. CONDUCT OF THE ADMINISTRATION

As required by Schedule B1 to the Insolvency Act 1986, we have filed notice of our appointment with the Registrar of Companies, served formal notice on the Company and advertised our appointment in the London Gazette.

We were required as soon as reasonably practicable after our appointment to write to all creditors of the Company notifying them of our appointment. We obtained details of the Company's creditors, and on 27 March 2013, we sent formal notice to all known creditors notifying them of our appointment as Administrators.

In addition to the work of developing the strategy for the Administration, including liaising with the Director, evaluating the business and advising on certain aspects of the trading of the Club, the Joint Administrators and their staff have undertaken, inter alia, the following tasks -

- a) Opening a designated bank account with a view to dealing with the movement of funds during the course of the Administration,
- b) Applying for Joint Administrators' bonds, as required by the Insolvency Practitioners Regulations 2005,

7. CONDUCT OF THE ADMINISTRATION (continued)

- c) Corresponding with our Solicitors, Stephenson Harwood LLP ("SHL"), in respect of numerous issues arising during the period of the Administration, including, inter alia
- Preparing a Report for submission to Court vis-à-vis the Adjourned Hearing set for the Administration Order application by the landlord,
 - Dealing with extensive correspondence from Solicitors acting for a number of creditors, including the Company's landlords,
 - Dealing with extensive correspondence from Solicitors acting for ARVO and SISU,
 - Dealing with extensive correspondence from Solicitors acting for Holdings, and
 - Dealing with legal matters generally
- d) Acknowledging creditors' claims, answering telephone enquiries and correspondence therewith,
- e) Dealing with enquiries received from the Football League and the Football Association,
- f) Meetings with the Company's landlord and its Solicitors, and attending to extensive correspondence emanating therefrom,
- g) Meeting with representatives of the Sky Blue Supporters Trust,
- h) Numerous meetings and correspondence with representatives of Holdings to ascertain the position vis-à-vis the ownership of assets, and
- i) Meetings with representatives of SISU and its Solicitors,

8. RECEIPTS AND PAYMENTS ACCOUNT

A copy of the Joint Administrators' receipts and payments account for the period from 21 March 2013 to 15 May 2013 is attached at Appendix 3. Creditors will note that there have been no realisations effected, at present and, thus, no payments have been made.

8.1 PAYMENTS

Whilst no expenses have been paid from the estate, a significant amount has been incurred, which it is intended will be discharged from realisations effected in due course. These accruals, to date, are outlined below.

Statutory advertising

The cost of publishing the statutory notices in the London Gazette amount to £84 and will be discharged from estate funds as and when available.

8.1 PAYMENTS (continued)

Specific Bond

The specific bond is the cost of insurance in respect of realisations by us, as Administrators, as required by the Insolvency Practitioners Regulations 2005. The amount of £306 has been incurred in this regard and will be discharged from estate funds in due course.

Legal Fees

No payments have been made to SHL at this time in respect of the work undertaken since my appointment. However, it has incurred time costs totalling £143,646, exclusive of VAT, to 14 May 2013. SHL have incurred time in assisting with a number of matters arising during the period of Administration thus far, specifically as outlined in paragraph 7 above.

SHL has a specialist Insolvency department and was chosen to assist on the basis of its Insolvency expertise, together with its experience in footballing matters and after taking into account the size and complexity of the legal issues. SHL charge fees on a time costs basis and it has provided us with an analysis of the time spent to date.

Sundry expenses

Additional expenses have been incurred, including courier charges of £6 and travelling expenses of £117.

9. CREDITORS, PRESCRIBED PART AND DIVIDEND PROSPECTS

Secured Creditors

Since its incorporation, the Company has provided security to a number of parties. However, at the date of our appointment, only two parties held security, as below:

Arena Coventry Limited ("ACL"), the Company's landlord, was provided with a Rent Deposit Deed, which was created on 13 February 2004 and registered at Companies House on 2 March 2004. It is understood that the funds lodged with the landlord in this respect totalled £500,000 and those funds have been utilised against the Company's rent and licence fee account following non payment of the same, as outlined earlier in this report.

ARVO, which is the hedge fund operated by SISU, was provided with security on 19 March 2012 (registered at Companies House on 22 March 2012), by way of a Debenture containing Fixed and Floating Charges over the Company's assets. ARVO is currently owed circa £10.25m by the Company.

Whilst the security held by ACL has not, as yet, been verified, that held by ARVO was validated by SHL prior to our appointment as Joint Administrators being made.

Preferential Creditors

Our investigations, thus far, have determined that the Company has no contracted employees and, accordingly, there are unlikely to be any preferential claims made against the Company. Notwithstanding this, it should be noted that our investigations are ongoing in this regard.

9. CREDITORS, PRESCRIBED PART AND DIVIDEND PROSPECTS (continued)

Prescribed Part

Pursuant to Section 176A of the Insolvency Act 1986, where a floating charge is created after 14 September 2003, a prescribed part of the Company's net property shall be made available to Unsecured Non-Preferential Creditors

The Charge registered against the Company in favour of ARVO was created after 15 September 2003 and, therefore, the provisions of Section 176A will apply in this Administration

Non-Preferential Unsecured Creditors

In addition to the Company's liabilities to the Secured Creditors, there are also obligations due to ACL and trade and expense creditors, as set out in the attached Statement of Affairs

Dividend Prospects

The prospect of a dividend becoming available to Unsecured Creditors will be determined by the eventual sale of any assets shown to be held by the Company, together with the realisation of funds from debtors and other amounts due to the Company

10. STATEMENT OF AFFAIRS

The Director has been requested to prepare a Statement of Affairs, pursuant to Paragraph 47 of Schedule B1 to the Insolvency Act 1986, and a copy of the same is included at Appendix 4

The creditors' claims are based on the last known position from the Company's records. Creditors, if they have not already done so, are requested to submit a formal proof of debt in order that the final position may be ascertained, although it is not the responsibility of the Joint Administrators to formally agree claims

11. INVESTIGATION BY THE JOINT ADMINISTRATORS

As Joint Administrators, we will investigate and, if appropriate, pursue any claims that the Company may have under the Companies Acts 1985 and 2006, or the Insolvency Act 1986. We are required, within six months of our appointment, to submit a return on the conduct of all persons, who have acted as either Directors or Shadow Directors of the Company during the period of three years ending on the date of the Joint Administrators' appointment. To facilitate the preparation of that return and our enquiries into the Company's affairs, we have already invited creditors to provide us with information on any matters of concern

12. CREDITORS' MEETING

An initial creditors' meeting is being convened and will be held at the Hilton Coventry Hotel, Paradise Way, Walsgrave Triangle, Coventry, CV2 2ST on Wednesday 29 May 2013 at 10 00am to consider the Joint Administrators' Proposals and decide whether a Creditors' Committee should be formed. Having regard to the geographic location of the majority of the Company's creditors, Coventry has been chosen as the most appropriate venue to comply with the requirements of the Insolvency Act 1986

12. CREDITORS' MEETING (continued)

Formal notice of the meeting, Form 2 20B, has been sent to you by post. Please note that you will be bound by our Proposals if they are approved at the Creditors' Meeting by the requisite majority of creditors. It is, therefore, important that you read this document carefully. You may put forward any modifications that you wish to see incorporated into the Proposals and make your views known on whether they should be accepted.

13. ENDING OF ADMINISTRATION

The options available to us for the exit from the Administration are as follows:

- Compulsory Winding Up
- Creditors' Voluntary Liquidation
- Company Voluntary Arrangement
- Return of control to the Director
- Dissolution of Company (i.e. striking off the Companies House register)

We are likely to recommend that the Company should move from Administration to either Creditors' Voluntary Liquidation, in accordance with the provisions of Paragraph 83 of Schedule B1 to the Insolvency Act 1986, or to a Company Voluntary Arrangement, to enable a liquidator or supervisor to adjudicate creditors' claims and effect dividends to the Unsecured Creditors.

14. JOINT ADMINISTRATORS' REMUNERATION

In accordance with Rule 2.106 of the Insolvency Rules 1986 (as amended), it is proposed that the basis upon which the Joint Administrators' remuneration should be fixed is by reference to the time properly given by them and their staff in attending to matters arising in the Administration.

We have now reviewed our time costs both for the period prior to our appointment and for the period in Administration from 21 March 2013 to 14 May 2013. A detailed report of our time costs and the charge out rates applicable to this case is attached at Appendix 2.

15. EC REGULATION ON INSOLVENCY PROCEEDINGS

It is considered that the EC regulation applies and that these proceedings are main proceedings as defined in Article 3 of the EC Regulation as the Company was incorporated in England and the centre of main interest of the Company is in England and Wales within the United Kingdom.

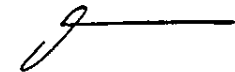
16. JOINT ADMINISTRATORS' FORMAL PROPOSALS

As Joint Administrators, we hereby make the following Proposals in accordance with Paragraph 49 of Schedule B1 of the Insolvency Act 1986 for the achievement of the purpose of the Administration. Creditors are asked to consider and cast their votes thereon, or put forward any modifications they wish, using the proxy sent by post, a further copy of which may be downloaded from our website

- i) The Joint Administrators will continue to manage the Company's affairs in accordance with the statutory purpose until such time as the Administration ceases to have effect
- ii) As funds are likely to become available for Unsecured Creditors, the Joint Administrators may, at their discretion, establish in principle the claims of Unsecured Creditors for subsequent adjudication by a subsequent liquidator or supervisor, and that the costs of so doing be met as a cost of the Administration as part of the Joint Administrators' remuneration
- iii) A Creditors' Committee may be formed if the Creditors' Meeting resolves to do so provided that three or more creditors are willing to serve on it. If the Administration moves to Creditors' Voluntary Liquidation, any Creditors' Committee, which is in existence immediately before the Company ceases to be in Administration, shall continue in existence after that time as if appointed as a Liquidation Committee, pursuant to Section 101. If a Committee is formed, the Administrators and the Joint Liquidators, when appointed, will consult with it from time to time on the conduct of the Administration and Liquidation proceedings. Where it is considered appropriate, the Committee's sanction will be sought to proposed action instead of convening a meeting of all the creditors
- iv) Should a Creditors' Committee be formed and the Joint Administrators consider that an extension beyond an Administration's statutory duration of one year would be advantageous, the Joint Administrators will consult with the Committee prior to taking the necessary steps. If a Creditors' Committee is not appointed, the Joint Administrators shall either apply to the Court or seek a Resolution of the appropriate classes of creditors for the consent to an extension
- v) That the basis of the Joint Administrators fees will be fixed and their Category 2 disbursements will be agreed by the Creditors' Committee. If no Creditors' Committee is formed, it is proposed that, pursuant to Rule 2.106(2)(b) of the Insolvency Rules 1986, the remuneration of the Joint Administrators shall be fixed by reference to the time given by the Joint Administrators and the various grades of their staff according to their firm's usual charge out rates in attending to matters arising in the Administration, and that the Joint Administrators be authorised to draw category 2 disbursements in accordance with their firm's published tariff and they be entitled to draw sums on account of their remuneration and disbursements as and when funds permit
- vi) That without prejudice to the provisions of Paragraphs 59 to 72 of Schedule B1 of the Insolvency Act 1986, the Joint Administrators may carry out all other acts that they consider to be incidental to the Proposals above to assist in their achievement of the overriding purpose of the Administration, including, inter alia, continuing their investigations into the ownership of certain assets and, if appropriate, commencing a sale process in order to sell the same for the benefit of the Company's creditors

16. JOINT ADMINISTRATORS' FORMAL PROPOSALS (continued)

- vii) The Joint Administrators take whatever other actions they deem appropriate in the interest of creditors. This includes placing the Company into liquidation if it appears that this would be in the best interests of the general body of creditors. In these circumstances, it is proposed that the Joint Administrators shall become the Joint Liquidators and any act required or authorised under any enactment to be done by the Joint Liquidators may be done by either or both persons from time to time holding office. Creditors are advised that pursuant to Paragraph 83(7)(a) of Schedule B1 to the Insolvency Act 1986 and Rule 2.117(A)(2) of the Insolvency Act 1986, they may appoint different persons as the proposed Joint Liquidators provided the nomination is made after the receipt of these Proposals and before these Proposals are approved.
- viii) That the Joint Administrators liability, in respect of any action of theirs as Joint Administrators, shall be discharged in accordance with Paragraph 98 of Schedule B1, immediately upon the appointment ceasing to have effect.



PAUL APPLETON - JOINT ADMINISTRATOR

DATE: 15 May 2013

APPENDIX 1

STATUTORY INFORMATION

Date of incorporation:	16 May 1995
Registered number	03056875
Registered Office:	26-28 Bedford Row, London WC1R HE
Trading Address:	The Ricoh Arena Phoenix Way Foleshill Coventry CV6 6GE
Previous Names:	Clubon Limited (until 30 May 1995) CCFC Limited (until 16 February 1996)
Authorised Share Capital:	100 Ordinary Shares of £1 each
Issued Share Capital:	100 Ordinary Shares of £1 each fully paid
Director:	Timothy Donald Fisher
Directors within the last 3 years :	Walter Bosco (resigned 1 February 2011) Leonard Jason Brody (resigned 8 November 2011) John Edward Clarke (resigned 5 December 2011) Paul Andrew Clouting (resigned 14 October 2011) Kenneth Paul Dulieu (resigned 29 November 2011) Joseph Warden Elliott (resigned 11 January 2011) Gary Andrew Hoffman (resigned 10 February 2011) Onye Igwe (resigned 14 September 2012) Raymond Ranson (resigned 28 March 2011)
Secretary:	Adam Bradley
Sole Shareholder:	Coventry City Football Club (Holdings) Limited

JOINT ADMINISTRATORS' REPORT AND PROPOSALS

SUMMARY OF TIME SPENT AND EXPENSES

Pre-appointment

The costs of David Rubin & Partners LLP and Stephenson Harwood LLP in connection with the work undertaken by them during the immediate pre-appointment period have been discharged from funds provided by SISU. Accordingly, we are not seeking to draw any funds from the Administration estate for unpaid pre-appointment work.

Overview

Our firm, David Rubin & Partners LLP, was first approached on 14 March 2013. A number of meetings took place during the following week with the Company's management, together with Holdings, to determine the financial position of the Company and to consider what options might be available in light of the Petition presented by the Company's landlord for an Administration Order.

As an Administration was clearly going to be the best way of preserving maximum value for all creditors, we advised on the steps required to appoint Administrators in view of the Petition, and we engaged the services of SHL, which were both competent enough to handle the complexities of the case and also who had no prior professional relationship with the Company or its management.

We discussed with management the potential issues surrounding the placing of the Company into Administration and advised, where appropriate.

Issues impacting on the level of costs

As a result of the Petition presented against the Company by its landlord, a significant amount of work was required to be undertaken by this office and SHL as a direct result of the landlord's reluctance to withdraw the Creditors' Petition following the Joint Administrators' appointment.

Pre-appointment expenses

As outlined above, the Joint Administrators are not seeking the approval for any pre-appointment costs and expenses to be borne from estate funds.

Statement under Rule 2.33(2B) of the Insolvency rules 1986 (as amended)

By a letter of engagement between David Rubin & Partners LLP and ARVO, dated 19 March 2013, ARVO agreed to pay for our firm's costs for assistance and advice on a prospective Administration of the Company, together with the costs of SHL and Macca Media Limited ("MML"). These costs have been discharged from funds provided by SISU on behalf of ARVO.

ACL's solicitors, Walker Morris ("WM"), intimated on behalf of their client, that they would be making an application for the costs of the application for an Administration order to be paid as an expense of the Administration. The Court has not made any order hitherto in respect of those costs. SHL have invited WM to submit their costs of the application to the Joint Administrators in assessable form. That invitation has not been accepted. In compliance with Rule 2.33(2)(B), so far as WM, on behalf of ACL, submit their costs of the application for approval, at a future date, those costs will be put before all creditors, in the absence of a Creditors' Committee, pursuant to Rule 2.67A.

Post-appointment

The time costs we have incurred from the date of our appointment to 14 May 2013 amount to £163,294 plus VAT for a total of 475.54 hours. This represents an average hourly charge out rate of £343 per hour. We have not drawn any fees on account and this entire sum is outstanding. An analysis of the time spent is provided at Appendix 2A.

Staff allocation and the use of subcontractors

Our general approach to resourcing our assignments is to allocate staff with the skills and experience to meet the specific requirements of the case. The constitution of the case team will usually consist of a Partner, Manager, Senior Administrator and two Administrators. The exact constitution of the case team will depend on the anticipated size and complexity of the assignment, and additional staff may be allocated to meet the demands of the case.

Chargeout rates

In accordance with the provisions of Statement of Insolvency Practice 9 ("SIP 9"), the current hourly chargeout rates applicable to this appointment, exclusive of VAT, are as follows -

	£
Partners/Office holders	300 - 395
Managers / Senior Managers	250 - 295
Senior Administrators	180 - 220
Administrators	130 - 160
Cashiers and Assistants	120 - 160
Supports	110 - 120

Chargeout rates are normally reviewed annually in November, when rates are adjusted to reflect such matters as inflation, increases in direct wage costs, and changes to indirect costs such as Professional Indemnity Insurance.

Case overview

An overview of the work undertaken since our appointment is included within Paragraphs 6 and 7 above.

Issues affecting costs

The eventual and successful sale of any assets will only be achieved after intense periods of negotiations with interested parties and the eventual purchaser. Due to the crucial nature of these negotiations, a high level of Partner and Senior Manager involvement is expected to be required with this part of the assignment.

To view an explanatory note concerning Administrators' remuneration approved by the Joint Insolvency Committee, please visit the Publications folder on our website www.drpartners.com/cases, using the following log-on details:

USERNAME c516 cov@sharesrvr.com

PASSWORD voc615C*

Alternatively, please contact this office to arrange for a copy to be sent to you.

Policy as regards disbursements:

Direct expenses (“Category 1 disbursements”)

Category 1 disbursements as defined by SIP 9, which can be specifically identified as relating to the administration of the case, will be charged to the estate at cost, with no uplift. These include but are not limited to such items as case advertising, bonding and other insurance premiums and properly reimbursed expenses incurred by personnel in connection with the case.

Indirect expenses (“Category 2 disbursements”)

It is normal practice to also charge the following indirect disbursements (“Category 2 disbursements” as defined by SIP 9) to the case, where appropriate.

Postage and stationery: circulars to creditors

Headed paper	25p per sheet	Envelopes	25p each
Photocopying	6p per sheet	Postage	Actual cost

Meeting Costs: Use of Meeting Room is charged at £150 per session.

Storage and Archiving

We use a commercial archiving company for storage facilities for companies’ records and papers. This is recharged to the estate at the rate of £10 per box per quarter, and includes a small charge to cover the administration costs of maintaining the archiving database and retrieval of documents. We also use our own personnel and vehicle for collection of books and records for which we charge £30 per hour.

Mileage incurred as a result of any necessary travelling is charged to the estate at the Inland Revenue approved rate, currently 45p per mile.

COVENTRY CITY FOOTBALL CLUB LIMITED - IN ADMINISTRATION

**JOINT ADMINISTRATORS' TIME COSTS
FOR THE PERIOD 21/03/13 TO 14/05/13
SIP 9 TIME SUMMARY**

Classification of work function	Hours					Total Cost £	Average hourly rate £
	Partners	Managers / Senior Managers	Administrators/ Senior Administrators	Cashiers	Total hours		
Statutory compliance, admin and planning	108 42	92 30	19 00	00 36	220 48	72 800 00	329 71
Investigations	57 00	17 30	00 00	00 00	74 30	27 677 50	371 51
Realisations of assets	73 30	62 48	03 42	00 00	140 00	47 439 50	338 85
Creditors	34 00	06 36	00 00	00 00	40 36	15,377 00	378 74
Trading	00 00	00 00	00 00	00 00	00 00	0 00	0 00
Total hours and costs	273 12	179 24	22 42	00 36	475 54	163,294 00	343 13

The above headings include, *inter alia*, the following but are not limited to the work described below

Administration and Planning

Case planning
Administrative set-up
Appointment notification
Maintenance of records
Statutory reporting and compliance
Tax and VAT

Investigations

SIP2 review
Investigating antecedent transactions
Reports pursuant to Company Directors Disqualification Act 1986

Realisation of Assets

Identifying and securing assets
Debt collection
Property, business and asset sales

Creditors

Communications with creditors
Creditors claims (including secured creditors employees and preferential creditors)

APPENDIX 3

COVENTRY CITY FOOTBALL CLUB LIMITED

**INCOME AND EXPENDITURE ACCOUNT
21 MARCH 2013 TO 15 MAY 2013**

**Coventry City Football Club Limited
(In Administration)**

**Income and Expenditure Account
21 March 2013 to 15 May 2013**

INCOME	Total (£)
	<hr/>
	0.00
	<hr/>
EXPENDITURE	
	<hr/>
	0.00
	<hr/>
Balance	0.00
	<hr/>
MADE UP AS FOLLOWS	
	<hr/>
	0.00
	<hr/>

APPENDIX 4

COVENTRY CITY FOOTBALL CLUB LIMITED

**DIRECTOR'S ESTIMATED STATEMENT OF AFFAIRS
AS AT 21 MARCH 2013**

COVENTRY CITY FOOTBALL CLUB LIMITED
ESTIMATED STATEMENT OF AFFAIRS AS AT 21 MARCH 2013

	<u>Book Value</u>	<u>Estimated</u>
	<u>£</u>	<u>to Realise</u>
		<u>£</u>
<u>ASSETS - SPECIFICALLY PLEDGED</u>		
Goodwill	Nil	Uncertain
Lease with Arena Coventry Limited	Nil	Nil
License with Arena Coventry Limited	Nil	Nil
Less Arvo Master Fund Limited - Fixed Charge	<u>Nil</u>	<u>(10,250 977)</u>
Deficiency to Arvo Master Fund Limited c/d		<u>(10,250 977)</u>
<u>ASSETS - NOT SPECIFICALLY PLEDGED</u>		
Player Registrations	466,742	Uncertain
National Non Domestic Rates Bill Refund	395,476	395,476
Prepayments	176 725	Uncertain
Accrued Income	<u>78 285</u>	<u>Uncertain</u>
		395 476
Less Prescribed Part - available to Unsecured Creditors c/d		<u>(82,095)</u>
Amount available to Floating Charge Holder		313,381
<u>FLOATING CHARGE CREDITOR</u>		
Less Arvo Master Fund Limited Deficiency b/d		<u>(10,250,977)</u>
Deficiency to Arvo Master Fund Limited		<u>(9 937 596)</u>
Prescribed Part - available to Unsecured Creditors b/d		82 095
<u>UNSECURED CREDITORS</u>		
Intercompany debt to SBSL	(14,497,639)	
Intercompany debt to CCH	(44,738 004)	
Arena Coventry Limited	<u>(636,381)</u>	<u>(59 872 024)</u>
Deficiency as regards Unsecured Creditors		<u>(59,789,929)</u>
Deficiency to Arvo Master Fund Limited		<u>(9 937,596)</u>
Total Deficiency to Creditors		<u>(69,727,525)</u>
<u>SHARE CAPITAL</u>		
Share Capital		<u>(100)</u>
<u>ESTIMATED TOTAL DEFICIENCY TO MEMBERS</u>		<u>(69 727 625)</u>

Full Name

Signed

Dated

David Rubin & Partners LLP
Coventry City Football Club Limited
B - Company Creditors

PAID
 100%

PAID
 100%

PAID
 100%

Key	Name	Address	£
CA00	Arena Coventry Limited	The Council House, Earl Street, Coventry CV1 5RR	636,381 00
CA01	Arvo Master Fund Limited	89 Nexus Way, Grand Cayman, KY1 9007, Cayman Islands	10,250,977 00
CC00	Coventry City FC (Holdings) Limited	Sky Blue Lodge, Leamington Road, Ryton, Coventry CV8 3FL	44,738,004 00
CS00	Sky Blue Sports Limited	Sky Blue Lodge, Leamington Road, Ryton, Coventry CV8 3FL	14,497,639 00
4 Entries Totalling			70,123,001.00

Signature

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15 May 2013 17 26