



For further information, please
refer to our guidance at
www.gov.uk/companieshouse

1 Company details

Company number 03101607

Company name in full Avanti Communications Limited

→ Filling in this form

Please complete in typescript or in
bold black capitals.

2 Administrator's name

Full forename(s) Matthew Boyd

Surname Callaghan

3 Administrator's address

Building name/number 200 Aldersgate

Street Aldersgate Street

Post town London

County/Region

Postcode EC1A 4HD

Country United Kingdom

4 Administrator's name ①

Full forename(s) Lisa Jane

Surname Rickelton

① Other administrator

Use this section to tell us about
another administrator.

5 Administrator's address ②

Building name/number 200 Aldersgate

Street Aldersgate Street

Post town London

County/Region

Postcode EC1A 4HD

Country United Kingdom

② Other administrator

Use this section to tell us about
another administrator.

AM10

Notice of administrator's progress report

6 Period of progress report

From date	^d 1	^d 3	^m 0	^m 4	^y 2	^y 0	^y 2	^y 2
To date	^d 1	^d 2	^m 1	^m 0	^y 2	^y 0	^y 2	^y 2

7 Progress report

☒ I attach a copy of the progress report

8 Sign and date

Administrator's
signature

Signature

X



X

Signature date

^d 0	^d 4	^m 1	^m 1	^y 2	^y 0	^y 2	^y 2
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**Presenter information**

You do not have to give any contact information, but if you do it will help Companies House if there is a query on the form. The contact information you give will be visible to searchers of the public record.

Contact name **Mike Rawle**

Company name **FTI Consulting LLP**

Address **200 Aldersgate**

Aldersgate Street

Post town **London**

County/Region

Postcode **E C 1 A 4 H D**

Country **United Kingdom**

DX

Telephone **+44 20 3077 0121**

**Checklist**

We may return forms completed incorrectly or with information missing.

Please make sure you have remembered the following:

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

**Important information**

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

**Where to send**

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

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

**Further information**

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

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

Continuation page

Name and address of insolvency practitioner

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

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

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

1 Appointment type

Tick to show the nature of the appointment:

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

① You can use this continuation page with the following forms:
- VAM1, VAM2, VAM3, VAM4, VAM6, VAM7
- CVA1, CVA3, CVA4
- AM02, AM03, AM04, AM05, AM06, AM07, AM08, AM09, AM10, AM12, AM13, AM14, AM19, AM20, AM21, AM22, AM23, AM24, AM25
- REC1, REC2, REC3
- LIQ02, LIQ03, LIQ05, LIQ13, LIQ14,
- WU07, WU15
- COM1, COM2, COM3, COM4
- NDISC

2 Insolvency practitioner's name

Full forename(s)

Ali Abbas

Surname

Khaki

3 Insolvency practitioner's address

Building name/number

200 Aldersgate

Street

Aldersgate Street

Post town

London

County/Region

Postcode

E C 1 A 4 H D

Country

United Kingdom



To All Known Creditors

**Avanti Communications Group Plc
Avanti Communications Limited
(in Administration)**

Joint Administrators' First Progress Report

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Glossary

Abbreviation	Definition
1+	Solus, Blackrock, Great Elm, MSD, and Robus: 1+Lien Debt Holders
1L or SSF	HPS: 1st Lien Debt Holder, Super Senior Facility
ACL	Avanti Communications Limited
Administrations	The Administration of Plc and ACL
AH2L	Avanti Hylas 2 Limited
APA	Asset Purchase Agreement
Appointment Date	13 April 2022
BEIS	Department of Business, Energy, & Industrial Strategy
c.	Approximately
CT	Corporation Tax
DLR	German Space Agency
EDRS	European Data Relay Satellite
FA	Financial Adviser
FTI / FTI UK	FTI Consulting LLP
H1	Hylas 1 Satellite
H2	Hylas 2 Satellite
H2b	Hylas 2b Satellite
H3	Hylas 3 Satellite
H4	Hylas 4 Satellite
HMRC	Her Majesty's Revenue and Customs
IA86	Insolvency Act 1986 (as amended)
ICA	International Compliance Association
ICAEW	Institute of Chartered Accountants in England & Wales
IP	Intellectual Property
IR16	Insolvency (England and Wales) Rules 2016 (as amended)
ITU	International Telecommunications Union
Joint Administrators/ We/Our/Us	Matthew Boyd Callaghan, Lisa Jane Rickelton and Ali Abbas Khaki
Lender / Secured Creditor	Holders of SSF, 1+ Lien (1L/Mezzanine Debt) and PIK Notes, who have a shared security package over the Group. Creditors with security in respect of their debt in accordance with Section 248 IA86.
NBV	Net Book Value

Abbreviation	Definition
NDA	Non-Disclosure Agreement
NRAs	National Regulatory Authorities
OFCOM	Office of Communications
PAYE	Pay-as-you-earn tax
PIK	Pay in Kind
Plc	Avanti Communications Group Plc
Preferential creditors	First ranking: Principally employee claims for unpaid wages (max £800 per employee), holiday pay, and certain unpaid pension contributions. Second ranking: HMRC in respect to certain specified debts.
Prepack	Pre-packaged Administration
Prescribed Part	Amount set aside for unsecured creditors from floating charge net realisations in accordance with Section 176A IA86.
Purchaser	Plate Bidco 4 Limited
Schedule B1	Schedule B1 IA86
Security Trustee	GLAS Trust Corporation Limited
SIP	Statement of Insolvency Practice
SIP 13	Disposal of assets to connected parties in an insolvency process
SIP 16	Pre-packaged sales in administrations
SIP 2	Investigations by office holders in administrations and insolvent liquidations
SIP 7	Presentation of financial information in insolvency proceedings
SIP 9	Payments to insolvency office holders and their associates from an estate
Target Assets	Shares in the operating companies in the Group as well as substantially all of the other assets of Plc and ACL
the Companies the Group	Avanti Communications Group Plc, Avanti Communications Limited Plc and its subsidiaries
Transaction	The sale of the Target Assets to the Purchaser
The Proposals	The Statement of Proposals dated 13 April 2022
TTP	Time To Pay arrangement
TUPE	Transfer of Undertakings (Protection of Employment) Regulations 2006
UKSA	United Kingdom Space Agency
UN	United Nations
VAT	Value-Added Tax



Purpose of this Report

PURPOSE OF THIS REPORT



Purpose of this Report

- On 13 April 2022, Matthew Boyd Callaghan, Lisa Jane Rickelton and Ali Abbas Khaki were appointed as Joint Administrators of Avanti Communications Group Plc and Avanti Communications Limited. The appointments were made by the directors of the Companies under Paragraph 22 of Schedule B1 IA86.
- This report is prepared pursuant to Rule 18.6 IR16, to provide details on the progress of the Administrations during the first six-month period of our appointment. It covers the period 13 April 2022 to 12 October 2022 and contains:
 - An explanation of the work we have done in the period and how the Administrations have progressed;
 - An update on the estimated outcome for each class of creditor;
 - Details of the work we still need to undertake before the Administrations can be concluded;
 - An update on how and when we expect the Administrations will end including information regarding a proposed 12-month extension to the Administrations;
 - A statement of our receipts and payments and details of the expenses we have incurred;
 - An update on our remuneration for acting as Joint Administrators; and
 - Further information required by statute regarding our appointment as Joint Administrators.

Further Information

- Background information on the Companies and events leading up to the Administrations can be found in our Proposals, which continue to be available online (see 'How to Contact Us', opposite).
- Our Proposals provided details of the purpose of the Administrations and how we believe that purpose will be achieved. The report also provided background information on how the Joint Administrators' fees may be determined and approved, and details of the expenses likely to be incurred.
- Certain legal notices regarding this report, our appointment and creditors' rights are included in Appendix B.
- If you have any queries regarding the content of this report or if you would like hard copies of any of the documents made available online, please contact us using the details provided opposite.

How to contact us

- Creditors can contact us using the preferred methods below:

Email: avantiadministrators@fticonsulting.com

Post: Avanti Communications Group Plc /
Avanti Communications Limited,
c/o FTI Consulting LLP,
200 Aldersgate,
Aldersgate Street,
London, EC1A 4HD

Tel: 020 3077 0468

- Further information can be found online at: <https://www.ips-docs.com/> (login details previously provided to creditors).

Actions Required by Creditors

- **No actions are required by creditors in respect of this document, which is for information purposes only.**
- **To the extent unsecured creditors have not yet issued a claim in the Administrations, please refer to your letter from the Joint Administrators, or see 'How to Contact Us' above to request further information.**
- **Secured Creditors (Plc and ACL) and Preferential Creditors (ACL only) will receive separate correspondence in due course in respect of the proposed 12-month extension to the Administrations, with full instructions on actions required.**



Progress of the Administrations

Background to the Administrations

Plc and ACL's assets were subject to comprehensive security. Without conditional funding from the Secured Creditors, the Group would have been unable to continue as a going concern. The likely alternative was a value-destructive liquidation which would have resulted in a worse outcome for creditors of Plc and ACL, as a whole.

Background to the Companies and the Administrations

- The Group had been adversely impacted by the Covid-19 pandemic as pipeline contracts had been delayed, particularly in areas targeted for growth by the Group and there had been delays in payment from contractual counter-parties.
- The business had become increasingly over-indebted and unable to address significant historic liabilities, with the position worsened by the non-payment of a material customer balance due.
- The Group had sought to address these issues including via ultimately unsuccessful merger discussions, M&A processes and refinancing discussions, in order to provide a stable capital structure. The business had also undertaken material cost-cutting exercises and enhanced its go-to-market offering by increasing focus on key sales channels.
- Material funding was also provided to the Group by certain of the Secured Creditors, as they sought to provide both structural financing, as well as short-term financing to bridge the non-receipt of customer monies.
- However, the Group's liquidity position worsened and it became clear that alternative sources of funding for the Group were not available. There remained material uncertainty over the timing and recoverability of certain customer receipts, resulting in a significant new money requirement.
- It was also clear from prior abortive sales processes that the value of Group assets was unlikely to exceed the value of secured debt and that a restructuring was required. Whilst the Secured Creditors were willing to provide funding to consider various options, they were not willing to fund another sales process and there was no other source of monies to fund such a process.
- Certain of the Secured Creditors therefore agreed to provide the requisite new money funding contingent upon a material deleveraging of the Group's balance sheet, including through the equitisation of existing debt.

- It was proposed that a pre-packaged administration be used to deliver the proposed transaction. The transaction would result in a better outcome for the creditors of ACL and Plc as a whole than the alternative of an uncontrolled Group-wide liquidation.

Our Initial Strategy

- Our Proposals contain further detail on the rationale for the transaction and why it helped to fulfil the purpose of the Administrations which is to achieve a better outcome for the creditors of the Companies, by virtue of the prepack transaction.
- Further, our SIP16 Statement also made the required disclosures as a result of the transaction being with a connected party.
- We are satisfied that the outcome for creditors was the best available outcome as a whole in all the circumstances.
- There are no remaining assets to realise (except for potential contingent funding at ACL discussed in more detail later in the report) and the Administrations are capable of being brought to an end once all our other work has been completed.

Prepack Administration

The term 'Prepack Administration' refers to an insolvency process, in which the sale of all or part of a company's business or assets is negotiated with a purchaser prior to the appointment of an administrator and the administrator effects the transaction or transactions immediately on or shortly after appointment.

The administrator must provide creditors with sufficient information such that a reasonable and informed third party would conclude that the prepack sale was appropriate, and that the administrator has acted with due regard for the creditors' interests.

Realising the Assets: Post-Transaction Support

As part of the Asset Purchase Agreement, certain further assurance clauses were included, under which we are obligated to offer reasonable assistance to give effect to the terms of assets transfers per the agreement.

Overview of Strategy

- As set out in more detail in our Proposals the purpose of the Administrations was considered to be best fulfilled through the prepack transaction set out in more detail in our Proposals.
- There are no remaining assets to realise (except for potential contingent funding at ACL discussed in more detail later in this section) and the Administrations are capable of being brought to an end once all our other work has been completed.
- Following the immediate sale of the assets, and per the APA, we agreed to fulfil any post-sale obligations and undertake the reasonable work required to support the transfer of assets to the Purchaser, such as novation of contracts or leases, communications as necessary with counter-parties and the completion of transfer documentation.
- We set out here the workstreams undertaken in line with our post-sale obligations.

Post-Transaction Assignments

- The Joint Administrators were approached by the Purchaser in August 2022 in respect of the registration of the Group's logo in Iraq.
- The process of registration had been commenced by Plc prior to the Administrations, but it had since been challenged by the Iraqi intellectual property registration body. The Joint Administrators were therefore required to sign a Power of Attorney ("PoA") on behalf of Plc in order for an appeal to go ahead. The document was also required to be notarised and legalised.
- As the intellectual property was included in the APA, the Joint Administrators agreed to assist subject to confirmation any assistance did not conflict with their duties, excluded any personal liabilities, and ensuring they were adequately protected in aiding with the release of the assets of the Companies.
- Our work involved amending the proposed PoA to reflect the circumstances of the Administration (consulting regularly with our lawyers), which then had to be approved by the Iraqi IP counsel and subsequently translated.

- The process involved several different parties and legalisation requirements, involving the oversight and input of the Joint Administrators' staff.
- We do not expect there to be any further work on this matter, but we will update creditors in our next Progress Report should that not be the case.

Post-Transaction Novations

- We were further approached by the Group in August 2022 in respect of a project that had been commenced prior to the appointment of Joint Administrators.
- The contract was in the name of ACL and the Purchaser was looking to novate it from ACL to another entity within the Group, due to the Administration. The contract was a subcontract with an intermediate party, but the main contracting party was a substantial creditor of ACL. The Group in turn were looking to be paid for their latest project milestone in the sum of €150k.
- This contract had been excluded from the APA and therefore the Joint Administrators had been exploring the options for sale and/or novation of the contract, alongside their legal advisers.
- Subsequently, the Group confirmed that the main contracting party had advised them that it was not willing to novate the contract to a different entity within the Group. As the Companies did not have the ability to deliver on the contract following the sale of assets, this contract is therefore of no value and confirmation has been provided to the counterparty that the contract should be considered to be terminated.
- We have also assisted with the novation or transfer of other material supplier or customer contracts, under the terms of the further assurance clauses in the APA.

Realising the Assets: Other Complementary Work

We have liaised with a number of creditors in relation to claims against the Companies, arising from property and an EBT. We have also undertaken a number of other administrative matters in relation to the Administrations.

Landlord and Property

- The Companies vacated the head office premises on 13 April 2022 and keys were returned to the landlord's agent. We offered to surrender the lease to the landlord, although this has not been accepted.
- We subsequently appointed specialist property agents, Consultiam Property Limited, trading as CAPA ("CAPA"), to assist with a potential business rates recovery on the premises.
- The amount ultimately recovered was £8,322.69, subject to a 25% collection fee payable to CAPA.
- There is the potential for further recovery from this source and CAPA will keep us informed of progress. Creditors will be updated on this matter in due course.

Insurance

- Open Cover insurance was immediately arranged on appointment through our brokers, Aon UK Limited.
- Due to all assets being sold immediately on appointment, the insurance costs were minimal. Further details of the payments made can be seen in our Receipts and Payments account at Appendix C.

Employee Benefit Trust ("EBT")

- Whilst trading, Plc had an EBT, which was subject to ongoing discussions with HMRC regarding whether application tax rules in effect at the time of the establishment of the EBT had been correctly applied.
- Prior to the appointment of Joint Administrators, Plc were negotiating a settlement with HMRC, but it was never agreed.
- PricewaterhouseCoopers LLP had been advising Plc prior to our appointment and have confirmed that any claim received from HMRC in this matter would be unsecured.
- HMRC have contacted us for more information and we have referred these queries on to Group staff who were involved at the time. To the extent we can obtain the relevant information, we will forward it on to HMRC.

Realising the Assets: Determination Hearing (ACL only)

As part of the transaction it was agreed that the Administrators would seek directions from the Court as to whether the assets transferred by the directors prior to the Administration were subject to fixed or floating charge security.

Determination Hearing Overview

- As set out previously, the assets of the Companies were sold to a Secured Creditor-owned vehicle via a prepack transaction.
- The sale consideration received was \$190m, as set out in our Proposals. Part of the consideration was made up of existing debt being novated to the Purchaser, which in effect constituted a first fixed and floating distribution of 100c/\$ to creditors making up the relevant tranches of debt.
- The above distributions were made on the basis that certain assets sold were subject to fixed charge security and that these proceeds were due to the fixed charge holders.
- The assets sold by the Joint Administrators related to certain inter-company receivables arising from asset transfers by the directors that had taken place prior to our appointment (in order to ensure operational continuity).
- It was agreed that the Joint Administrators would seek directions from the Court as to whether the assets transferred by the directors prior to the Administration were subject to fixed or floating charge security, to ensure protection for creditors as a whole.
- In the event that they turn out to be subject to a floating charge, in effect, fixed charge realisations (and distributions) to date, will have been overstated, and instead should be recharacterised as floating charge realisations (and distributions).
- As set out in our SIP16 Statement, in order to ensure adequate protection for creditors who rank ahead of floating charge creditors (HMRC as preferential creditor and unsecured creditors up to the Prescribed Part limit) the Joint Administrators have access to a specific funding facility, which can be drawn down in the event of a security re-characterisation.
- In the event of a re-characterisation, preferential amounts due to HMRC and the Prescribed Part can be drawn as cash in full, and paid to the relevant creditors. As this cash in effect comes from the creditors that received a fixed charge distribution already, this is akin to a repayment of the proceeds to the Administration estate for re-distribution in accordance with the waterfall applying if the assets were floating charge.

Actions Taken Since Our Appointment

- Since our appointment, we have been working closely with our legal advisers in order to make a directions hearing application to court, to determine whether a fixed charge had indeed been created over the receivable.
- HMRC, as the only preferential creditor of the Company (and also a significant unsecured creditor and beneficiary of any Prescribed Part), has an economic interest in this issue.
- The Joint Administrators notified HMRC of the situation by way of a letter dated 10 May 2022, so that it could assess and confirm its position in advance of the directions hearing. On 20 June 2022, HMRC confirmed to the Joint Administrators that it did not wish to participate in these proceedings (but in the expectation that the Joint Administrators would proceed with the directions application in order to determine the relevant issue).
- In order to determine whether a fixed charge has been created the Court will: (i) seek to determine the objective intention of the parties to the relevant instrument(s) of charge; and (ii) determine as a matter of law whether the chargor was free to deal with the charged property in a manner inconsistent with fixed security.
- We have been liaising extensively with the Group in order to gain further information in respect of the relevant assets to be able to provide the required evidence for the witness statement and its associated exhibits:
 - All documents for the directions hearing application were filed at the High Court on 2 September 2022. The Secured Creditors were formally notified via their counsel.
 - We advised HMRC by way of an endorsed application and supporting documentation, as an interested party to the proceedings.
- The determination hearing is set for January 2023, with judgement expected later in the year. Creditors will be updated in due course of the outcome.
- Until the outcome of the hearing is known, we will be unable to pay the preferential or unsecured dividends (Prescribed Part only). Further details of estimated dividends can be found in the Estimated Outcomes for Creditors section of this report

Realising the Assets: Determination Hearing (ACL only)

During the period, the Joint Administrators' staff liaised with a potential provider of *pro bono* legal services for the determination hearing to represent non-secured creditors. This offer was subsequently withdrawn.

Representing the Interests of Creditors

- In June 2022, we were contacted, unsolicited, by an experienced insolvency partner of a credible law firm who had indicated that they would be willing to represent the interests of preferential and unsecured creditors in the forthcoming determination hearing, to ensure that the Court heard both sides of the argument as to the nature of the security in question.
- The partner indicated that due to their professional interest in the potential legal points of law likely to be considered in the determination hearing and in order to further credentialise their expertise in this area, they were willing to act for the creditors at nominal cost.
- At this time, only the Secured Creditors had indicated they wished to participate in the determination hearing, and invitations to the preferential creditor (who had the most economic interest in proceedings) to participate had been declined.
- Given the opportunity to allow creditors of all classes to be separately represented at the hearing in a cost-effective manner, the Joint Administrators agreed in principle that the modest costs proposed by the insolvency partner could be met as an expense of the Administration.
- However, in order to act, the insolvency partner indicated that he would need to appear in the determination hearing, in an *amicus curiae* ("friend of the court") role, on behalf of a named creditor.
- The Joint Administrators approached HMRC as secondary preferential creditor to determine whether they would consider the lawyer acting in this capacity, which would be appearing formally on their behalf. This would not involve any costs to HMRC, nor require their input, other than consenting to him acting on their behalf (as an interested creditor, but as a representative of the wider group) for the purposes of the proceedings.
- HMRC subsequently confirmed that they did not wish to participate in any capacity in the proceedings, including using the *pro bono* services offered.
- Before we could approach the unsecured creditors to determine whether any unsecured creditors would wish for the lawyer to appear on their behalf at the determination hearing, we were advised that he had secured new employment at a different firm of solicitors, and therefore was no longer able to proceed.
- Given no other creditors have indicated that they wish to participate in the proceedings, we will therefore proceed on the basis, as set out in our Proposals, and consistent with our duties as Joint Administrators, that the Court is made aware of the arguments for the security being recharacterised as floating in nature through our legal counsel.

Dealing with Stakeholders and Creditors

We have responded to queries that we received from creditors and other stakeholders, to the extent reasonably possible.

Secured Creditors

- A regular dialogue has been held with the Companies' Secured Creditors and they have been frequently updated on Administration expenses, funding, post-transaction assistance to the Purchaser, asset realisations and other matters of interest to them. The Secured Creditors have the principal financial interest in the Administrations.
- Further correspondence continues to take place for *ad hoc* issues and queries.

Preferential Creditors

- Preferential creditors are certain categories of unsecured creditors that have preferential status under insolvency legislation.
- They are typically employee-related debts in relation to arrears of wages and unpaid holiday pay, subject to statutory limits. The Redundancy Payments Service becomes a preferential creditor in place of the employees once it has paid their statutory entitlements.
- Since December 2020, HMRC is also a preferential creditor for certain specified debts but ranks behind the preferential debts described above.
- The Companies did not have any employees at the time of our appointment, so there are not anticipated to be any first-ranking preferential creditors.
- HMRC are a known second-ranking preferential creditor of ACL and we have received an interim preferential claim from HMRC. This claim is provisional, has been caveated that it may be subject to further revision, and is therefore yet to be adjudicated.
- For ACL, we have engaged in correspondence with HMRC in relation to the decision procedure on the approval of our remuneration. Given their preferential status, they were entitled to participate in the decision procedure, and voted for the approval of our fees.
- Plc is not believed to have debts payable to HMRC that could rank preferentially.

Employees

- At the date of our appointment as Joint Administrators, the Companies had no employees, as it is understood that staff had transferred internally within the Avanti Group in March 2022 to consolidate all employment contracts within the same entity.
- This transfer is understood to have been completed in accordance with the relevant contractual terms of the affected employees' contracts of employment.

Unsecured Creditors

- In preparation for our appointment, we set up a dedicated email address and helpline number in order for creditors to contact us, other than by post. We have received a number of queries from creditors on matters relating to their claim or the impact of the Administration. We have responded to queries to the extent possible and using the information currently available to us.
- We have invited creditors to submit their claims to us as there is a dividend payable by way of the Prescribed Part in Plc, and a prospect of a dividend becoming available in ACL, as previously explained.
- The Joint Administrators' staff has also dealt with non-consenting PIK noteholders. These are noteholders that did not accede to the Lockup Agreement formalised in the period anticipating the prepack transaction, and hence did not gain access to the equity share forming part of the restructuring arrangement for PIK noteholders. Our work included:
 - Creditor management and correspondence relative to noteholder positions;
 - Gaining legal advice on validity of the non-consenting noteholders' unsecured claims for participation in the unsecured Prescribed Part dividend; and
 - Correspondence with the Security Trustee of the noteholder group.

Managing the Companies' Affairs: Tax

Until such time as the Companies are dissolved, they must continue to fulfil many of their usual obligations. Whilst appointed to manage the affairs of the Companies, we are responsible for ensuring these obligations are met.

PAYE (ACL only)

- As previously mentioned, at the date of our appointment as administrators, ACL had no employees, as it is understood that staff had transferred internally within the Avanti Group in March 2022.
- The new employer for all staff was AH2L, which was subsequently sold by the Joint Administrators of Avanti Communications Group Plc, as part of the pre-packaged sale of Plc's business and assets.
- Prior to the date of Administration, AH2L had not yet established a new PAYE code, and all staff continued to be on a payroll with the ACL PAYE reference. We had understood that the Group intended to transition staff to an AH2L payroll reference for payroll from April onwards.
- Following our appointment, in spite of being instructed to get a new PAYE code for AH2L, the Group staff did not do so immediately. Consequently, the Group's payroll provider continued with implementing the payroll run for April on the ACL PAYE code, which was explained as being due to issues with "cut-off" for payroll being pre-Administration.
- Subsequently, staff were removed from the ACL PAYE Code (and transferred to an AH2L PAYE code), and the ACL code was closed with effect from 30 April 2022, rather than with effect from 12 April 2022.
- We were recently notified of this error by the Group, having spent several months being assured that the ACL PAYE reference had been appropriately shut down by the Group's payroll provider. The Group has paid the PAYE/NI contributions for April 2022, but unfortunately, the payment was made under the AH2L PAYE reference rather than that of ACL, meaning there will be a disconnect between ACL's and AH2L's PAYE records.
- We have agreed with the Group that they will work with their payroll provider to correct this and change ACL's PAYE scheme closure date to 12 April 2022. The date of scheme opening for AH2L will be changed to 13 April 2022.

- Subsequent to these changes being made within the RTI system, we will contact HMRC to ensure the correct allocation of the payment of PAYE/NI to the ACL and AH2L PAYE codes accordingly, removing any post-Administration liability for ACL, and ensuring the pre-Administration PAYE unpaid position is correctly reflected.

VAT

- Following our appointment, we notified HMRC (for both VAT and tax purposes) that the Companies had been placed into Administration. Our internal VAT and tax specialists performed a review of the Companies' VAT and tax affairs to understand the position in relation to the filing of returns and whether any tax assets may exist.
- The Companies were subsequently deregistered from the VAT Group, with the original VAT registration being transferred to the Purchaser. A Form VAT 427 will be used to recover VAT receivable balances accumulated throughout the Administrations.

Corporation Tax

- Unsubmitted pre-appointment CT returns for 2019, 2020, 2021, and the period ending 12 April 2022 are currently being prepared by the Group, given the familiarity of the Group's tax advisors with the Group's previous group taxation arrangements. We have been working closely with the Group and alongside the FTI Tax team to ensure that we have the relevant information in order to complete these outstanding CT returns.
- We continue to await this information from the Group but are liaising regularly on this matter to ensure its progression.
- In terms of the post-appointment return, this will be for the period ending 12 April 2023, and returns will continue to be prepared and filed until no further taxable income is expected to arise.

Managing the Companies' Affairs: Other

Until such time as the Companies are dissolved, they must continue to fulfil many of their usual obligations. Whilst appointed to manage the affairs of the Companies, we are responsible for ensuring these obligations are met.

Treasury and Accounting

- An account of receipts and payments for the period covered by this report is provided at Appendix C.
- Funds are currently being held in interest-bearing current accounts.

Books and Records

- The books and records were sold to the Purchaser as part of the asset and share sale agreements, as they largely related to the continuing operations of the business and assets. We have received an inventory of all available records, including financial records.
- We have access rights to all data and records under the sales agreements and have made *ad hoc* requests for supporting information as and when required, and these requests have been fulfilled. We have also taken a data capture of certain of the Companies' electronic records and these have been reviewed and analysed in line with our statutory duties.

Fulfilling our Statutory Duties

As a consequence of the Companies' insolvency, we have a number of responsibilities that include giving notices and updates to stakeholders and investigating the affairs of the Companies.

Statutory Investigations

- We have submitted information in regard to the conduct of the Companies' directors to the Department for Business, Energy and Industrial Strategy ("BEIS"). The content of our investigatory findings is confidential. However, it was concluded that there were no recovery actions that could be pursued.
- Our investigation work was performed in accordance with SIP 2 and included a review of:
 - Questionnaires submitted by the directors of the Companies who held office in the three-year period prior to the Administrations;
 - The statements of affairs prepared by the directors of the Companies;
 - The Companies' Board Minutes in the 12 months leading up to appointment;
 - Correspondence received from creditors (who had been invited to bring any matters to our attention); and
 - Certain of the Companies' financial information.
- We had a duty to investigate the affairs of the Companies to establish if there were any actions that could be pursued for the benefit of creditors as a whole and also to review the conduct of the directors.
- On 5 July 2022, we submitted a confidential report to BEIS regarding the conduct of all directors and shadow directors who were in office during the three years before the Administrations of Plc and ACL.
- Based on the information provided in the report, confirmation was received that the Secretary of State does not propose to take any further action in regards to any of the Companies.
- Should any additional information come to light in the normal course of our work that we believe is relevant to the above, we will report to BEIS and conduct further investigations as appropriate.

Other Statutory Work

- Other work arising in the period as a consequence of our appointment as Joint Administrators has included:
 - Sending required statutory notices of our appointment;
 - Assessing statutory bonding requirements and arranging cover;
 - Obtaining consent from the Secured Creditors and a decision of the preferential creditors (ACL only) in respect of our remuneration;
 - Internal case reviews to ensure the strategy continues to be appropriate and the Administrations are progressing on a timely basis; and
 - Reviews of the adequacy of bonding cover.

Investigations and Submission of Conduct Reports

An administrator has a duty to investigate what assets there are (including potential claims against third parties including the directors) and what recoveries can be made. This gives rise to the need for an administrators to carry out appropriate investigations, in order to satisfy their specific duties and to allay, if possible, the legitimate concerns of creditors and other interested parties.

An administrator also has a duty to report to the Department for Business, Energy and Industrial Strategy on the conduct of those that formerly controlled the company.



Extending and Ending the Administrations

We continue to work towards finalising all matters in the Administrations, but it is highly likely that we will need to seek a 12-month extension in order to allow sufficient time for the remaining steps to be taken.

Extensions to the Period of the Administrations

- Insolvency legislation sets a 12-month maximum duration for administrations, unless the period is extended by the Court or creditors.
- The 12-month maximum period ends in April 2023. On current information, it is likely that the Administrations will need to be extended beyond the first anniversary of the Joint Administrators' appointment.
- Regarding ACL, the extension is required as the determination hearing referred to above is expected to be held in January 2023, with judgement expected later in the year. We are seeking a determination from the Court as to whether the security to which the relevant assets were subject was fixed or floating in nature. Should the determination be that the security was floating in nature, the preferential and unsecured creditors would have an entitlement to the proceeds of selling those assets.
- In the event of the above, we would need to make a distribution to the unsecured creditors of ACL, and increase the level of distribution to the preferential creditors. In order to facilitate the dividend process and subsequent wind-down of the Administration, we require an extension to the 12-month period.
- In respect of Plc, we are unable to distribute to the unsecured creditors at this time under the Prescribed Part. HMRC are a creditor in the Administration but are unable to finalise their claim until the pre-appointment tax returns have been finalised and filed. Due to this, it is highly likely that we will require a 12-month extension to the Administration.
- In order to allow sufficient time for the remaining steps set out above to be taken, it is likely that we will seek consent of the relevant creditors of the Companies, pursuant to Paragraph 76(2)(b) of Schedule B1.
- Should we seek an extension to the Administrations, relevant creditors will be contacted separately and in due course, and need take no action at this time.

Discharge from Liability

- We will be discharged from liability in respect of any of our actions as administrators at a time appointed by resolution of the creditors' committee or, if there is no committee, by a decision of the creditors; or by an order of the Court.
- In the circumstances of this case, any decision of the creditors is likely to be required from the Secured Creditors only and to the extent there are undischarged preferential creditors likely to receive a dividend, by the preferential creditors.
- We will seek approval to the timing of our discharge from liability at the appropriate time. This is likely to be after the conclusion of any dividend process undertaken.

Ending the Administrations

- The manner in which an administration ends usually depends on the outcome of the administration. In these cases and because we do not expect a dividend to be available for unsecured creditors beyond the Prescribed Part, the mostly likely exit route is one of the following:
 - a) The Administrations will end by filing notice of dissolution with the Registrar of Companies. The Companies will then automatically be dissolved by the Registrar of Companies three months after the notice is registered. This is currently considered to be the most likely exit route.
 - b) The Administration of the Companies will end by making an application to Court for an order that the Administration ceases.
 - c) The Administration of the Companies will end by giving notice to the Court, creditors and Registrar of Companies that the objective of the Administration has been achieved.

Joint Administrators' Remuneration

Details of our how our remuneration has been fixed are set out below. Certain matters in the Administration require the approval of the relevant class(es) of creditors.

Joint Administrators' Remuneration

- As the Group's principal reporting currency was USD, our fees were agreed in this currency.

Avanti Communications Group Plc

- The relevant approval to draw our remuneration has been received from the Secured Creditors as follows:
 - a set amount of \$1.755m payable out of floating charge realisations, given the *de minimus* value of fixed charge assets realised.
- The required approval was received from the Secured Creditors on 12 May 2022.

Avanti Communications Limited

- The relevant approval to draw our remuneration has been received from the Secured Creditors and preferential creditor as follows:
 - a set amount of \$195k, which will be drawn from fixed charge assets; and
 - time costs (up to a Fees Estimate of \$260k), which we anticipate will be drawn from floating charge realisations, as these will relate to our statutory duties and the work required to determine if additional floating charge assets are available to floating charge creditors.
- The required approval was received from the Secured Creditors on 12 May 2022 and from the Preferential Creditor on 16 June 2022.
- The time charged by the Joint Administrators and their staff for the period of this report amounts to \$206,662, representing 265 hours at an average hourly rate of \$781 per hour.
- A summary of time costs incurred in the period is set out at Appendix E (ACL only), together with a detailed description of work undertaken in the period, attributable to each category of time costs, and why it was felt necessary for that work to be performed.

- You will note that our time costs in general do not exceed the total as set out in the Fees Estimate provided to creditors in our Proposals. As demonstrated at Appendix D, costs attributable to each category of time generally fall within those anticipated.
- However, we have incurred more time than anticipated in respect of Controlling our Appointment. Additional time has been incurred in obtaining approval to our remuneration from the preferential creditor and due to the complexity of some of the issues discussed in this report requiring significant input from senior staff.
- The Administration is not yet complete, and therefore further costs will be incurred. The Joint Administrators do not presently anticipate that the overall Fees Estimate will be exceeded. However, should information come to light during the Administration that means the Joint Administrators will be required to undertake work not envisaged at the time that the Fees Estimate was provided, it may be necessary for the Joint Administrators to revert to the secured and preferential creditors for further approval.
- In both Plc and ACL, no remuneration has been drawn to date and will be drawn in due course.

Creditors' Right to Challenge Remuneration and/or Expenses

- Any secured creditor, or unsecured creditor with the support of at least 10% in value of the unsecured creditors, or with the leave of the Court, may apply to the Court for one or more orders (in accordance with Rule 18.36 or 18.37 of IR16), challenging the amount or the basis of the remuneration which the Joint Administrators are entitled to charge or otherwise challenging some or all of the expenses incurred.
- Such application must be made within eight weeks of receipt by the applicant(s) of the report detailing the remuneration and/or expenses in question, in accordance with Rule 18.34 IR16.



Estimated Outcomes for Creditors

Estimated Outcomes for Creditors

Returns to Secured Creditors are driven by the consideration received for the Companies' assets. The return in respect of HMRC's preferential claim in ACL will be dependent on the determination of security over assets.

Secured Creditors

- As the Group's principal reporting currency was USD, the transaction was agreed in USD and Lender debts were denominated in USD. We have therefore reported creditor returns in this currency.
- The Group Facility Agreement was secured by way of a guarantee over the assets of the Companies as well as charges and guarantees over other Group entities.
- For the reasons explained in our Proposals, the assets of the Companies have been sold to the Secured Creditor-owned vehicle via a prepack transaction. The sale consideration received was \$190m as set out in more detail in our SIP16 Statement.
- Pre-administration debt owed to certain classes of the Secured Creditors, were either novated to the Purchaser or exchanged for new debt payable by the Purchaser, as part of the overall restructuring, representing a 100c/\$ distribution to them.
- Certain subordinated creditors who are "out of the money", received equity or reinstated debt in the ultimate equity owner of the Purchaser, but this did form part of the sale consideration.
- As discussed above, there was a contingent element to the sale consideration, which has been reflected as fixed charge realisations and immediate distribution for the benefit of Secured Creditors, in relation to an intra-group receivable disposed of by the Joint Administrators, based on legal advice received on the nature of the security.
- As set out in our SIP16 Statement, a directions hearing in respect of the nature of security over certain assets previously held by ACL will determine whether there is value in the contingent asset held by ACL upon our appointment.
- In the event that the assets disposed of are found to have been subject to a floating charge, we will seek payment from the Purchaser of an amount equal to the minimum of preferential creditor claims and full Prescribed Part distribution, as additional cash proceeds for ACL, which will be distributable to its preferential and unsecured creditors.
- The impact will be that fixed charge realisable values (and distributions) will be reduced by the same amount, as the assets disposed of will, in effect, have been recharacterised as floating charge assets.

First-Ranking Preferential Creditors

- The Companies did not have any employees at the time of our appointment, so there are not anticipated to be any first-ranking preferential claims.

Plc: Second-Ranking Preferential Creditors

- Plc is not believed to have debts payable to HMRC that could rank preferentially.
- As such there is not expected to be any payment to second-ranking preferential creditors.

ACL: Second-Ranking Preferential Creditors

- ACL is understood to have estimated second-ranking preferential claims of c.\$6.9m, using an exchange rate of 1.311 GBP:USD (the exchange rate as at the date of our appointment).
- The estimated return to preferential creditors based on non-contingent asset realisations is uncertain, as it depends on the level of net realisations after costs and the final value of preferential claims. However, it is not anticipated to exceed 14c/\$.
- In the event that the additional funding can be claimed, it is anticipated that the estimated return to preferential creditors will be 100c/\$.

Unsecured Creditors

- In an administration, dividends may become available for unsecured creditors from two sources:
 - The statutory (ring-fenced) Prescribed Part fund (see opposite for more details; and/or
 - The surplus remaining after any secured and preferential creditors have been repaid in full.
- In this case, there will be insufficient funds to repay the Secured Creditors in full in the Administrations and as such a distribution to the Unsecured Creditors will only arise by virtue of the Prescribed Part, under Section 176A(2)(a) IA86.

Estimated Outcomes for Creditors (continued)

Given the size of the guarantee to the Secured Creditors, the sale proceeds are distributable solely to the Secured Creditors and we currently anticipate no dividend for unsecured creditors other than the Prescribed Part.

The Prescribed Part

- Under Section 176A IA86, where after 15 September 2003 a company has granted floating charge security, a proportion of the net property of the company (achieved from floating charge asset realisations) must be made available for the benefit of the Company's unsecured creditors.
- The Prescribed Part applies where there are net floating charge realisations (i.e. after costs of realisation) and is calculated as follows:
 - 50% of net property up to £10k;
 - Plus 20% of the net property in excess of £10k; and
 - Subject to a maximum of £600k (given the date of the floating charges against Plc and ACL), prior to the deduction of the costs of distributing.

Plc: Prescribed Part

- Based on net property values of \$147.5m, we estimate that the statutory maximum Prescribed Part fund (£600k) will be available to unsecured creditors of Plc. The quantum of unsecured creditor claims against Plc remains uncertain, as not all claims have been submitted or adjudicated. However, based on the value of unsecured claims received to date, the estimated dividend is a maximum of 4c/\$. We expect to receive further claims, which will likely reduce the level of the dividend payable to unsecured creditors.

ACL: Prescribed Part

- Based on net floating charge property of c.\$975k, as the value of second-ranking preferential creditor claims exceeds the value of non-contingent floating charge realisations to date, we estimated a Prescribed Part of nil and therefore no distribution to unsecured creditors.
- In the event that the additional funding can be claimed, we estimate a full Prescribed Part fund of £600k will be available. This would result in an estimated dividend of c.2c/\$ based on the value of unsecured claims received to date.

- The following table shows our current estimates of the outcome for the various classes of creditors. Please note that this guidance is only an indication and should not be used as the main basis of any bad debt provision.

Creditor class	Amount owed	Estimated Recovery	Timing of Payment
SSF	\$165m	Debt fully assumed by Purchaser affiliate Purchaser equity (variable)	Paid as part of transaction 13/04/22
Bridge funding	\$14m	Full debt reinstatement Purchaser equity (variable)	Paid as part of transaction 13/04/22
1+ Lenders (guarantee only)	\$141m	Partial debt reinstatement (on subordinated basis) Purchaser equity (variable)	Granted by Purchaser 13/04/22
PIK Note holders	\$491m	Purchaser equity (variable) ²	Granted by Purchaser 13/04/22
Preferential creditors (ACL)	\$6.9m	14c/\$, or 100 c/\$ ¹	c.6-12 months
Unsecured creditors	\$20.1m \$36.6m	Plc maximum of 4c/\$ ACL nil or c.2c/\$ ¹	c.6-12 months

[1] Estimated return dependent on whether it is confirmed by the Court that certain assets sold are subject to fixed or floating charge security, discussed in more detail earlier in this document.

[2] PIK noteholders may also have an unsecured claim against the Plc Prescribed Part. This may need to be loss-shared with other PIK Noteholders. PIK noteholders should seek their own independent legal advice.

Shareholders

- There will be no return to the Companies' shareholders as there will be a material shortfall to the Companies' creditors.



Key Matters Remaining

KEY MATTERS REMAINING



Work We Still Need To Do

The remaining steps that need to be taken ahead of concluding the Administrations are shown below, in addition to certain periodic statutory duties we must fulfil whilst we remain appointed.

Area	Asset Recoveries	Company Affairs	Tax	Distributions	Winding down
Work Required	<ul style="list-style-type: none"> An application to Court was made with regards to whether certain assets sold on appointment were fixed or floating charge. The hearing is expected to be in January 2023, with subsequent judgment later in the year. Continue to pursue recoveries in relation to business rates, together with our agents. 	<ul style="list-style-type: none"> Administering the affairs of the Companies while they continue to be in Administration, including cashing, maintaining creditor information, liaising with directors of Group companies, liaising with Companies House and responding to <i>ad hoc</i> queries from creditors and shareholders. 	<ul style="list-style-type: none"> Resolve and finalise any taxation issues, including the submission of appropriate pre- and post-appointment Corporation Tax returns. Recover/pay any amounts due to/from HMRC. VAT 427s to be prepared when required, to recover input VAT paid on certain invoices. Seek HMRC tax clearance prior to closure of the Administrations. 	<ul style="list-style-type: none"> Continue aiding creditors with the submission of their claims, and set a deadline for this to be done by way of issuing a Notice of Intended Dividend at the appropriate time. Adjudicate the claims and send out letters accepting / rejecting these claims. Pay the prescribed part dividends to unsecured creditors, and also the dividend to preferential creditors (ACL only). 	<ul style="list-style-type: none"> Seek a 12-month extension to the Administrations from the relevant creditors. Complete statutory requirements to conclude the Administrations. Closure of bank accounts. Progress any other matters required to wind down the Companies' affairs generally, prior to the Administrations concluding and the Companies being dissolved.
Timing	<ul style="list-style-type: none"> January 2023 and judgement likely not before the anniversary of the Administration. 	<ul style="list-style-type: none"> Management of the Companies' affairs will continue periodically whilst we remain in office. We continue to report to the Secured Creditors on a regular basis. 	<ul style="list-style-type: none"> CT returns must be submitted in line with HMRC deadlines. VAT 427s will be submitted to claim VAT receivable from certain payments. 	<ul style="list-style-type: none"> An unsecured dividend is not anticipated to be able to be paid until after the first anniversary of the Administrations (ACL only). Plc dividends will be paid once all creditor claims are received. 	<ul style="list-style-type: none"> We are looking to conclude the Administrations in advance of the second anniversary, should a 12-month extension be granted.

KEY MATTERS REMAINING



Future Correspondence and How to Contact Us

Our next report to creditors

- We are required to provide a further progress report to all creditors within one month of the end of the period ending 13 April 2023 or when the Administrations come to an end, whichever is sooner.
- That report will be placed on the creditors' portal (details opposite).
- As detailed earlier in the report, we expect the Administrations to conclude in advance of the second anniversary.
- All documents will be retained on our website and will remain available for viewing and downloading until at least two months after the conclusion of the proceedings.
- If you require hard copy documents, please contact the Joint Administrators using the contact details opposite, and you will be provided, free of charge, with a hard copy of documents posted to the website.
- Should you have any queries in relation to this report or the Administrations in general, please contact us using the details opposite.

A handwritten signature in black ink, appearing to read 'MBC'.

Matthew Boyd Callaghan

Joint Administrator

For and on behalf of the Companies

The affairs, business and property of the Companies are being managed by the Joint Administrators, who act as agents of the Companies and without personal liability. The Joint Administrators are licensed in the United Kingdom to act as insolvency practitioners by the Institute of Chartered Accountants in England and Wales, under Section 390A(2)(a) of the Insolvency Act 1986. The Joint Administrators are bound by the Insolvency Code of Ethics which can be found at:

How to contact us

- Creditors can contact us using the preferred methods below:

Email: avantiadministrators@fticonsulting.com

Post: Avanti Communications Group Plc /
Avanti Communications Limited,
c/o FTI Consulting LLP,
200 Aldersgate,
Aldersgate Street,
London, EC1A 4HD

Tel: 020 3077 0468

Further information can be found online at:
(login details previously
provided to creditors).



Appendices



Appendix A: Statutory Information

Appendix A: Statutory information

Avanti Communication Group Plc

Company Information Details

- Company name: ■ Avanti Communications Group Plc
- Previous name: ■ n/a
- Trading name: ■ Avanti Communications Group Plc
- Company number: ■ 06133927
- Date of incorporation: ■ 01 March 2007
- Former Trading address: ■ Cobham House, 20 Black Friars Lane, London, EC4V 6EB
- Current registered office: ■ C/O FTI Consulting LLP, 200 Aldersgate, Aldersgate Street, London, EC1A 4HD
- Former registered office: ■ Cobham House, 20 Black Friars Lane, London, EC4V 6EB
- Principal trading activity: ■ 61300 - Satellite telecommunications activities
- Appointment Details: ■ Administration
- Administrators: ■ Matthew Boyd Callaghan, Lisa Jane Rickelton, Ali Abbas Khaki
- Administrators' address: ■ FTI Consulting LLP, 200 Aldersgate, Aldersgate Street, London, EC1A 4HD

Company Information Details

- Date of appointment: ■ 13 April 2022
- Court name and reference: ■ High Court of Justice Business and Property Courts of England and Wales Insolvency and Companies List (Chd)
■ CR-2022-001107
- Appointment made by: ■ The Directors of the Company
- Actions of Administrators: ■ For the purposes of paragraph 100(2) of Schedule B1, the Joint Administrators may exercise any of the powers conferred on them by the IA 1986 jointly or individually.
- Officers of the Company: ■ Bridget Sheldon-Hill, Steven Edward Evans, Alan Paul Harper, Richard Mastoloni, Derek Gordon Smith, Kyle David Whitehill
- Company Secretary: ■ Bridget Sheldon-Hill
- Shareholdings held by the directors and company secretary: ■ No shareholdings held by directors
- Share Capital: ■ Authorised: 2,163,335,585 ordinary shares £0.01 each
■ Allotted, called up and fully paid: 2,163,335,585 ordinary shares £0.01 each
- EU Regulation on Insolvency Proceedings: ■ The proceedings flowing from the appointment will be COMI proceedings because the Company is a private limited company incorporated in England, operated from its registered address in England and with its centre of main interests in England. The Company conducts the administration of its interests on a regular basis in England and this is known to its key creditors and is ascertainable by other third parties.

Appendix A: Statutory information

Avanti Communication Limited

Company Information Details

- Company name: ■ Avanti Communications Limited
- Previous name: ■ n/a
- Trading name: ■ Avanti Communications Limited
- Company number: ■ 03101607
- Date of incorporation: ■ 13 September 1995
- Former Trading address: ■ Cobham House, 20 Black Friars Lane, London, EC4V 6EB
- Current registered office: ■ C/O FTI Consulting LLP, 200 Aldersgate, Aldersgate Street, London, EC1A 4HD
- Former registered office: ■ Cobham House, 20 Black Friars Lane, London, EC4V 6EB
- Principal trading activity: ■ 61300 - Satellite telecommunications activities
- Appointment Details: ■ Administration
- Administrators: ■ Matthew Boyd Callaghan, Lisa Jane Rickelton, Ali Abbas Khaki
- Administrators' address: ■ FTI Consulting LLP, 200 Aldersgate, Aldersgate Street, London, EC1A 4HD

Company Information Details

- Date of appointment: ■ 13 April 2022
- Court name and reference: ■ High Court of Justice Business and Property Courts of England and Wales Insolvency and Companies List (Chd)
■ CR-2022-001108
- Appointment made by: ■ The Directors of the Company
- Actions of Administrators: ■ For the purposes of paragraph 100(2) of Schedule B1, the Joint Administrators may exercise any of the powers conferred on them by the IA 1986 jointly or individually.
- Officers of the Company: ■ Bridget Sheldon-Hill, Robert Plews, Kyle David Whitehill
- Company Secretary: ■ Bridget Sheldon-Hill
- Shareholdings held by the directors and company secretary: ■ No shareholdings held by directors
- Share Capital: ■ Authorised: 7,565,390 ordinary shares £0.01 each
■ Allotted, called up and fully paid: 7,565,390 ordinary shares £0.01 each
- EU Regulation on Insolvency Proceedings: ■ The proceedings flowing from the appointment will be COMI proceedings because the Company is a private limited company incorporated in England, operated from its registered address in England and with its centre of main interests in England. The Company conducts the administration of its interests on a regular basis in England and this is known to its key creditors and is ascertainable by other third parties.



Appendix B: Legal Notices

Legal Notices

Creditors should read these important notices regarding this report and the appointment of Joint Administrators.

Agents of the Companies

- The affairs, business and property of the Companies are being managed by the Joint Administrators, who act as agents of the Companies and without personal liability. The Joint Administrators are licensed in the United Kingdom to act as insolvency practitioners by the Institute of Chartered Accountants in England and Wales, under Section 390A(2)(a) of the Insolvency Act 1986.

Information on Creditors' Rights

- Information about creditors' rights can be obtained by visiting the creditors' information micro-site published by the Association of Business Recovery Professionals (R3) at <http://www.creditorinsolvencyguide.co.uk/>.
- Details about how an office-holder's fees may be approved for each case type are available in a series of Guidance Notes issued with Statement of Insolvency Practice 9, and they can be accessed at www.fticonsulting.com/emea/cip/forms-and-information. Please refer to the version "Guide to Administrators Fees April 2021 England Wales".

Creditors' Right to Request Information

- Any secured or unsecured creditor, with the support of at least 5% in value of the unsecured creditors, or with leave of the Court, may, in writing, request the Joint Administrators to provide additional information regarding remuneration or expenses to that already supplied within this document. Such requests must be made within 21 days of receipt of this report, in accordance with Rule 18.9 IR16.

Creditors' Right to Challenge Remuneration and/or Expenses

- Any secured creditor or unsecured creditor, with the support of at least 10% in value of the secured creditors or with leave of the Court, may apply to the Court for one or more orders (in accordance with Rule 18.36 or 18.37 IR16), challenging the amount or the basis of the remuneration that the Joint Administrators are entitled to charge, or otherwise challenging some or all of the expenses incurred.
- Such application must be made within eight weeks of receipt by the applicant(s) of the report detailing the remuneration and/or expenses in question, in accordance with Rule 18.34 IR16.

Data Protection

- FTI Consulting LLP ("FTI") uses personal information in order to fulfil the legal obligations of its insolvency practitioners under the Insolvency Act and other relevant legislation, and also to fulfil the legitimate interests of keeping creditors and others informed about the insolvency proceedings.
- You can find more information on how FTI uses your personal information on our website at <https://www.fticonsulting-emea.com/~media/Files/emea-files/creditors-portal/cip-emea-forms-info/cip-data-privacy.pdf>

Insolvency Code of Ethics

- Administrators are bound by the Insolvency Code of Ethics which can be found online at: <https://www.gov.uk/government/publications/insolvency-practitioner-code-of-ethics>

About this report

- This report has been prepared by the Joint Administrators solely to comply with their statutory duties under insolvency law and regulation. It is not suitable to be relied upon by any other person, or for any other purpose, or in any other context.
- This report has not been prepared in contemplation of it being used, and is not suitable to be used, to inform any investment decision in relation to the debt of (or any financial interest in) the Companies.
- Any person that chooses to rely on this report for any purpose or in any context other than under the Insolvency Act 1986 and Insolvency (England and Wales) Rules 2016, does so at its own risk. To the fullest extent permitted by law, the Joint Administrators do not assume any responsibility and will not accept any liability in respect of this report to any such person.
- Any estimated outcomes for creditors included in this report are illustrative only and cannot be relied upon as guidance as to the actual outcome for creditors.

Provision of Services Regulations

- To comply with the Provision of Services Regulations, some general information about FTI Consulting LLP, including about our complaints policy and Professional Indemnity Insurance, can be found online at: <https://www.fticonsulting.com/emea/cip>.



Appendix C: Receipts and Payments

Appendix C: Receipts and Payments Account, Plc

Receipts and Payments - PLC (£)	Statement of Affairs	13 April 2022 to 12 October 2022
Fixed Charge		
Bank Interest	-	39
Shares (Fixed Charge)	14	14
Total Receipts	14	52
Net Posititon		52
Fixed Charge Distribution		(14)
Net Position After Distributions		39
Floating Charge		
Pensions - Refunds	-	390
Inter-Company Receivables	109,266,481	108,765,569
Leased Assets	1	1
Goodwill	1	1
Seller's Records	1	1
Business Claims	1	1
Business Receivables	369,616	367,921
Supply Contracts (Inc Prepayments)	302,107	300,721
Coordination Agreement	1	1
Customer Contracts	3,267,726	3,252,745
Business IPR	1	1
Bank Interest Gross		75
Total Receipts	225,893,361	112,687,425
3 FX Conversion		(5,134)
Total Payments		(5,134)
Net Posititon		112,682,290
Floating Charge Distribution		(110,740,902)
4 Net Position After Distributions		1,941,388

Non-Recourse Funding	
1 Non-Recourse Funding Received From ACL	21,337
Total Receipts	21,337
Specific Bond	(179)
2 Legal Fees	(17,442)
Statutory Advertising	(190)
VAT Receivable	(3,526)
Total Payments	(21,337)
Non-Recourse Funding Remaining in Plc	-

Notes to the Accounts

- This funding was provided to ACL under a non-recourse funding facility from the Secured Creditors to meet the costs of the Administration. In the event this funding is not required, this must be returned to the Secured Creditors.
 - Where expenses are incurred by Plc, non-recourse funding is transferred from ACL as required in order to fund the expenses of the Administration in Plc.
- Legal fees relate to:
 - assisting the Purchaser in disputing with foreign authorities the legitimacy of the Avanti trademark sold to the Purchaser.
 - advising on the treatment of non-consenting PIK noteholders (unsecured creditors).
- FX conversions relate to the conversion of USD proceeds from the transaction to GBP. This is the accounting effect of showing USD receipts for asset realisations in GBP due to timing differences between invoicing and payment.
- Unsecured creditors are expected to be paid out a full Prescribed Part dividend (£600,000.00).

All costs are shown net of VAT unless otherwise stated.

Receipts and payments accounts were shown in our Proposals in USD as all transactions on 13 April 2022 had been in that currency. All values are shown here in GBP, using the prevailing exchange rate on the date of our appointment for the USD transactions. Since the date of our appointment, all transactions have been made in GBP.

Appendix C: Receipts and Payments Account, ACL

Receipts and Payments - ACL (£)	Statement of Affairs	13 April 2022 to 12 October 2022
Fixed Charge		
FMV Slots Receivable from AH2L	26,865,290	26,742,130
Satellite Related Assets (Fixed Charge)	5,033,374	5,010,299
Total Receipts	31,898,664	31,752,429
Net Position		31,752,429
Fixed Charge Distribution		(31,603,437)
Net Position After Distributions		148,991

Floating Charge		
Supply Contracts (Inc prepayments)	428,616	431,563
Bank Interest Gross		217
Leased Assets - ASL	2	2
Goodwill	1	1
Seller's Records	1	1
Business Claims	1	1
Business Receivables	212,699	211,724
Customer Contracts	48,219	47,998
Cash At Bank	1,010	178
FF&E and Office and Computer	58,850	58,580
Business Rates Refunds	-	8,323
Total Receipts	749,399	758,587
Net Position		758,587

Non-Recourse Funding	
1 Non-Recourse Funding	453,851
Total Receipts	453,851
1 Non-Recourse Funding Transferred to Plc	(21,337)
2 Legal Fees - Floating	(170,479)
Insurance of Assets	(179)
Statutory Advertising	(190)
3 Business Rates Recovery Fees	(2,081)
VAT Receivable	(34,550)
Total Payments	(228,816)
Non-Recourse Funding Remaining in ACL	225,035

Notes to the Accounts

- This funding was provided to ACL under a non-recourse funding facility from the Secured Creditors to meet the costs of the Administration. In the event this funding is not required, this must be returned to the Secured Creditors.
 - Where payments are made by Plc, non-recourse funding is transferred from ACL as required in order to fund the expenses of the Administration in Plc.
- Legal fees relate to fees relative to the Court application for direction relative to the nature of ACL's assets in addition to liaising with other stakeholders on the matter.
- Business rate refunds in respect of the Cobham House lease. CAPA acted as agents in making these recoveries, and received a pre-agreed 25% commission on the amount recovered. Further recoveries are expected.

All costs are shown net of VAT unless otherwise stated.

Receipts and payments accounts were shown in our Proposals in USD as all transactions on 13 April 2022 had been in that currency. All values are shown here in GBP, using the prevailing exchange rate on the date of our appointment for the USD transactions. Since the date of our appointment, all transactions have been made in GBP.



Appendix D: Joint Administrators' Remuneration and Expenses

Joint Administrators' Remuneration and Expenses

This appendix provides additional information in respect of our fees and expenses and the work undertaken during the Administrations.

Pre-Administration Costs

- As disclosed in the Proposals, pre-administration costs net of VAT consisted of:
 - Fees as administrators-in-waiting, amounting to \$495,823.35 and paid by Plc; and
 - Fees as administrators-in-waiting (\$414,455.86) and legal expenses (\$1,703,988.63), amounting to \$2,118,444.49 paid by the Purchaser.
- No approvals were required as there were no unpaid pre-Administration costs to be paid from the estates of ACL and Plc.

Approval of Fee Basis and Estimates

- Pursuant to Rule 18.16 of IR16, the remuneration of the Joint Administrators can be fixed on the basis of one of (or a combination of) the following:
 - a) as a percentage of the value of property with which he has to deal;
 - b) by reference to time properly given by the Administrator and his staff attending to matters arising in the Administration; or
 - c) a set amount.
- As no committee has been established and no meeting was convened, it was proposed that the remuneration of the Joint Administrators will be fixed in accordance with options b) and c) above and that proposed fees will be approved in accordance with Rule 18.18 of IR16. These rules are outlined below.
- Where the Administrators have made a statement under Paragraph 52(1)(b) of Schedule B1, the basis of the Administrators' remuneration may be fixed by approval of:
 - Each secured creditor; or
 - If the Administrators intend to make a distribution to preferential creditors, with the approval of each secured creditor and 50% of the preferential creditors who respond to an invitation to consider approval.

- There is no requirement for unsecured creditors to pass a resolution in respect of the Joint Administrators' remuneration.

- A copy of the 'Creditors' Guide to Administrators' Fees' is available at www.fticonsulting.com/emea/cip/forms-and-information

Fee Basis

- When a company enters a formal insolvency process under the control of an insolvency practitioner, the costs of the proceedings are paid out of the assets of the company and include the insolvency practitioners' fees and expenses.

Avanti Communications Group Plc

- In relation to the disposal of fixed and floating charge assets and associated post transaction obligations in respect of such disposals, the Secured Creditors have approved our fees as a fixed fee of \$1.755m payable out of floating charge realisations, given the *de minimus* value of fixed charge assets realised.

Avanti Communications Limited

- In relation to the disposal of fixed and floating charge assets and associated post transaction obligations in respect of such disposals, the Secured Creditors and preferential creditor have approved our fees as a fixed fee of \$195k payable from fixed charge realisations, given the majority of value realised is fixed charge in nature.
- Additionally, we proposed that in relation to further statutory costs and continuing costs to determine whether there will be additional floating charge assets, our fees would be based on the time we and our staff spend on the case at our normal charge-out rates for this type of work (a time cost basis). This was approved by the Secured Creditors and the preferential creditor.

Joint Administrators' Remuneration and Expenses

Time Costs (ACL only)

- When administrators seek approval for fees to be charged on a time costs basis, a fees estimate must be provided to creditors as done in the Joint Administrators' Proposals dated 13 April 2022.
- This estimate acts as a cap on time costs, whereby fees cannot be drawn over the amount without further approval from those who approve the fees. A breakdown of our fees estimate (as set out in our Proposals) and our current work in progress is provided below.

Workstreams	Estimate Hours	Estimate Cost (\$k)	Estimated Rate/Hour	Total Hours	Total Cost (\$k)	Average Rate/Hour
Controlling our Appointment	45	26	578	59	61	1,034
Asset Realisations	179	104	581	33	35	1,049
Dealing with Creditors	90	52	578	76	50	663
Managing the Company's Affairs	45	26	578	21	14	680
Fulfilling our Statutory Duties	90	52	578	76	46	613
Totals	449	260	579	265	207	781

- You will note that our time costs in general do not exceed the total as set out in the Fees Estimate provided to creditors in our Proposals, and costs attributable to each category of time generally fall within those anticipated.
- However, we have incurred more time than anticipated in respect of Controlling our Appointment. Additional time has been incurred in obtaining approval to our remuneration from the preferential creditor and due to the complexity of some of the issues discussed in this report requiring significant input from more senior staff.
- The Joint Administrators do not presently anticipate that the Fees Estimate overall will be exceeded.
- Should information come to light during the Administration that means the Joint Administrators will be required to undertake work not envisaged at the time that the Fees Estimate was provided, it may be necessary for the Joint Administrators to revert to the secured and preferential creditors for further approval.

Charge-out Rates

- In our Proposals, we included our standard charge-out rates in GBP. However, as our remuneration and time costs are calculated in USD, we have now shown our comparable rates in USD.
- The Joint Administrators' fees have been calculated based on FTI's standard USD charge-out rates, which may be subject to periodic change. A schedule of rates for this assignment is as follows (please note our minimum unit of time is six minutes):

Restructuring Charge-Out Rates (\$/hr)		
Grade of Staff	Rates from 1 January 2022	Rates from 1 October 2022
Senior Managing Director	1,295	1,260
Managing Director	1,115	1,085
Senior Director	1,040	1,010
Director	925	895
Senior Consultant	825	800
Consultant	700	680
Analyst / Associate (experienced)	475	460
Analyst / Associate	330	320
Administrative	250	245

- Our charge-out rates in USD have decreased since January 2022 due to the fall in the exchange rate between sterling and the dollar over recent months.

Joint Administrators' Remuneration and Expenses

Further details of our work in the Administrations and any financial benefit for creditors is set out in the table below.

Category	Description	Rationale/Benefit to Creditors
Controlling our Appointment	<ul style="list-style-type: none"> ■ Case planning - devising appropriate strategies for the Companies and dealing with the cases and giving instructions to relevant staff members to undertake specific workstreams as and when required. ■ Setting up physical/electronic case files and setting up the case on the practice's electronic case management system and entering data. ■ Undertaking periodic case reviews of the progress of the cases. ■ Liaising with the secured and preferential creditors (ACL only) in respect of our remuneration. 	<ul style="list-style-type: none"> ■ Statutory / compliance requirements and to ensure efficient project management. ■ We have a duty to perform our functions as quickly and efficiently as reasonably practicable, in the best interests of the creditors as a whole. ■ Whilst not necessarily generating a direct financial benefit for creditors, these areas of our work ensure that our strategies to maximise realisations and minimise costs (and liabilities where possible), are kept under review and amended as appropriate.
Realising the Assets	<ul style="list-style-type: none"> ■ Arranging suitable insurance over assets. ■ Liaising with the bank regarding the pre-appointment accounts, and arranging for periodic transfers of funds, and closure of the accounts. ■ Engaging specialist agents in relation to business rate refunds with regards to the Cobham House lease. ■ Continue to support the Purchaser in relation to post-transaction matters according to the APA. ■ Preparing for the Court hearing with regards to the nature of certain ACL assets. ■ Regularly monitoring the suitability and appropriateness of the insurance cover in place. ■ Handling the surrender of the HQ office lease at Cobham House, London. Ongoing communication with the Landlord with regard to the Administration. ■ Conducting investigations into the assets and office equipment located at HQ office. ■ Obtaining specific penalty bonds (this is insurance required by statute that every insolvency office holder has to obtain for the protection of each estate). Reviewing the adequacy of this bond on a quarterly basis. 	<ul style="list-style-type: none"> ■ Identify, assess and seek to realise value for creditors. ■ Minimise cost to creditors through early exit of property commitments.

Joint Administrators' Remuneration and Expenses

Further details of our work in the Administrations and any financial benefit for creditors is set out in the table below.

Category	Description	Rationale/Benefit to Creditors
Dealing with Creditors	<ul style="list-style-type: none"> ■ Dealing with creditor correspondence, emails and telephone conversations regarding their claims. ■ Maintaining up to date creditor information on the case management system and filing proofs of debt received from creditors. ■ Secured creditors: liaising with / periodic reporting to the Secured Creditors (as required). 	<ul style="list-style-type: none"> ■ Statutory requirements and required for orderly case management.
Managing the Companies' Affairs	<ul style="list-style-type: none"> ■ Assessing the VAT and tax position, and liaising with the Group and our FTI Tax specialists in respect of the outstanding returns. ■ Cashiering and financial management, including opening, maintaining and managing the office holders' estate bank accounts, processing of receipts and payments and bank reconciliations. ■ Dealing with employee-related issues, such as the PAYE position and the EBT. 	<ul style="list-style-type: none"> ■ Statutory requirements, but necessary to ensure tax is accounted for accurately and on time to ensure no financial detriment to creditors. ■ Statutory / compliance requirements and to ensure efficient project management.

Joint Administrators' Remuneration and Expenses

Further details of our work in the Administrations and any financial benefit for creditors is set out in the table below.

Category	Description	Rationale/Benefit to Creditors
Fulfilling our Statutory Duties	<ul style="list-style-type: none"> ■ Preparing, reviewing and issuing Proposals to the creditors and members. ■ Filing the Proposals at Companies House. ■ Reporting on the outcome of the approval of the Proposals to the creditors, Companies House and the Court. ■ Reporting to the Lenders on the progress of the Administrations and reviewing the Administration strategy. ■ Filing statutory case documentation at Companies House. ■ Where required: recovering and reviewing the books and records for the cases. Listing the books and records recovered. ■ Submitting online returns on the conduct of the directors for each of the Companies as required by the Company Directors Disqualification Act 1986. ■ Conducting initial investigations with a view to identifying potential asset recoveries by seeking and obtaining information from relevant third parties, such as the Companies' bankers, accountants and solicitors. ■ Liaising with the Companies' directors in relation to the completion of the Statement of Affairs. ■ Reviewing books and records to identify any transactions or actions the office holder may take against a third party in order to recover funds for the benefit of creditors. ■ Issuing the statutory notifications to creditors and others required on appointment as office holder, including gazetting the office holders' appointments. ■ Dealing with all routine correspondence and emails relating to the case. 	<ul style="list-style-type: none"> ■ Required by statute and to inform creditors on the progress of the Administrations. ■ Many requirements are for the purpose of keeping creditors informed about the Administrations and to protect their interests generally. ■ Statutory requirement and to assess whether there are potential claims against third parties for the benefit of creditors. ■ Statutory / compliance requirements and to ensure efficient project management.

Expenses of the Administrations

Costs are necessarily incurred by the Companies and us as Joint Administrators during the course of the Administrations. Certain categories of these costs must be approved (as with remuneration) prior to payment.

Definition of Expenses

- Expenses are any payments from the estate which are neither office holders' remuneration nor a distribution to a creditor or a member. Expenses also include disbursements. Disbursements are payments which are first met by the office-holder and then reimbursed to the office-holder from the estate.
- Expenses are divided into those that do not need approval before they are charged to the estate (Category 1) and those that do (Category 2):
 - Category 1 expenses:
 - These are payments to persons providing the service to which the expense relates who are not an associate of the office-holder. Category 1 expenses can be paid without prior approval as these have all been provided by third parties.
 - These expenses are payments to independent third parties where there is specific expenditure directly referable to the case. The type of disbursements that may be charged as a Category 1 expenses to a case generally comprise of external supplies of incidental services specifically identifiable to the case such as postage, statutory case advertising, invoiced travel, external printing, room hire, and document storage.
 - Category 2 expenses
 - These are payments to our firm or associates or which have an element of shared costs (for example, photocopying, mileage, or costs shared between different insolvent estates). Before being paid, Category 2 expenses require approval in the same manner as an office-holder's remuneration.
 - The body of creditors who approve our fees also have responsibility for approving Category 2 expenses (in this case, the secured creditors).
- Also chargeable will be any properly reimbursed expenses incurred by personnel in connection with the case. Approval from creditors is not required for these expenses to be drawn.
- We do not anticipate incurring any Category 2 expenses (including payments to associates) and therefore we have not sought approval to the basis upon which these may be charged to the estate. If this changes, we will write to the body of creditors who approve our fees at the appropriate time to seek the necessary approval.

Professional Advisors and Subcontractors

- The following professional advisers and subcontractors have been engaged:

Firm	Services	Fee Arrangement
EPE Reynell	Statutory Advertising	Fixed cost per advert
Aon UK Limited	Insurance	Fixed premium
Aon UK Limited	Bonding	Fixed premium
Simpson Thacher & Bartlett LLP	Legal Fees	Time costs and expenses
CAPA	Agents' Fees	Commissions based on recoveries

- Our choice of professional advisors and subcontractors was based on our perception of their experience and ability to perform this type of work and the complexity and nature of the assignment.
- We also considered that the basis on which they will charge their fees is appropriate in the circumstances.
- We also confirmed that they hold appropriate regulatory authorisations. We have reviewed the fees they have charged and are satisfied that they are reasonable in the circumstances of this case.
- Details of expenses that we have paid to our professional advisors to date are included in the Receipts and Payments account at Appendix C.
- We have also utilised the services of other teams within FTI Consulting LLP to assist with the administration process. The fees of our tax team have been included within our Fees Estimate and set fees.
- We consider that the rates chargeable for these services are in line with general market practice and that the service is at least comparable to similar firms of professional advisors. In addition, by working closely with our internal teams, we believe a more coordinated and cost-effective approach to the Administration workstreams has been possible.

Analysis of Expenses

While there have been some additional expenses incurred, total Expenses during the Period were within the estimated amount in the Proposals.

Cost Estimates and Paid to Date (£ - Excluding VAT) - Both Plc and ACL

Payee	Type of Costs	Original Estimate	Cost Incurred to Date	Estimated Future Cost	Estimated Total	Amount Paid	Amount Unpaid
EPE Reynell	Statutory Advertising	305	380	180	560	380	180
AON UK Limited	Insurance	-	358	-	358	358	-
AON UK Limited	Bonding	381	450	-	450	-	450
Simpson Thacher & Bartlett LLP	Legal Fees	452,051	200,573	251,478	452,051	187,921	264,130
CAPA	Business Rate Refunds	-	2,081	-	2,081	2,081	-
Total		452,737	203,842	251,658	455,500	190,740	264,760

- The original estimates for statutory advertising, bonding and legal fees were shown as \$400, \$500 and \$593,000 respectively. These have been converted to GBP using the prevailing exchange rate on the date of our appointment.
- The above table compares our original estimate of the non-trading expenses deemed likely to be incurred in both Plc and ACL during the course of the Administrations per our Proposals, with actual non-trading expenses incurred to date (all exclusive of any applicable VAT). As these were aggregated in our Proposals we have maintained consistent presentation.
- As shown, the total expenses we have incurred thus far in this matter are within the amount estimated when remuneration was approved.
- However, we have exceeded/expect to exceed the estimate in respect of the following expenses:
 - EPE Reynell: the costs of advertising the Proposals to members for the Companies and also the unsecured dividend (Plc) and potential unsecured dividend (ACL) were not taken into account. For prudence, we have included the cost of advertising the unsecured dividend in ACL in the estimated future costs, although this is subject to the outcome of the determination hearing.
 - Aon UK Limited: the cost of open insurance cover was not included in our original estimate of expenses.
 - Aon UK Limited: we underestimated the bonding costs in our Proposals, due to the original estimate being made in USD.
 - CAPA: as this was a commission-based fee, we would not have been able to provide an estimate for this cost in our Proposals. Whilst further recoveries may be received, no future estimated cost has been included, as it will be dependent upon recoveries made.
- For details of the amounts paid for these expenses in the Administrations to date, please see Appendix C for the Receipts and Payments accounts. Bonding costs remain unpaid at present, but will subsequently be paid as a Category 1 disbursement by the Joint Administrators directly. It will be reimbursed as an expense in due course and will therefore appear on the Receipts and Payments account as officeholders' expenses.



Appendix E: ACL Time Cost Analysis

Time Cost Analysis (1/2)

Time costs incurred for the Period in accordance with our charge-out rates

Analysis of Floating Charge Time Costs in Accordance with SIP9 For Period

Time (Hours)

	Sr Managing Dir	Managing Dir	Sr Consultant	Associate	Total Time	Total Cost (\$)	Average Cost (\$ / Hour)
Controlling our Appointment							
Pre-Appointment	-	0.5	-	-	0.5	558	1,115
Strategy & Planning	5.0	10.7	-	6.0	21.7	20,386	939
Appointee & Manager Reviews	18.0	0.4	6.5	-	24.9	29,084	1,168
Budgets, Fee Approval & Remuneration	-	4.2	7.9	-	12.1	11,201	926
Subtotal	23.0	15.8	14.4	6.0	59.2	61,227	1,034
Realising the Assets							
Sale of Business	-	4.7	0.4	-	5.1	5,571	1,092
Property (Disposal)	-	-	-	5.0	5.0	1,650	330
Other Assets	17.0	2.8	1.3	-	21.1	26,210	1,242
Insurance & Bonding	-	0.5	0.4	0.9	1.8	1,185	658
Subtotal	17.0	8.0	2.1	5.9	33.0	34,615	1,049
Dealing with Creditors							
Secured Creditors	-	1.4	1.9	-	3.3	3,129	948
Unsecured Claims Agreement	-	2.3	-	-	2.3	2,565	1,115
Creditor Queries	2.0	5.9	4.2	34.1	46.2	23,887	517
Litigation (Inbound)	2.9	12.8	-	-	15.7	18,013	1,147
Shareholders	-	-	-	8.5	8.5	2,805	330
Subtotal	4.9	22.4	6.1	42.6	76.0	50,397	663

APPENDIX E: ACL TIME COST ANALYSIS



Time Cost Analysis (2/2)

Time costs incurred for the Period in accordance with our charge-out rates

Managing the Company's Affairs							
Tax	-	2.1	1.5	-	3.6	3,579	994
Employees	-	2.2	1.4	-	3.6	3,603	1,001
Pensions	-	-	0.9	-	0.9	743	825
Bank Account Management	-	0.9	1.1	-	2.0	1,911	956
Receipts, Payments & Journals	-	0.7	1.0	8.8	10.5	4,168	397
Subtotal	-	5.9	5.9	8.8	20.6	14,004	680
Fulfilling Statutory Duties							
Initial Letters & Notices	-	3.1	0.5	23.5	27.1	11,612	428
Statement of Affairs	-	1.4	0.9	-	2.3	2,304	1,002
Proposals	-	2.8	-	-	2.8	3,122	1,115
Progress Reports	-	0.3	2.9	2.5	5.7	3,511	616
CDDA & SIP2 Assessment	-	3.0	20.5	4.0	27.5	21,578	785
Other Statutory Matters	-	0.7	0.7	8.9	10.3	4,295	417
Subtotal	-	11.3	25.5	38.9	75.7	46,420	613
Total Time by Grade	44.9	63.4	54.0	102.2			
\$						Time Costs	
Total Costs to Date						206,662	
Amount Billed						-	
Total Cost						206,662	



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