



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

1 Company details

Company number	0	3	1	0	1	6	0	7
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	E C 1 A 4 H D
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	E C 1 A 4 H D
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 1	^m 0	^y 2	^y 0	^y 2	^y 2
To date	^d 1	^d 2	^m 0	^m 4	^y 2	^y 0	^y 2	^y 3

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 5	^m 0	^m 5	^y 2	^y 0	^y 2	^y 3
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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. ❶
Attach this to the relevant form.
Use extra copies to tell us of additional insolvency practitioners.

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

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

All fields are mandatory unless specified or indicated by *

1 Appointment type

Tick to show the nature of the appointment:

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

❶ You can use this continuation page with the following forms:

- VAM1, VAM2, VAM3, VAM4, VAM6, VAM7
- CVA1, CVA3, CVA4
- AM02, AM03, AM04, AM05, AM06, AM07, AM08, AM09, AM10, AM12, AM13, AM14, AM19, AM20, AM21, AM22, AM23, AM24, AM25
- REC1, REC2, REC3
- 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' Second Progress Report

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GLOSSARY



Commonly Used Terms

Commonly Used Terms	Definition
Act / IA86	Insolvency Act 1986 (as amended)
BEIS	Department for Business, Energy and Industrial Strategy
c.	Approximately
CDDA	Company Directors Disqualification Act 1986
CT	Corporation Tax
CVL	Creditor's Voluntary Liquidation
EBITDAP	Earnings Before Interest, Taxes, Depreciation, Amortization and Pension Income
FTI / FTI UK	FTI Consulting LLP
HMRC	HM Revenue & Customs
ICAEW	Institute of Chartered Accountants in England & Wales
IR16 / the Rules	Insolvency (England and Wales) Rules 2016 (as amended)
PAYE / NIC	Pay-as-you-earn tax / National Insurance Contributions
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
Prescribed Part	Amount set aside for unsecured creditors from floating charge net realisations in accordance with Section 176A IA86
Sch B1 IA86	Schedule B1 IA86
SIP	Statement of Insolvency Practice
SIP 2	Investigations by office holders in administration 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
SIP 13	Disposal of assets to connected parties in an insolvency process
SIP 16	Pre-packaged sales in administrations
SIP 16 Statement	Detailed narrative explanation and justification of why a pre-packaged sale was undertaken and all alternatives considered, to demonstrate that the administrator has acted with due regard for creditors' interests
TUPE	Transfer of Undertakings (Protection of Employment) Regulations 2006
Unsecured creditors	Principally trade creditors, landlords, utility providers and HMRC
VAT	Value Added Tax

Case Specific References

Case Specific References	Meaning
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
Administration(s)	The Administrations of Avanti Communications Group plc and Avanti Communications Limited
AH2L	Avanti Hylas 2 Limited
Aon	Aon UK Limited
APA	Asset Purchase Agreement
Appointment Date	13 April 2022
CAPA	Consultiam Property Limited, trading as CAPA
the Companies	ACL and Plc collectively
EBT	Employee Benefit Trust
the Group	Plc and its subsidiaries
IHT	Inheritance Tax
Joint Administrators / we / our / us /	Matthew Boyd Callaghan, Andrew James Johnson 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
the Period	13 October 2022 to 12 April 2023
PIK	Pay in Kind
Plc	Avanti Communications Group plc
The Proposals	The Statement of Proposals dated 13 April 2022
Prescribed Part	Amount set aside for unsecured creditors from floating charge net realisations in accordance with Section 176A IA86
Purchaser	Plate Bidco 4 Limited
Security Trustee	GLAS Trust Corporation Limited
Transaction	The sale of the Target Assets to the Purchaser



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 second six-month period of our appointment. It covers the period 13 October 2022 to 12 April 2023 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;
 - 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.
- Background information on the Companies and events leading up to the Administrations can be found in our Proposals. You may also wish to read this document in conjunction with our previous Progress Report dated 4 November 2022. Both of these documents, together with other key information on the Administrations, continue to be available online (see 'How to Contact Us', opposite).
- 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.

Matthew Boyd Callaghan
Joint Administrator

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: +44 20 7979 7449

- 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 submitted a claim in the Administration of Plc, please refer to your letter from the Joint Administrators, or see 'How to Contact Us' above to request further information.**

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:



Progress of the Administrations

Background to the Administrations and the Prior Period

The sale of the assets held by the Companies to their Secured Creditors allowed the injection of funding to facilitate a restructuring of the Group's balance sheet and to maximise value from the Companies' assets.

Background to the Administrations

- Background on the Companies and details of the events leading up to the appointment of administrators were included in our Proposals and SIP 16 Statement and are not repeated here for the purposes of this report unless considered necessary or beneficial to do so. Therefore, creditors may wish to review this report in conjunction with our Proposals and SIP 16 Statement.
- In summary, prior to the Administrations, the Group had sought to address its over-indebtedness and significant historic liabilities via ultimately unsuccessful merger discussions, an abortive M&A process and refinancing discussions. It was also clear from prior the M&A process that the value of Group assets was unlikely to exceed the value of secured debt and that a restructuring was required.
- Certain of the Secured Creditors therefore agreed to provide the requisite new funding contingent upon a material deleveraging of the Group's balance sheet, including through the equitisation of existing debt, and it was proposed that a pre-packaged administration be used to deliver the proposed transaction.
- The two companies subject to Administration appointments are the holding company (Plc), whose preliminary purpose is holding shares in operating subsidiaries and intermediate holding companies, and ACL, an operating entity within the Group, which owned satellite, network and ground-station assets, a number of regulatory licenses and consents used by the Group, as well as a number of supplier relationships and was formerly the operator of the Group's payroll.
- Whilst these entities were unable to avoid insolvency, the appointments could allow other trading businesses in the Group to continue with minimal disruption.

Administration 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.
- There are no remaining assets to realise, other than the potential for additional business rates recoveries, and the Administrations are capable of being brought to an end once all our other work has been completed.

Progress in the Prior Period

- Upon appointment, transaction documentation was executed and the sale was completed.
- We issued our Proposals (together with our SIP 16 Statement) and gave notice of their approval. We also requested approval to the basis of our remuneration for acting as joint administrators from the relevant classes of creditors.
- We completed the reasonable work required to support the transfer of assets to the Purchaser, such as novation of contracts or leases, communications as necessary with counterparties and the completion of transfer documentation.
- In respect of the Companies' head office premises, the Companies ceased to occupy the premises and we offered to surrender the lease to the landlord, although this has not yet been accepted.
- Following our appointment, we worked closely with our legal advisers in order to make a directions hearing application to court, to determine whether a fixed charge had been created over certain intercompany receivables.
- All documents for the directions hearing application were filed at the High Court on 2 September 2022, with the Secured Creditors formally notified via their counsel. More detail in respect of the progress of this workstream is contained later in this report.
- Other previous work in the Administrations included:
 - Responding to inbound queries from creditors and other stakeholders and dealing with claims received;
 - In conjunction with our internal tax specialists, liaising with the Group to progress work in order to file the necessary pre-Administration CT returns.
 - Fulfilling our various statutory duties as joint administrators, include giving statutory notices and updates to stakeholders, and investigating the affairs of the Companies.

Realising the Assets: 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.

Post-Transaction Novations

- Following the immediate sale of the assets, and in accordance with 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.
- During the Period, our work in this area has been limited to signing a small number of *pro forma* novation documents.

Landlord and Property

- The Companies vacated the head office premises on 13 April 2022 and keys were returned to the landlord's agent. During the Period, we have been liaising with the landlord's legal advisers and expect to receive a final claim in due course. We are also continuing to explore the possibility of documenting a formal surrender in respect of the lease.
- We have appointed specialist property agents, CAPA, to assist with business rates recoveries on the head office premises.
- To date, CAPA have recovered £26,946 from this source. These funds have been received into our bank account and are shown in the Receipts and Payments account for ACL at Appendix B.
- Further recoveries are expected and CAPA will keep us informed of progress. Creditors will be updated on this matter in due course.

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 our appointment, Plc was 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.
- During the Period, HMRC contacted us for more information and we have liaised with the Group tax manager to assist with obtaining relevant information, where possible, which in turn has been passed to HMRC.
- HMRC have confirmed they anticipate that the IHT liability will be added to their claim against Plc.

Realising the Assets: Determination Hearing (ACL only)

The Administrators sought directions from the Court as to whether the assets transferred by the directors prior to the Administration and certain assets sold in the Transaction were subject to fixed or floating charge security.

- 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 and previously held by ACL ("the Relevant Assets"), were subject to fixed charge security and that therefore these proceeds were due to the fixed charge holders. In the event the Relevant Assets were found to be subject to floating charge security, the proceeds of sale would instead need to be available to preferential and unsecured creditors (Prescribed Part only).
- It had been agreed prior to the Administration that we would seek directions from the Court as to whether the Relevant Assets transferred were subject to fixed or floating charge security, and in the event of a re-characterisation of the proceeds of the asset sales to floating charge, we would be able to access a cash funding facility in order to be able to make distributions to preferential and unsecured creditors of ACL.
- The Relevant Assets are as follows:
 - The assets sold by ACL to AH2L as part of the intragroup transfer on 17 March 2022 (with the intercompany receivable sold to the Purchaser as part of the prepack transaction on appointment of the joint administrators); and
 - ACL's remaining satellite, network and ground-station related assets sold to the Purchaser on appointment as part of the prepack transaction.
- Prior to the submission of the application to court, we liaised extensively with the Group in order to provide the pertinent factual background in respect of the Relevant Assets to support the witness statement, which contextualised relevant factors required to be considered by the Court in making its determination.
- 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 as the only preferential creditor of the Company (also a significant unsecured creditor and beneficiary of any Prescribed Part, and consequently the material economic beneficiary in this issue) by way of an endorsed application and supporting documentation.
- Prior to the filing of the application, we had notified HMRC on 10 May 2022 of our intended filing in order that it could confirm its position in advance of the hearing. However, on 20 June 2022, HMRC confirmed to the Joint Administrators that it did not wish to participate in the proceedings (but in the expectation that the Joint Administrators would proceed with the directions application in order to determine the relevant issue).
- The determination hearing was held on 25 January 2023 and the judgement was handed down on 25 April 2023, together with the court order. It was declared that:
 - The Relevant Assets were all subject to fixed charge security at the time the applicable debentures were entered into (specifically debentures dated 3 October 2013 and 26 January 2017); and
 - At the time of their disposal by way of a sale and purchase agreement with AH2L on 17 March 2022, and by way of the pre-packaged sale on 13 April 2022, all of the Relevant Assets remained subject to fixed charge security pursuant to the debentures stated above.
- Following receipt of the order, we informed HMRC of the result of the directions application.
- Now that the outcome of the determination hearing is known, we are able to update the various classes of creditors in respect of the timing and quantum of any future dividends.
- Further details of estimated dividends can be found in the Estimated Outcomes for Creditors section later in this report.

Dealing with Stakeholders and Creditors

We have reported regularly to the Secured Creditors and have responded to queries that we have 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.
- During the Period, we have engaged extensively with the Secured Creditors and their counsel in respect of the 12-month extension to the period of Administration. Further details in respect of the extension are provided later in this report.
- 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. 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.
- We expect HMRC's preferential claim to be resubmitted on resolution of the PAYE issue referred to later in this report and we have written to them requesting they submit their final claim in the Administration.
- On receipt of HMRC's final claim, we will proceed with the distribution process in respect of ACL's preferential dividend.

- During the Period, for ACL only, we have engaged in correspondence with HMRC in relation to the deemed consent procedure for the 12-month extension to the Administration. Further details in respect of the extension are provided later in this report.
- Plc is not believed to have debts payable to HMRC that could rank preferentially.

Unsecured Creditors

- During the Period, we have received a number of queries from creditors on matters relating to their claim or the impact of the Administrations. We have responded to queries to the extent possible and using the information currently available to us.
- We invited creditors to submit their claims to us via the Turnkey Insolvency Portal, as there is a dividend payable by way of the Prescribed Part in Plc (and until the judgement in the determination hearing, there was potential for a Prescribed Part dividend in ACL).
- With regards to communication with creditors, we have actively managed the Turnkey Insolvency Portal to enable creditors to have access to timely information on the progress of the Administrations, such as the first Progress Report and notice of the 12-month extension to the Administrations.

Shareholders

- There will be no return to the Companies' shareholders as there will be a material shortfall to the Companies' creditors.
- However, during the Period, we have received numerous queries from some Plc shareholders (both retail and institutional) on:
 - The status of the Administration;
 - Likely returns to the shareholders; and
 - Possible share transfers.
- We have dealt with these queries to the extent possible and any changes in ownership have been recorded on the share register.

Managing the Companies' Affairs: PAYE

We have been liaising with Group staff and HMRC in order to resolve ACL's pre- and post-appointment PAYE position in order that HMRC can submit a final preferential claim in the Administration.

PAYE (ACL only)

- As has been previously reported, at the date of our appointment as joint administrators, ACL had no employees, and the new employer for all staff in the Group was AH2L, following an internal transfer prior to the administration.
- Following our appointment, in spite of being instructed to obtain a new PAYE code for AH2L, the Group did not do so immediately. Consequently, the Group's payroll provider continued with implementing the payroll run for the full month of April on the ACL (pre-administration) PAYE code.
- 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 later notified of this error. The Group had paid the PAYE/NIC contributions for April 2022, but unfortunately, the payment was made under the AH2L PAYE reference rather than that of ACL, offsetting against AH2L's subsequent PAYE submissions. As a consequence, the liability arising from the payroll submission had been posted to a different PAYE code to the corresponding payment.
- During the Period, we have liaised extensively with the Group and our internal PAYE specialists, and agreed with the Group that they will continue to work with their payroll provider to correct this and change ACL's PAYE scheme closure date to 12 April 2022.
- We also wrote to HMRC setting out the error and the correct PAYE position in detail for both ACL and AH2L.
- We shortly anticipate being in a position to give notice of the intended dividend to preferential creditors. Therefore, HMRC will need to finalise their pre-appointment claim in ACL, as unpaid PAYE and employees' NICs for the month of April 2022 form part of their claim that will rank preferentially.
- We have written to HMRC in respect of submitting their final preferential claim in the Administration so that we can proceed with the distribution.

Managing the Companies' Affairs

Our appointments require us to manage certain of the Companies' affairs, particularly in respect of corporation tax and VAT.

VAT

- Following our appointment, 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 and this will be submitted shortly.
- It is likely that further VAT reclaims will be undertaken in due course.

Corporation Tax

- During the Period, the pre-appointment CT returns for 2019 and 2020 were submitted. Returns for 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 Group staff and alongside the FTI Tax team to ensure that we have the relevant information in order to complete these outstanding CT returns.
- 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.
- Now that the period has come to an end, we will be providing the information required to prepare the post-appointment returns to our tax team in due course.

Treasury and Accounting

- An account of our receipts and payments for the period covered by this report is provided at Appendix C. Monthly bank reconciliations have been performed for all Administration bank accounts.
- Funds are currently being held in interest-bearing current accounts, with the exception of \$1,950,000 held in Plc's USD account, which will be used to settle our fixed fees in the Administrations. These fees are likely to be drawn shortly.
- Receipts in the Period mainly consist of bank interest (both entities) and business rates recoveries (ACL only).
- Payments in the Period predominantly consist of professional and legal fees (both entities), and agents' fees in respect of business rates recoveries (ACL only).

Fulfilling our Statutory Duties

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

Directors' Conduct and Investigations

- In our first Progress Report, we confirmed that we had submitted information in regard to the conduct of the Companies' directors to the Department for Business, Energy and Industrial Strategy. The content of our investigatory findings is confidential. However, it was concluded that there were no recovery actions relating to the directors' conduct that could or should be pursued.
- No further information has come to light during the Period that has required further investigations regarding the directors' conduct or any potential asset recovery actions.
- 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 Matters

- Other work arising in the Period as a consequence of our appointment as joint administrators has included:
 - Preparing and issuing (in November 2022) our first progress report in the Administrations to the creditors and filing it with Companies House.
 - Internal periodic case reviews to ensure the strategy continues to be appropriate and the Administrations are progressing on a timely basis; and
 - Obtaining consent from the Secured Creditors (both ACL and Plc) and a decision of the preferential creditors (ACL only) in respect of a 12-month extension to the Administrations.

Joint Administrators' Remuneration

- In Appendix D, we have provided an update on matters relating to our remuneration and expenses, including the costs that have been incurred and what creditors have approved.
- No remuneration has been drawn to date but will be drawn in due course.

Objective of the Administrations

- As set out in our Proposals, the statutory objective of the Administration of each of Plc and ACL is to achieve a better result for the company's creditors as a whole than would be likely if the company were wound up (without first being in Administration).
- We continue to believe the objective of the Administrations will be achieved:
 - Due to the quantum of the secured debt for which the Companies are guarantors and the Companies' funding requirements, it was not possible to rescue the Companies as a going concern;
 - It would not have been possible to provide the necessary comfort to the Group's key stakeholders regarding the Group's stability during the elongated period whilst a liquidator was appointed (such an appointment may also have resulted in termination of certain regulatory consents);
 - Additional funding required to ensure continuity of operations was conditional on the delivery of a pre-packaged sale of the Companies' assets; and
 - Therefore, we considered that the prepack transaction enabled the statutory purpose to be achieved and that the outcome was the best available outcome for creditors as a whole in all the circumstances.

Fulfilling our Statutory Duties

We continue to work towards finalising all matters in the Administrations, but we expect that they will be complete (and the Administrations capable of being ended) prior to their second anniversary in April 2024.

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.
- In order to allow sufficient time for outstanding matters to be resolved, we sought consent of the relevant creditors of the Companies, as permitted by Paragraph 76(2)(b) of Schedule B1 IA86, for the period of the Administrations to be extended.
- Due to the makeup of the Secured Creditor group, we liaised with counsel for all key stakeholders and the Security Trustee to understand the process and the most efficient mechanism for seeking the consent of the Secured Creditors for the extension of the period of the Administrations. This included direct liaison with the key secured creditors to ensure all consents were appropriately documented and the requisite consent thresholds reached.
- Following the receipt of the required consents, the request to extend the Administrations of Plc and ACL was approved by the Security Trustee on behalf of the Secured Creditors on 23 February 2023.
- For ACL, the preferential creditors also approved the extension of the Administration by way of a decision by deemed consent (with a decision date of 20 February 2023).
- Therefore, the Administrations of Plc and ACL were extended for a period of 12 months to 12 April 2024. In the highly unlikely event that a further extension is required, an application to Court would be needed closer to the time.
- On current information, we expect to conclude the Administrations within the next six to twelve months and no further extensions to the period of the Administrations are expected to be necessary, although this will be kept under review.
- Having sought and obtained the relevant approvals, notices of the extension have been delivered to creditors (via our website), to the preferential creditors (ACL only), to Court and also filed with Companies House.
- Regarding ACL, the extension was required as the determination hearing referred to above was held in January 2023, with judgement delivered on 25 April 2023, which was past the first anniversary of the Administration. Had the determination been that the security held was floating in nature, the preferential and unsecured creditors would have had an entitlement to the proceeds of selling those assets.
- In respect of Plc, we were unable to distribute under the Prescribed Part to the unsecured creditors during the first 12 months of the Administration. HMRC are a creditor in the Administration but are unable to finalise their claim until all of the pre-appointment tax returns have been finalised and filed. The remaining pre-appointment CT return will be submitted shortly to enable HMRC to make a final claim in the Administration.

Fulfilling our Statutory Duties

The Administrations will likely end by moving the Companies to dissolution. The timing of our discharge from liability is still to be determined and a further update will be provided in our next report.

Exit route from 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 in PLC, and we expect a preferential dividend only in ACL, the most likely exit route for the Administrations continues to be the filing of a notice of dissolution with the Registrar of Companies. Such a notice results in automatic dissolution by the Registrar of Companies three months after the notice is registered.
- If there are matters remaining that require the attention of a liquidator, the Administrations may alternatively end by the application to the Court for the compulsory liquidation of the Companies and may include the appointment of one or more of the joint administrators as joint liquidators of the relevant Companies.
- The Administrations are separate insolvency processes and therefore may end at different times and in different ways, depending on the circumstances in each case.

Future reporting

- We are required to provide a further progress report to all creditors within one month of the end of the period ending 12 October 2023 or when the Administrations come to an end, whichever is sooner.
- All documents will be retained on our website and will remain available until at least two months after the conclusion of the proceedings. If you require any hard copy documents, please contact us using the details provided earlier, and you will be provided (free of charge) a hard copy of documents posted to the website either now or in the future.

Discharge from Liability

- Pursuant to Paragraph 98 of Sch B1 IA86, our discharge from liability in respect of our actions as joint administrators of each of the Companies takes effect at the specific time determined by either the court, the creditors (either via any creditors' committee or by decision of the creditors) or, in specific circumstances, by consent of the Secured Creditors and (if appropriate) a decision by the preferential creditors.
- 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 (ACL only).
- 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.



Estimated Outcomes for Creditors

Estimated Outcomes for Creditors

Returns to Secured Creditors are driven by the consideration received for the Companies' 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.
- The sale consideration was first used to repay the transaction costs, per the intercreditor waterfall between Secured Creditors.
- Pre-administration debt owed to the prior ranking SSF and 1.0625L tranche 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 mezzanine debt holders, PIK Noteholders who voted in favour of the restructuring (and/or provided new money) who are "out of the money", received equity or reinstated debt in the ultimate equity owner of the Purchaser, but this did not form part of the sale consideration.
- More detail on the outcome for each tranche of Secured Creditors can be seen on page 19.
- As discussed earlier in this report, 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 the Relevant Assets, based on legal advice received on the nature of the security.
- The judgement in respect of the determination hearing has now been received regarding the Relevant Assets and they were confirmed to be subject to a fixed charge. Therefore, we will not be seeking 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.
- The fixed charge realisable values (and distributions) previously reported will therefore not change.

Estimated Outcomes for Creditors (continued)

The judgment in respect of the determination of security over the Relevant Assets has now been received providing the necessary clarity for the preferential and unsecured creditors of ACL.

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

- We have received an interim claim from the sole preferential creditor of ACL in the sum of £5.295m.
- Due to the unresolved PAYE issue referred to earlier in this report, we expect the final claim to be reduced in due course to reflect the changes required for the month of April 2022.
- The estimated return to preferential creditors is uncertain, as it depends on the level of net realisations after costs and the final value of preferential claims. However, we expect the dividend to not exceed c.11p/£ based on current estimations. Using an exchange rate of 1.311 GBP:USD (the prevailing exchange rate as at the date of our appointment), this equates to c. 14c/\$.

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.
- More detail on the estimated Prescribed Part for each of Plc and ACL is on the following page.

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 in Plc.

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 a net property value 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

- As the value of second-ranking preferential creditor claims exceeds the value of floating charge realisations to date, the value of the Prescribed Part is nil and therefore there will be no distribution to unsecured creditors.
- Following the outcome of the determination hearing, additional funding cannot be claimed.

- 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)	\$6.56m	14c/\$ ¹	c.6-12 months
Unsecured creditors	\$20.1m \$36.6m	Plc maximum of 4c/\$ ACL nil	c.6-12 months

[1] Using an exchange rate of 1.311 GBP:USD based on the interim claim received from the preferential creditor.

[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

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"> 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 the remaining pre- and all 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 (Plc only), and also the dividend to preferential creditors (ACL only). 	<ul style="list-style-type: none"> Complete statutory requirements to conclude the Administrations. Closure of bank accounts. Progress any other matters required to winddown the Companies' affairs generally, prior to the Administrations concluding and the Companies being dissolved.
Timing	<ul style="list-style-type: none"> This workstream is likely to be finalised within the next six months. 	<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"> We expect to issue the Notice of Intended Dividend in respect of the preferential dividend in ACL within the next couple of months. 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.



Appendices

Appendix A: Statutory information

Avanti Communications 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 Communications 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

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 Account, Plc

Receipts and Payments - Plc (£)	Statement of Affairs	13 April 2022 to 12 October 2022	13 October 2022 to 12 April 2023	Total
Fixed Charge				
Bank Interest	-	39	-	39
Shares (Fixed Charge)	14	14	-	14
Total Receipts	14	52	-	52
Net Position		52		52
Fixed Charge Distribution		(14)	-	(14)
Net Position After Distributions		39		39

Floating Charge				
Pensions - Refunds	-	390	-	390
Inter-Company Receivables	109,266,481	108,765,569	-	108,765,569
Leased Assets	1	1	-	1
Goodwill	1	1	-	1
Seller's Records	1	1	-	1
Business Claims	1	1	-	1
Business Receivables	369,616	367,921	-	367,921
Supply Contracts (Inc Prepayments)	302,107	300,721	-	300,721
Coordination Agreement	1	1	-	1
Customer Contracts	3,267,726	3,252,745	-	3,252,745
Business IPR	1	1	-	1
Bank Interest Gross	-	75	1,348	1,423
Misc. Receipt	-	-	16	16
Total Receipts	225,894,709	112,687,425	1,364	112,688,789

3 FX Conversion	-	(5,134)	-	(5,134)
Total Payments		(5,134)		(5,134)
Net Position		112,682,290		112,683,654

Floating Charge Distribution		(110,740,902)	-	(110,740,902)
4 Net Position After Distributions		1,941,388		1,942,752

Non-Recourse Funding			
1 Non-Recourse Funding Received From ACL	21,337	33,687	55,024
Total Receipts	21,337	33,687	55,024
5 Insurance of Assets	(179)	-	(179)
2 Legal Fees	(17,442)	(27,139)	(44,581)
Statutory Advertising	(190)	-	(190)
VAT Receivable	(3,526)	(5,583)	(9,109)
Professional Services	0	(965)	(965)
Total Payments	(21,337)	(33,687)	(55,024)
Non-Recourse Funding Remaining in Plc	-	-	-

Notes to the Accounts

1 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.

2 Legal fees in the Period principally relate to:

- Obtaining the consent of the secured creditors to the extension of the Administration; and
- General advice from our legal advisers, and specifically in relation to the mechanism for the extension process.

3 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.

4 Unsecured creditors are expected to be paid out a full Prescribed Part dividend (£600,000).

5 This cost was incorrectly shown in our first progress report as bonding costs.

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	13 October 2022 to 12 April 2023	Total
Fixed Charge				
FMV Slots Receivable from AH2L	26,865,290	26,742,130	-	26,742,130
Satellite Related Assets (Fixed Charge)	5,033,374	5,010,299	-	5,010,299
Total Receipts	31,898,664	31,752,429	-	31,752,429
Net Position		31,752,429		31,752,429
Fixed Charge Distribution		(31,603,437)	-	(31,603,437)
Net Position After Distributions		148,991		148,991

Floating Charge				
Supply Contracts (Inc prepayments)	428,616	431,563	-	431,563
Bank Interest Gross		217	2,140	2,357
Leased Assets - ASL	2	2	-	2
Goodwill	1	1	-	1
Seller's Records	1	1	-	1
Business Claims	1	1	-	1
Business Receivables	212,699	211,724	-	211,724
Customer Contracts	48,219	47,998	-	47,998
Cash At Bank	1,010	178	-	178
FF&E and Office and Computer	58,850	58,580	-	58,580
Business Rates Refunds	-	8,323	18,623	26,946
Total Receipts	749,399	758,587	20,764	779,350
Net Position		758,587		779,350

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.

Non-Recourse Funding			
1 Non-Recourse Funding	453,851	-	453,851
Total Receipts	453,851	-	453,851
2 Non-Recourse Funding Transferred to Plc	(21,337)	(33,687)	(55,024)
2 Legal Fees	(170,479)	(145,492)	(315,971)
Insurance of Assets	(179)	-	(179)
Statutory Advertising	(190)	-	(190)
3 Business Rates Recovery Fees	(2,081)	(4,656)	(6,736)
VAT Receivable	(34,550)	(30,030)	(64,579)
Specific Bond	-	(75)	(75)
Total Payments	(228,816)	(213,939.2)	(442,755)
Non-Recourse Funding Remaining in ACL	225,035		11,096

Notes to the Accounts

1 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.

2 Legal fees in the Period principally relate to:

- Obtaining the consent of the secured creditors to the extension of the Administration;
- General advice from our legal advisers, and specifically in relation to the mechanism for the extension process; and
- Fees relative to the Court application for direction in respect of the nature of ACL's assets in addition to liaising with other stakeholders on the matter.

3 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.

Appendix D: Joint Administrators' Remuneration and Expenses

The basis of our remuneration has been approved by the Secured Creditors and Preferential Creditors (ACL only), although no fees have been drawn to date.

Basis of our remuneration

- Pursuant to Rule 18.16 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 (a fixed fee).
- As no committee has been established and no meeting was convened, it was proposed that the remuneration of the Joint Administrators be fixed in accordance with options b) and c) above and that proposed fees be approved in accordance with Rule 18.18 IR16. These rules are outlined below.
- Where the Administrators have made a statement under Paragraph 52(1)(b) of Sch B1 IA86, the basis of the Administrators' remuneration may be fixed by the 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.
- We set out opposite the proposed bases of our fees, the dates when approval was obtained, and from which classes of creditor.
- Earlier in this report and later in this Appendix, we have give a description of the things done by us and our staff during the Period. Creditors can refer to our previous report for details of work performed in the previous period.
- Later in this Appendix, we set out a comparison of the fees estimate and our time costs to date (ACL only); and explain whether further approval will be sought to exceed the fees estimate in this case.
- In respect of the fixed fees, we continue to believe the set amount is a fair and reasonable reflection of the work required in the Administration.
- No fees have been drawn to date but will be drawn in due course.

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, on 12 May 2022, the Secured Creditors 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, we proposed 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 all other work including 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).
- Our fee proposal was approved by the Secured Creditors on 12 May 2022 and by the preferential creditor on 16 June 2022, by way of a qualifying decision procedure.

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".
- There are no business or personal relationships with parties responsible for approving remuneration or who provide services where the relationship could give rise to a conflict of interest.

Appendix D: Joint Administrators' Remuneration and Expenses

As our remuneration includes a time cost basis (ACL only), the manner in which we allocate staff, charge our time and the hourly rates we use, are all important factors

Staff allocation and time charging policy

- Our general approach to resourcing our assignments is to allocate staff with the skills and experience to meet the specific requirements of the case. The constitution of the case team at any point in time will usually consist of one or more of the grades shown in the table opposite, depending on the anticipated size and complexity of the assignment.
- Work is delegated to suitable grades of staff, taking into account their experience and any specialist knowledge that is needed and they are supervised accordingly to maximise the cost effectiveness of the work done. Complex issues or important matters of exceptional responsibility are handled by more experienced senior staff or the office-holders themselves.
- All of our staff who work on the case charge time directly to it and are included in any analysis of time charged. Only if there is a large block of time incurred by a member of the secretarial team, e.g. report compilation and distribution, do we seek to charge and recover our time in this regard. Time is charged in six minute units. We don't charge general overhead costs.
- During the administration of the insolvency, we will also utilise the services of specialist teams within FTI Consulting LLP, principally in relation to VAT and tax matters and the costs of which are included within our fees estimate. 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 efficient approach to the relevant workstreams is possible.

Hourly charge-out rates

- In the table below, we set out the hourly charge-out rates for the various grades of staff who may work on the case. In common with many professional firms, these rates may be subject to change periodically, for example to cover annual inflationary cost increases.
- 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.
- 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.

Charge-Out Rates	Restructuring		Tax
Grade of Staff	Rates from 1 January 2022 (\$/hour)	Rates from 1 October 2022 (\$/hour)	Rates from 1 October 2022 (\$/hour)
Senior Managing Director	1295	1260	1185
Managing Director	1115	1085	995
Senior Director	1040	1010	920
Director	925	895	875
Senior Consultant	825	800	530
Consultant	700	680	450
Analyst / Associate (experienced)	475	460	355
Analyst / Associate	330	320	305
Administrative	250	245	215

Appendix D: Joint Administrators' Remuneration and Expenses

Prior to the determination of the basis of our remuneration, we provided all creditors with details of our fees estimate of \$260,000 (ACL only) in our Proposals dated 13 April 2022.

Fees estimate (ACL only)

- The table overleaf shows the time expected to be required in each area of the Administration (where a time cost basis applies) and the estimated cost based on the charge-out rates given earlier in this section. As previously reported to creditors, our total fees estimate is \$260k, representing an estimated 449 hours at an average rate of \$579 per hour.
- The table compares this fees estimate with the time and costs incurred to the end of the Period. Later in this Appendix, we provide further analysis and details of the work undertaken in the Period.
- The initial fees estimate included an approximation of the cost of our future work based on information available to us, our experience in these matters and certain assumptions regarding the time likely to be required. We had also made the following assumptions:
 - That the Administration would conclude within 12 months (which is no longer the case);
 - The volume of queries from creditors would be relatively limited, given the pre-packaged nature of the transaction and the volume of known creditors;
 - That a subsequent liquidation would not be required, and therefore this estimate does not include the cost of any subsequent liquidation; and
 - That work would be required to assist with the post-transaction obligations of ACL as vendor.
- We cannot draw remuneration in excess of the total amount set out in the fees estimate without approval.

Further approval

- The reasons for exceeding our initial fees estimate are set out below:
 - The Administration has gone beyond its first-year anniversary due to the timing of the determination hearing and the subsequent judgement. This has required us to undertake additional statutory and regulatory work, including issuing the statutory notices required in respect of the extension obtained.
 - Significant time has been spent liaising with the Secured Creditors, their security agent, and their legal advisers in respect of obtaining their consent to the proposed extension to the Administration. Due to the nature of the secured creditor group, consent was required from the Super Senior Lenders, the 1.5L Lenders and the PIK Toggle Noteholders.
 - Due to the required 12-month extension, a decision procedure was required to obtain the approval of the preferential creditor.
 - More time was spent in obtaining the approval of the preferential creditor to our remuneration than had been anticipated as we had to issue a second decision procedure, due to not having received any votes in the first procedure.
 - We have incurred significant time liaising with both HMRC and AH2L in respect of resolving the PAYE issue referred to earlier in this report.
- Although we have exceeded our fees estimate, it is unlikely that we will seek consent to the updated estimate shown in the table overleaf. Should we decide to seek such consent, the Joint Administrators would need to revert to the secured and preferential creditors (ACL only) for further approval.

Appendix D: Joint Administrators' Remuneration and Expenses

Prior to the determination of the basis of our remuneration, we provided all creditors with details of our Fees Estimate of \$260,000 (ACL only) in our Proposals dated 13 April 2022.

Area of work	Fees Estimate Hours	Fees Estimate (\$k)	Hours Incurred	Cost (\$k)	Estimated Future Hours	Estimated Future Cost (\$k)	Estimated Total Hours	Estimated Total Cost (\$k)	Hours Variance	Cost Variance (\$k)
Controlling the Appointment	45	26	82.1	86.3	10	8.5	92.1	94.8	47.1	68.8
Realising the Assets	179	104	33.9	36	5	4	38.9	40	-140.1	-64
Dealing with Creditors	90	52	97	60.8	40	38	137	98.8	47	46.8
Managing the Company's Affairs	45	26	48.4	41.4	40	38	88.4	79.4	43.4	53.4
Fulfilling our Statutory Duties	90	52	146	90.9	40	38	186	128.9	96	76.9
Total	449	260	407.4	315.4	135	126.5	542.4	441.9	93.4	181.9

APPENDIX D



Appendix D: Joint Administrators' Remuneration and Expenses

ACL only: Analysis of time costs for the period from 13 October 2022 to 12 April 2023

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

Time (Hours)	Sr Managing Dir	Managing Dir	Sr Director	Director	Sr Consultant	Consultant	Associate	Total Time	Total Cost (\$)	Average Cost (\$ / hr)
Controlling our Appointment										
Strategy & Planning	2.0	-	-	-	-	-	-	2.0	1,260	630
Appointee & Manager Reviews	15.0	-	-	-	3.5	-	2.0	20.5	23,340	1,139
Closure Matters	-	0.4	-	-	-	-	-	0.4	434	1,085
Subtotal	17.0	0.4	-	-	3.5	-	2.0	22.9	25,034	1,093
Realising the Assets										
Property (Management)	-	-	-	-	0.2	-	-	0.2	800	4,000
Other Assets	-	0.4	-	-	-	-	-	0.4	434	1,085
Insurance & Bonding	-	0.1	-	-	-	-	0.2	0.3	173	575
Subtotal	-	0.5	-	-	0.2	-	0.2	0.9	1,407	1,563
Dealing with Creditors										
Unsecured Claims Agreement	-	-	-	-	0.8	-	-	0.8	640	800
Creditor Queries	-	-	-	-	-	-	15.7	15.7	5,024	320
Litigation (Inbound)	-	4.6	-	-	-	-	-	4.6	5,425	1,179
Shareholders	-	-	-	-	0.5	-	-	0.5	400	800
Subtotal	-	4.6	-	-	1.3	-	15.7	21.6	11,489	532
Managing the Company's Affairs										
Tax	5.2	0.5	2.3	-	0.4	-	-	8.4	9,576	1,140
Employees	-	1.2	-	-	2.7	-	-	3.9	3,542	908
Books & Records	-	-	-	-	0.3	-	-	0.3	240	800
Bank Account Management	-	0.4	-	-	2.5	-	7.5	10.4	8,035	773
Receipts, Payments & Journals	-	1.0	-	-	0.7	-	1.2	2.9	5,490	1,893
Subtotal	5.2	3.1	2.3	-	6.6	-	8.7	25.9	26,882	1,038
Fulfilling Statutory Duties										
Statement of Affairs	-	0.4	-	-	-	-	-	0.4	434	1,085
Proposals	-	0.9	-	-	0.4	-	-	1.3	1,297	997
Progress Reports	-	6.3	-	-	17.4	-	29.5	53.2	30,196	568
Extensions	-	4.1	-	-	7.3	-	2.0	13.4	11,905	888
Other Statutory Matters	-	-	-	-	-	-	4.5	4.5	1,440	320
Subtotal	-	11.7	-	-	25.1	-	36.0	72.8	45,271	622
Total Time by Grade	22.2	20.3	2.3	-	36.7	-	62.6			
Total Costs for Period									110,083	
Amount Billed									-	
Costs Outstanding for Period									110,083	

APPENDIX D



Appendix D: Joint Administrators' Remuneration and Expenses

ACL only: Analysis of time costs for the period from 13 April 2022 to 12 April 2023

Analysis of Floating Charge Time Costs in Accordance with SIP9 to Date										
Time (Hours)	Sr Managing Dir	Managing Dir	Sr Director	Director	Sr Consultant	Consultant	Associate	Total Time	Total Cost (\$)	Average Cost (\$ /
Controlling our Appointment										
Pre-Appointment	-	0.5	-	-	-	-	-	0.5	558	1,115
Strategy & Planning	7.0	10.7	-	-	-	-	6.0	23.7	21,646	913
Appointee & Manager Reviews	33.0	0.4	-	-	10.0	-	2.0	45.4	52,424	1,155
Budgets, Fee Approval & Remuneration	-	4.2	-	-	7.9	-	-	12.1	11,201	926
Closure Matters	-	0.4	-	-	-	-	-	0.4	434	1,085
Subtotal	40.0	16.2	-	-	17.9	-	8.0	82.1	86,261	1,051
Realising the Assets										
Sale of Business	-	4.7	-	-	0.4	-	-	5.1	5,571	1,092
Property (Management)	-	-	-	-	0.2	-	-	0.2	800	4,000
Property (Disposal)	-	-	-	-	-	-	5.0	5.0	1,650	330
Other Assets	17.0	3.2	-	-	1.3	-	-	21.5	26,644	1,239
Insurance & Bonding	-	0.6	-	-	0.4	-	1.1	2.1	1,357	646
Subtotal	17.0	8.5	-	-	2.3	-	6.1	33.9	36,021	1,063
Dealing with Creditors										
Secured Creditors	-	1.4	-	-	1.9	-	-	3.3	3,129	948
Unsecured Claims Agreement	-	2.3	-	-	0.8	-	-	3.1	3,205	1,034
Creditor Queries	2.0	5.9	-	-	4.2	-	49.8	61.9	28,911	467
Litigation (Inbound)	2.9	17.4	-	-	-	-	-	20.3	23,438	1,155
Shareholders	-	-	-	-	0.5	-	8.5	9.0	3,205	356
Subtotal	4.9	27.0	-	-	7.4	-	58.3	97.6	61,886	634
Managing the Company's Affairs										
Tax	5.2	2.6	2.3	-	1.9	-	-	12.0	13,155	1,096
Employees	-	3.4	-	-	4.1	-	-	7.5	7,145	953
Pensions	-	-	-	-	0.9	-	-	0.9	743	825
Books & Records	-	-	-	-	0.3	-	-	0.3	240	800
Bank Account Management	-	1.3	-	-	3.6	-	7.5	12.4	9,946	802
Receipts, Payments & Journals	-	1.7	-	-	1.7	-	12.5	15.9	10,792	679
Subtotal	5.2	9.0	2.3	-	12.5	-	20.0	49.0	42,020	858
Fulfilling Statutory Duties										
Initial Letters & Notices	-	3.1	-	-	0.5	-	23.5	27.1	11,612	428
Statement of Affairs	-	1.8	-	-	0.9	-	-	2.7	2,738	1,014
Proposals	-	3.7	-	-	0.4	-	-	4.1	4,419	1,078
Progress Reports	-	6.6	-	-	20.3	-	29.5	56.4	32,901	583
Extensions	-	4.1	-	-	7.3	-	2.0	13.4	11,905	888
CDA & SIP2 Assessment	-	3.0	-	-	20.5	-	4.0	27.5	21,578	785
Other Statutory Matters	-	0.7	-	-	0.7	-	13.4	14.8	5,735	388
Subtotal	-	23.0	-	-	50.6	-	72.4	146.0	90,886	623
Total Time by Grade	67.1	83.7	2.3	-	90.7	-	164.8			
Total Costs to Date									317,074	
Amount Billed									-	
Costs to Date Outstanding									317,074	

Appendix D: 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. ■ Keeping our physical/electronic case files up to date, including all date held on the practice's electronic case management system. ■ Undertaking periodic case reviews of the progress of the cases. ■ Financial Management: prepared and maintained cost budgets, estimated outcome statements etc., as appropriate for the case. ■ Closure matters: ongoing planning and preparation for ending the Administrations and ultimate dissolution of the Companies. 	<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"> ■ 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. ■ Awaiting judgement regarding the Court hearing on the nature of certain ACL assets. 	<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.

Appendix D: 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 Stakeholders and Creditors	<ul style="list-style-type: none"> ■ Dealing with creditor and shareholder 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). ■ Ongoing maintenance of up to date creditor information on the case management system and filing proofs of debt received from creditors. 	<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. ■ Corporation Tax: prepared and submitted the necessary and periodic tax returns falling due during the Administration (pre-appointment returns were submitted in the Period). Ongoing work in requesting information for and preparing the final pre-appointment return and the first post-appointment return required. ■ Bank account management: maintaining bank accounts (under our control) for the purpose of depositing sale proceeds and other receipts, paying expenses and making distributions to creditors. Accounts are closed when no longer required and before we cease to act; and are reconciled on a monthly basis. ■ Receipts, payments and accounting journals: maintaining adequate accounting records for the period of the Administration, including the payment of costs and expenses. ■ 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.

Appendix D: 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"> ■ 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. ■ Issuing the statutory notifications to creditors and others required on appointment as office holder, including information on the extension to the Administrations. ■ Dealing with all routine correspondence and emails relating to the case. ■ Progress reports: preparing and issuing six-monthly progress reports to creditors, including receipts and payments accounts. During the Period, we prepared and issued our first progress report to creditors. 	<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.

Appendix D: Joint Administrators' Remuneration and Expenses

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.
 - Category 2 expenses: These are payments to associates or which have an element of shared costs. Before being paid, Category 2 expenses require approval in the same manner as an office-holder's remuneration. Category 2 expenses require approval whether paid directly from the estate or as a disbursement.
- The types of disbursements categorised as Category 1 expenses typically include external supplies of incidental services specifically identifiable to the case such as postage, statutory case advertising, bonding, invoiced travel and external services such as printing, room hire and document storage. Also included would be any properly reimbursed expenses incurred by personnel in connection with the case.
- The types of disbursements categorised as Category 2 expenses typically include mileage, in-house printing and electronic data storage.
- 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 table on the next page provides details of professional advisors and subcontractors that we have engaged on this project. The use of subcontractors is in relation to work that we could have done (subject to the exceptions detailed below), but that we have outsourced.
- 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. Other than the legal advice and insurance services, the work could have been undertaken by our teams, but we have outsourced it as we consider it to be more cost effective and the providers have relevant specialist experience. We have reviewed the fees they have charged and are satisfied that they are reasonable in the circumstances of this case.
- Details of the expenses incurred in the Period with these third parties (whether paid or not) is set out later in this Appendix. The amounts paid are shown in the Receipts and Payments account at Appendix B.
- 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 the basis of our remuneration. 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.

Appendix D: Joint Administrators' Remuneration and Expenses

The table shows the professional advisors and subcontractors engaged on the Administration.

Payee / firm	Service provided	Reason selected	Basis of fees/costs
Simpson Thacher & Bartlett LLP	<ul style="list-style-type: none"> Legal advice on the appointment, post-sale obligations, the extension process and the determination hearing 	Prior knowledge of the Company and experience in insolvency matters	Time costs and expenses
EPE Reynell Advertising Limited	<ul style="list-style-type: none"> Advertising appointment, Proposals to members and any future dividend to creditors 	Experienced provider to insolvency practitioners and specialists in dealing with legal advertising	Agreed tariff for Gazette notices
Aon	<ul style="list-style-type: none"> Insurance risk services 	Experienced provider to insolvency practitioners and specialists in dealing with insurance in insolvencies	Insurance premiums
CAPA	<ul style="list-style-type: none"> Property audits and recovery of business rates refunds 	Experienced provider to insolvency practitioners and specialists in dealing with recovery of business rates	25% commission on rates refunds received
Global Loan Agency Services Limited (GLAS)	<ul style="list-style-type: none"> Professional services in respect of facilitating the consent from the Secured Creditors in respect of the extensions to the Administrations. 	Security trustee to the Secured Creditors	Time costs
Cheeswrights LLP	<ul style="list-style-type: none"> Scrivener notary 	Specialists in work of this nature	Time costs

Appendix D: Joint Administrators' Remuneration and Expenses

We have incurred only a small amount of disbursements during the Administrations. We have shown our firm's policy for the recovery of disbursements and the amounts incurred in the period.

Disbursements

- The table opposite shows what disbursements have been incurred in the Period for each of the Companies, together with the cumulative position for the Administrations.
- To date, we have not yet charged these disbursements to the estates but will do so in due course.
- We have exceeded the original estimate provided for bonding costs in our Proposals due to the original estimate being made in USD (\$500). We have a fixed fee arrangement with Aon for bonding, and we can confirm the cost of bonding to be £450 in total (£75 per appointee for each of Plc and ACL).
- No estimates were provided in our Proposals for the remaining disbursements, which have been incurred as and when necessary.
- One of the bonding invoices in the sum of £75 for ACL was not in fact charged as a disbursement and was paid as an expense of the Administration, and is consequently shown in the Receipts and Payments account at Appendix B. It has also been included here for clarity in terms of total bonding costs, but will not be recharged to the estate of ACL, as it has already been paid.
- Please note that all amounts are exclusive of VAT unless otherwise stated.

Category	Policy	Incurred previously (£)	Incurred in the Period (£)	Total incurred (£)
	Plc			
1	All disbursements reimbursed at cost:			
	■ Specific bonding	225	-	225
	■ Courier	-	4	4
	■ Subsistence	17	13	30
		242	17	259
	ACL			
1	All disbursements reimbursed at cost:			
	■ Specific bonding	225	-	225
		225	-	225

Appendix D: Joint Administrators' Remuneration and Expenses

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

Payee	Type of Costs	¹ Expenses Estimate (£)	Incurred Previously (£)	Incurred in this Period (£)	Total Incurred (£)	Estimated Future (£)	Estimated Total (£)
EPE Reynell Advertising Limited	Statutory advertising	305	380	-	380	95	475
Aon	Insurance	-	358	-	358	-	358
Simpson Thatcher & Bartlett LLP	Legal fees	452,051	200,573	150,340	350,913	50,000	400,913
Consultiam Property Limited, trading as CAPA	Business rate refunds	-	2,081	4,656	6,736	-	6,736
Global Loan Agency Services Limited (GLAS)	Legal fees, including security agent fee ²	-	-	19,370	19,370	-	19,370
Cheeswrights LLP	Scrivener notary	-	-	965	965	-	965
Total		452,356	203,391	175,331	378,722	50,095	428,817

1. The expenses estimate was provided to creditors on 13 April 2022 prior to the initial determination of the basis of our remuneration.

2. This includes invoices in the sum of USD 5,000 that have not yet been paid. An approximate GBP amount has been included in the table above, with the exact GBP amount known in due course when payment has been made.

Appendix D: Joint Administrators' Remuneration and Expenses

Expenses incurred in the Period relate to legal fees and business rates refunds; and future expenses are expected to be incurred only in relation to the directions application in ACL and advertising of the dividend in Plc.

- The table on the preceding page expenses incurred in the Period across both Companies, the cumulative position for the Administrations and a comparison against our original estimate. As these estimates were aggregated in our Proposals we have maintained consistent presentation.
- Please note that all amounts are exclusive of VAT unless otherwise stated.
- The original estimates for statutory advertising and legal fees were shown as \$400 and \$593,000 respectively. These have been converted to GBP using the prevailing exchange rate on the date of our appointment.
- 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 Advertising Limited: the costs of advertising the Proposals to members for the Companies were not taken into account. The amount estimated to be incurred in the future is in respect of advertising the Prescribed Part dividend in Plc.
 - Aon: the cost of open insurance cover was not included in our original estimate of expenses.
 - Consultiam Property Limited, trading as 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.
 - Global Loan Agency Services Limited (GLAS): this cost relates to GLAS overseeing the Secured Creditor consent process for the extensions of the Administrations and legal advice obtained. An estimated cost for this was not included in our Proposals as it had been anticipated that the Administrations would conclude within 12 months. The costs incurred are considerably less than had we obtained an extension by way of an application to court.
 - Cheeswrights: this cost relates to a requirement for a notary 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 on behalf of Plc in order for an appeal to go ahead. The document was also required to be notarised and legalised. An estimated cost for this was not included in our Proposals as it had not been anticipated.
- We believe future expenses will only arise in relation to advertising the dividend in Plc, and some additional legal fees in ACL in respect of closing out the directions application. Should CAPA recover further business rates refunds, we will incur expenses based on a commission rate of 25%.
- The expenses estimate does not represent a cap on the amount of expenses that can be paid, and approval for payment is only required for those that are Category 2 expenses, as previously defined.
- For details of the amounts paid for these expenses in the Administrations to date, please see Appendix C for the Receipts and Payments accounts.