

The Insolvency Act 1986

Administrator's progress report

Name of Company

Parabis Management Limited

Company number

04717147

In the

High Court of Justice, Chancery Division,
Companies Court

Court case number

9050 of 2015

We

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Administrators of the above company attach a progress report for the period

From

23 May 2016

To

22 November 2016

Signed

Administrator

Dated

21/12/16

Contact Details:

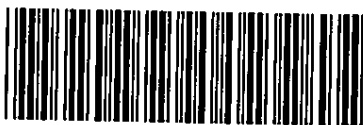
You do not have to give any contact information in the box opposite but if you do, it will help Companies House to contact you if there is a query on the form

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

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Administrators' Progress Report for the period 23 May 2016 to 22 November 2016

Parabis Management Limited
In Administration

21 December 2016

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1. Why this report has been prepared

- 1.1 As you will be aware, Peter Saville, Benjamin Browne and Anne O’Keefe (the **Administrators**) were appointed on 23 November 2015
- 1.2 The Administrators were also appointed over nine additional companies as detailed below. These, together with the Company, form the group (the **Group**) as detailed at Appendix A

Entity name	Entity acronym
Parabis Group Limited	PGL
Parabis Holdings Limited	Holdings
Parabis Limited	Limited
Parabis Law LLP	LLP
ARL Realisations Limited (formerly Argent Rehabilitation Limited)	ARL
Argent Risk Management Solutions Limited	ARMS
AAI Realisations Limited (formerly Argent Adjusting and Investigations Limited)	AAI
CM Realisations Limited (formerly Carmichaels (KC) Limited)	CM
Woodfield Consultancy Services (UK) Limited	Woodfield

- 1.3 The Administration of Woodfield closed on 21 June 2016 and the entity was dissolved on 21 September 2016. The Administrators of CM were appointed as its Liquidators on 23 September 2016, when CM moved into creditors’ voluntary liquidation.
- 1.4 In accordance with UK insolvency legislation, an administrator is required to provide a progress report covering the period of six months commencing on the date on which a company entered into administration and every subsequent period of six months. This progress report covers the period 23 May 2016 to 22 November 2016 (the **Period**), and should be read in conjunction with all previous reports in respect of the Group.
- 1.5 This report has been prepared in accordance with rule 2.47 of the Insolvency Rules 1986.
- 1.6 The purpose of this report is to provide statutory and financial information about the Company and to provide an update on the progress of the Administration, including details of assets realised during the Period, details regarding the Administrators’ fees and the expected outcome for each class of creditor.

- 1.7 As a reminder an administrator of a company must perform their functions with a view to achieving one of the following statutory objectives

Objective 1 rescuing a company as a going concern,

Objective 2 achieving a better result for a company's creditors as a whole than would be likely if a company were wound up (without first being in administration), or

Objective 3 realising property in order to make a distribution to one or more secured or preferential creditors

- 1.8 In this case the Administrators are pursuing the third statutory objective. Further details on the actions taken to achieve that objective can be found in section 3 of this report

- 1.9 Details of the Administrators' fees and disbursements incurred are detailed at Appendices D to F

- 1.10 More information relating to the Administration process, Administrators' fees and creditors' rights can be found on AlixPartners' creditor portal (<http://www.alixpartnersinfoportal.com>) Log-in details to access this information can be found within the covering letter you have received

- 1.11 If you require a hard copy of this report or have any queries in relation to the contents of this report or the Administration generally, please contact the Parabis Team on 0161 838 4593, by email at parabis-inadministration@alixpartners.com, or write to AlixPartners' office at The Zenith Building, 26 Spring Gardens, Manchester, M2 1AB

2. Summary of information for creditors

Estimated dividend for creditors

Description	Estimated debt £	Likely level of return £
Secured creditors		
Super senior debt	6.5 million	6.5 million
First lien	38.2 million	16.2 million
Second lien	26.9 million	-
Preferential creditors	10,792	-
Unsecured creditors		
Third party creditors	18.5 million	-
Intercompany creditors	20.6 million	-

Notes:

Secured creditors

The estimated level of debt, is the debt owed to the secured creditors by the Group at the date of the Administrators' appointment

The secured creditors' debt reflects the total debt and return across the Group, as detailed at Appendix A, which has joint and several liability for all companies in the Group who acceded to the debenture as detailed in section 4

The return shown above is the estimated return based on current information, after costs of the Administrations. Due to improvements in the level of asset realisations across the Group, the estimated return has increased in the Period but remains subject to change

Preferential creditors

Claims totalling £10,792 in respect of unpaid employers' pension scheme contributions have been agreed. There will be insufficient funds to enable a distribution to preferential creditors

Unsecured creditors

The directors' Statement of Affairs (**SOA**) detailed third party claims of £15.7 million and intercompany claims of £20.6 million

As previously advised, the uplift in the estimated debt due is a result of the pre-appointment VAT liability which is a joint and several liability across seven Group companies. In the Period, the Administrators have calculated the value of this claim to be £6.8 million, increasing the Company's third party claims to £18.3 million

Parabls Management Limited – In Administration (the **Company**)

In addition, there are residual elements of former employees' claims which rank as unsecured. These claim elements total approximately £0.2 million. Therefore, total unsecured claims are estimated to be £39.1 million.

There will be insufficient floating charge asset realisations to enable a dividend to be paid to unsecured creditors.

For further information please refer to section 4 of this report.

3. Progress of the Administration

- 3.1 In addition to their statutory objective, the Administrators have duties imposed by insolvency and other legislation and their regulating professional bodies. The Administrators have set out information in respect of the progress of these duties in addition to that of the realisation of assets and distribution of available funds.
- 3.2 The detail provided is intended to provide users of this report with information to allow them to understand how the Administrators' fees and expenses as set out in Appendices D and E have been incurred, as well as the sensitivities that might be applicable to the Administrators' anticipated fees and expenses over the remainder of the Administration.
- 3.3 This section of the report should be read in conjunction with section 3 of the Administrators' Statement of Proposals dated 13 January 2016 (the **Proposals**). This outlines the circumstances leading up to the Administrators' appointment and the background to 11 sales of Group businesses and assets which completed on 23 November 2015.

Transactional Services Agreement (TSA)

Overview and summary

- 3.4 To facilitate the sale of certain of the Group's businesses it was agreed, pursuant to the terms of the Sale and Purchase Agreements (**SPAs**), that all parties would enter into a TSA whereby central management services would continue to be provided for a specified period of time. These services included IT, finance, HR, payroll and facilities services.
- 3.5 Each purchaser which was a party to the TSA contributed to the costs in an agreed ratio laid out in the TSA framework agreement. The result of which is that there should be no impact on the outcome for the Company's preferential and unsecured creditors from the continued provision of the services.
- 3.6 As at the 23 May 2016, two of the parties subject to the TSA required an extension to the TSA to enable the decommissioning and transition of remaining IT equipment and services.
- 3.7 This process is ongoing and it is expected to be completed prior to the end of December 2016. Work undertaken during the Period by Administrators and their staff in achieving this is set out below.

Administrators' TSA action during the Period

Financial

- 3.8 Operating accounts and a cash flow forecast have been maintained and reconciled to certain of the items detailed in the Receipts and Payments Account at Appendix C. In addition, purchase order and invoice schedules have been reconciled to ensure all supplier costs associated with delivery of the TSA will be discharged in full.

- 3.9 A number of suppliers have submitted final bills during the Period which have been reviewed and paid where appropriate. This has taken significant time and effort, particularly in dealing with telecommunication suppliers and utility providers, due to the volume of individual accounts involved.
- 3.10 Supplier undertakings have been withdrawn, accounts have been settled and written correspondence sent to each supplier requesting confirmation that no outstanding liabilities remain.
- 3.11 The Administrators have submitted VAT returns in the Period and time has been spent liaising with HM Revenue & Customs (**HMRC**) in this regard. All required returns since the Administrators' appointment are up to date.

Facilities

- 3.12 The services provided under this category included the provision of office space across the 29 leases held by Group companies at the date of the Administrators' appointment.
- 3.13 As at 23 May 2016, licenses to occupy remained in place for two of LLP's properties whilst assignment and vacation discussions remained ongoing, so as not to disrupt the business. A six month extension was granted in the Period in respect of one licence, whilst the second licence was surrendered outside of the Period on 24 November 2016.
- 3.14 Properties covered by the licenses to occupy were occupied by both the Administrators and Plexus, who has covered the associated costs. Any residual costs have been settled by the relevant Group entities, those contributions are detailed within management charges at Appendix C.
- 3.15 In the Period, the Administrators have brought up to date and, where applicable, finalised property costs including landlords, rating authorities and utility providers. There are a small number of payments outstanding which will be finalised during December 2016.

Contribution to Administrators' fees

- 3.16 The recipients of the TSA agreed to contribute towards the Administrators' fees and expenses incurred in delivering the TSA. A total of £1.4 million has been realised and no further receipts are expected. These monies will be used solely to discharge the Administrators' fees and expenses which exceed this amount.

Realisation of assets

IT equipment

- 3.17 As previously reported sales of the Company's IT equipment, and other specific assets, transferred to Plexus upon conclusion of the TSA.

- 3.18 As part of the decommissioning process it was established that the costs of wiping stored data to comply with the Data Protection Act 1998, and safe removal of software, far outweighed the realisable value of the remaining IT equipment. The realisable value was therefore agreed at nil and the items will shortly transfer to Plexus as part of the decommissioning process.

Fixtures and fittings

- 3.19 The Administrators sought their agent's advice in respect of the several residual fixtures and fittings. It was agreed that disposal costs would have exceeded the realisable values, therefore, sales completed to third parties for total consideration of £6,200. This was received in full in the Period.

Employee loans

- 3.20 Loans to former employees due to the Company at appointment totalled £9,160. To date, a total of £5,971 has been recovered of which £1,083 was received in the Period.
- 3.21 The Administrators continue with their recovery strategy and will consider the commerciality of pursuing formal recovery actions against the debtors.

Intercompany debtors

- 3.22 The Company is a party to an intercreditor agreement dated 21 December 2011 (the **Agreement**), subsequently amended on 22 June 2015, between certain Group entities and secured lenders. The result of the Agreement is that the secured lenders are entitled to the benefit of intercompany dividends paid to the parties subject to the Agreement.
- 3.23 As detailed in the SOA, the Company is owed £20.6 million from various Group entities. The balances rank as unsecured claims and those claims were formally lodged in the Period.
- 3.24 Based on current information, it is anticipated that the secured lenders will receive total funds of approximately £209,000 from the Companies. Monies due to the Company from CM, who is not a party to the Agreement, totalling approximately £17,000, will be retained for the benefit of the Administration.
- 3.25 Distributions will be made across the Group over the next 12 months as and when sufficient funds are available.

VAT assessments

- 3.26 Full details of the VAT assessments raised by HMRC have been provided in the Administrators' previous reports.
- 3.27 The Administrators continue to work with HMRC to finalise the Companies' tax position due to the nature of the Group structure, intercompany trading and provision of services. This is a complex area and is taking a significant amount of time to reconcile the final position. An update will be provided in the next progress report.

Nominal receipts

- 3 28 Bank interest of £1,115 has been received in the Period. Utility refunds totalling £587 have also been received, where services were paid beyond the end of a respective purchaser's TSA period and apportioned accordingly.

Administration (including statutory reporting)

- 3.29 In addition to their duties relating to realising and distributing the assets of the Company, the Administrators must comply with certain statutory compliance matters in accordance with the Insolvency Act 1986. These include, notifying the stakeholders of the appointment, preparing bi-annual reports to creditors advising of the progress of the Administration and liaising with employees. The Administrators are responsible for liaising with HMRC to determine the final position in respect of corporation tax, PAYE, VAT and other taxes that may be owed by or to the Company, and for filing tax returns for the duration of the Administration.
- 3.30 In order to ensure the matters of the Administration are being progressed sufficiently, the Administrators have a duty to conduct periodic case reviews and complete case checklists. In addition, the Administrators' treasury function will also comply with cash accounting requirements including raising payments, processing journal vouchers and posting receipts, preparing bank reconciliations and statutory returns.
- 3.31 The time taken for statutory tasks is largely fixed, insofar as the cost of preparing a report to creditors or filing an annual return is similar for most cases, except where cases are very large or complex. Where the costs of statutory compliance and reporting to creditors exceeds the initial estimate, it will generally be because the duration of the case has been longer than expected, due to for example protracted realisation of assets, and therefore additional periodic reports have had to be prepared and distributed to stakeholders.

Creditors (claims and distribution)

- 3 32 Details of the debt due and estimated outcome for each class of creditor can be found in section 4.

Secured creditors

- 3.33 In the Period, the Administrators have maintained non-formal and verbal updates with the secured creditors, together with formal reports in June and October 2016. The reports are designed to provide updates on asset realisations and general progress of the Administrations, including cash flow analyses to understand the estimated outcome for each class of creditor.

Employees

- 3 34 The Administrators have continued to manage employee communications throughout the Period. This primarily includes employees who were retained in the TSA that either had an onward TUPE right, or were made redundant once their roles were no longer required. This includes the employees retained to assist with decommissioning and conclusion of the TSA.

- 3.35** A high volume of queries have also been addressed with regard to complexities over the various categories of employment throughout the duration of the TSA and employee claim queries, particularly regarding outstanding employer pension scheme contributions. This is discussed further in paragraphs 4.11 to 4.14.

Unsecured creditors

- 3.36** Time has been spent in the Period collating claims upon receipt, and managing and responding to incoming correspondence. Due to the complexities of the Group's business, the nature of the claims and conclusion of the TSA in the Period, the level of incoming correspondence has been high.

4. Estimated outcome for creditors

- 4.1** The below table details the Group lending at the date of the Administrators' appointment, which was previously updated to include the results of a reconciliation completed shortly after appointment

Description	Group financing (£m)	Total (£m)
Super senior		
Cross Ocean Partners (COP)	6.5	6.5
First lien		
Lloyds Banking Group (LBG)	16.1	
Royal Bank of Scotland (RBS)	8.5	
Cross Ocean Partners (COP)	13.6	38.2
Second lien		
Ares Management (AM)	26.9	26.9
Loan notes		
Duke Street LLP (DS)	43.2	
Vendor loan notes	23.9	
Management loan notes	43.1	110.2
Total Group lending		181.8

Secured creditors

- 4.2** LBG acts as security agent under the facilities agreement between the syndicated lenders LBG, RBS, COP and AM (together the **Secured Creditors**)
- 4.3** Following appointment, the Administrators investigated the unsecured loan notes and confirmed that these are unsecured against companies in the wider group, being Trilliam Intermediate Limited and Trilliam Loanco Limited
- 4.4** The parent company, Trilliam Midco Limited, originally granted a debenture dated 21 December 2011 to the security agent. A total of 13 of the wider group companies subsequently acceded to this by way of additional charges on 12 September 2012. This included the Company.
- 4.5** The security agent subsequently hedged its debt under an inter-creditor agreement dated 21 December 2011 with AM, Santander UK Plc and RBS. COP bought into the syndicate in June 2015 having purchased the debt originally held by Santander UK Plc.
- 4.6** COP extended a further £6.5 million in June 2016 on a super senior basis, meaning it has an elevated priority of payment in relation to the other secured debt. The super senior debt due to COP of £6.5 million has been paid in full from fixed charge realisations in ARL.

- 4.7 The debt due to the first and second lien lenders at the date of appointment totalled £66.9 million. Following a review of funds held in various company/client bank accounts, the sum of £1.8 million was identified as available for the secured lenders under set-off. The revised total secured first and second lien debt therefore stands at £65.1 million across the Group.
- 4.8 To date, the Company has not made any distributions to the secured creditors. It is anticipated that the Company will have insufficient funds to make any such distributions. Based on current information and realisations to date, it is estimated that the first lien lenders will receive a total return of £16.2 million across the Group. As this number is based on estimated future realisations, the final return is likely to change. The first lien lenders will suffer a shortfall on their lending.
- 4.9 The second tier lenders will not receive a distribution on their lending.
- 4.10 The secured creditors also benefit from the Agreement as detailed in paragraph 3.21.

Preferential creditors

- 4.11 Following appointment, the Administrators were made aware of unpaid employer pension scheme contributions totalling approximately £11,000, and corresponding claims were submitted to the RPS.
- 4.12 The RPS has now reviewed and agreed the claims and payment was made directly to the scheme provider. On 22 August 2016, the scheme provider confirmed that all payments had been allocated to scheme members.
- 4.13 In the Period, the Redundancy Payments Service lodged its proof of debt against the Company, of which £10,792 ranks preferentially.
- 4.14 There will be insufficient funds to pay a dividend to preferential creditors.

Unsecured Creditors' Fund

- 4.15 Where there is a floating charge which was created on or after 15 September 2003, the Administrators are required to create a fund from the Company's net property available for the benefit of unsecured creditors (**Unsecured Creditors' Fund**), commonly known as the 'Prescribed Part'.
- 4.16 Intercompany claims against the Company total £20.6 million and were formally lodged against the respective Group entities in the Period. As detailed in section 2, third party claims are estimated to total £18.5 million. Total unsecured creditors are therefore anticipated to be £39.1 million.
- 4.17 There will be no floating charge surplus available after costs. Accordingly, the value of the Company's net property and Unsecured Creditors' Fund are estimated to be nil. There will be no funds available for the Company's unsecured creditors.

5. What happens next

Creditors' rights

- 5.1** Within 21 days of the receipt of this report, a secured creditor, or an unsecured creditor (with the agreement of at least 5% of the value of the unsecured creditors) may request in writing that the Administrators provide further information about their fees or expenses (other than pre-administration costs) which have been itemised in this progress report
- 5.2** Any secured creditor, or an unsecured creditor (with the agreement of at least 10% of the value of unsecured creditors) may, within eight weeks of receipt of this report, make an application to court on the grounds that the basis fixed for the Administrators' fees is inappropriate, or that the fees charged or the expenses incurred by the Administrators during the period of this report are excessive

Next report

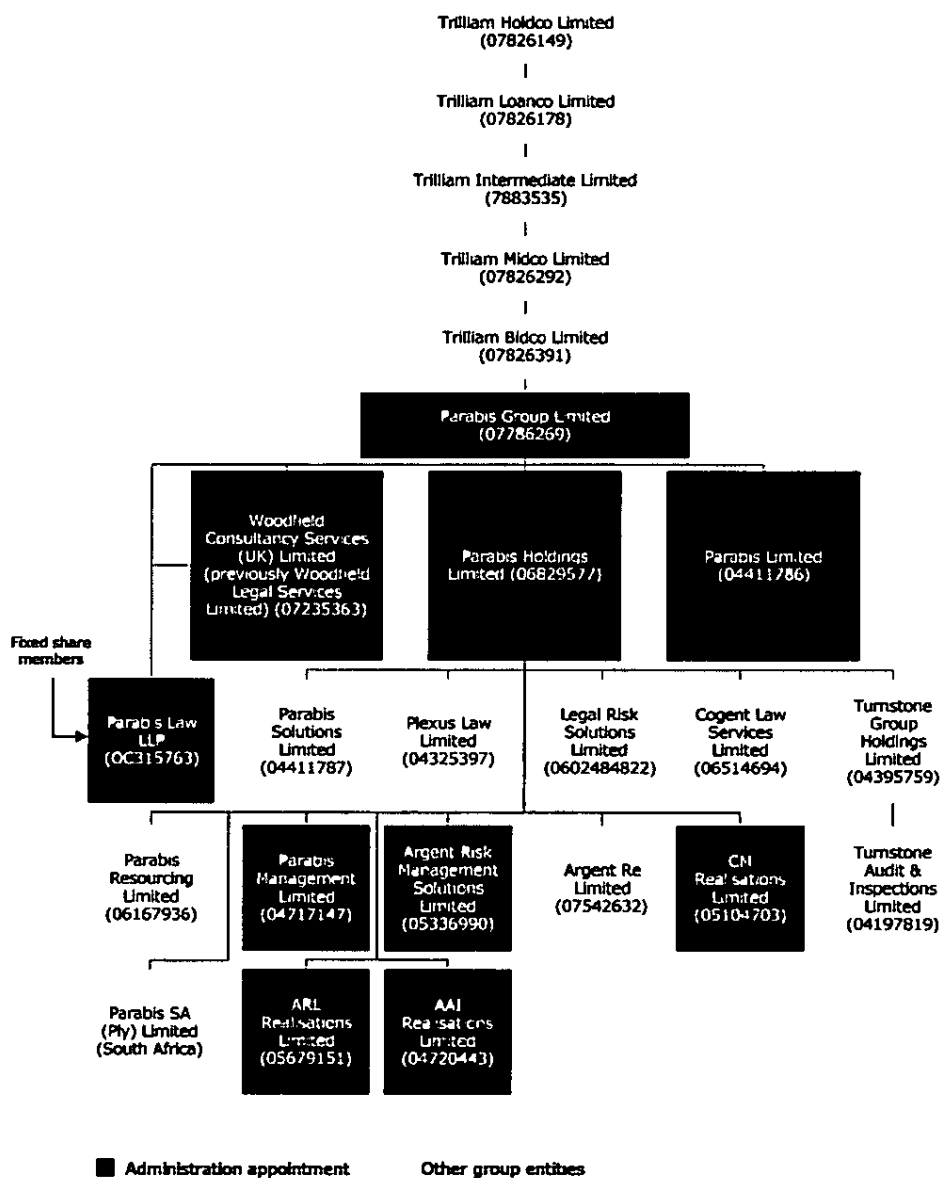
- 5.3** The Administrators are required to provide a progress report within one month of the end of the next six months of the Administration, or earlier if the Administration has been finalised. For details of the proposed exit route please see Appendix G

For and on behalf of
Parabis Management Limited



Benjamin Browne
Administrator
Encs

Appendix A. Group structure



Appendix B. Statutory information

Company information

Company name	Parabis Management Limited
Registered number	04717147
Registered office	The Zenith Building, 26 Spring Gardens, Manchester, M2 1AB
Former registered office	Renaissance, 12 Dingwall Road, Croydon, CR0 2NA
Trading address	Offices nationwide
Trading names	Parabis Management
Court details	High Court of Justice, Chancery Division, Companies Court
Court reference	9050 of 2015

Appointor's information

Name	Address	Position
Jason Powell	c/o Renaissance, 12 Dingwall Road, Croydon, Surrey, CR0 2NA	Director

Administrators' information

Name	Address	IP number	Name of authorising body
Peter Mark Saville	AlixPartners, 6 New Street Square, London, EC4A 3BF	009029	Insolvency Practitioners Association
Benjamin James Browne	AlixPartners, Cornerstone, 107 West Regent Street, Glasgow, G2 2BA	014190	Insolvency Practitioners Association
Anne Clare O'Keefe	AlixPartners, The Zenith Building, 26 Spring Gardens, Manchester, M2 1AB	008375	Insolvency Practitioners Association

In accordance with paragraph 100(2) of schedule B1 of the Insolvency Act 1986, all functions of the Administrators are to be exercised by any or all of the Administrators. All references to the Administrators should be read as the Joint Administrators.

Extension of Administration

The Administration was extended for a period of 12 months with the consent of the Company's secured and preferential creditors. The Administration will now end on or before 22 November 2017.

Appendix C. Receipts and Payments Account for the period 23 May 2016 to 22 November 2016 and a Cumulative Account for the period since appointment

Statement of Affairs £	Period £	Cumulative £
Fixed charge assets		
Receipts		
1 Intellectual property	-	1
1 Goodwill	-	1
	-	2
Balance of fixed charge assets	-	2
Floating charge assets		
Receipts		
Seller's records	-	1
Employee records	-	1
Specified contracts	-	1
Uncertain Intercompany receivables	-	1
6,331,499 VAT assessments	-	-
41,930 Fixtures and fittings	6,200	48,130
Motor vehicles	-	2,917
Employee loans	1,083	5,971
Third party TSA funding contribution	28,278	5,138,201
Management charges	869,204	5,202,786
Contribution to Administrators' fees, legal fees and migration costs	1,386,819	1,872,377
Sundry realisations	589	7,545
Bank interest	1,115	1,683
	2,293,289	12,279,613
Payments		
Pre-appointment fees and disbursements	-	2,962
Employee claim agent's fees	560	560
Legal fees	137,750	137,750
Legal disbursements	2,859	2,859
Administrators' fees	812,395	812,395
Category 1 disbursements		
Statutory advertising	-	85
Stationery, postages and photocopying	417	2,532
Pre-appointment salaries, expenses, deductions, PAYE/NIC	-	417,457
TSA IT and operational costs	417,927	2,879,853
TSA employee costs	442,388	4,276,286
TSA property related costs	345,576	1,105,783
TSA postage costs	125,741	1,266,526

Parabls Management Limited – In Administration (the **Company**)

Statement of Affairs £	Period £	Cumulative £
Sundry expenses	21	21
Loan to property account	20	20
Bank charges	1,003	3,422
	(2,286,658)	(10,908,509)
Balance of floating charge assets	6,631	1,371,104
Total balance		1,371,106
Represented by		
Interest bearing accounts		1,022,003
VAT receivable		349,103
		1,371,106

Note The above is subject to small rounding differences

This account is prepared on a cash basis and not on an accruals basis, therefore, it only shows those receipts and payments made to 22 November 2016 and not the anticipated final position. The only anticipated income is contributions to costs, and will cover costs only. Consequently, the final TSA result will be a nil profit/loss.

As the TSA is funded by the purchasers and the costs of the Administrators in managing the TSA are funded by Group companies with the approval of the secured creditors, the final position will be of no detriment to the outcome for the Company's preferential and unsecured creditors.

Appendix D. Administrators' fees and pre-administration costs

Fees

A copy of 'A Creditors' Guide to Administrations' can be downloaded from AlixPartners' creditor portal (<http://www.alixpartnersinfoportal.com>) If you would prefer this to be sent to you in hard copy please contact the Administrators and they will forward a copy to you

Approval of the Administrators' fees was sought in accordance with rule 2.106 of the Insolvency Rules 1986. On 12 February 2016 the secured and preferential creditors approved that the basis of the Administrators' fees be fixed by reference to the time properly spent by the Administrators and their staff on matters arising in the Administration.

To date, fees of £812,395 have been drawn of which £511,809 is in respect of the supervision of the TSA. These payments are reflected at Appendix C.

Administrators' fee estimate

The fee estimate was originally provided when the basis of the Administrators' fees was approved. A copy of that estimate of the anticipated amount of work and the costs associated with it is set out below.

Activity category	Hours anticipated	Blended rate per hour £	Anticipated cost £
TSA	1,502	366	550,001
Realisation of assets	112	425	47,643
Administration (including statutory reporting)	718	328	235,625
Investigations	19	329	6,255
Creditors (claims and distribution)	80	418	33,485
Total	2,431	359	873,009

The above estimate was based on information available to the Administrators at the time the approval of their fee basis was sought.

Administrators' details of time spent to date

The Administrators' time costs for the Period are £349,796. This represents 986 hours at an average rate of £355 per hour. Detailed below is a Time Analysis for the Period which provides details of the costs incurred by area of activity.

Activity category	Hours incurred	Average rate per hour £	Time cost for the Period £	Cumulative time cost £
TSA	582	367	213,576	1,769,414
Realisation of assets	63	288	18,126	18,991
Administration (including statutory reporting)	325	349	113,318	545,564
Investigations	3	287	860	4,288
Creditors (claims and distribution)	13	301	3,916	7,565
Total	986	355	349,796	2,345,822

NB Cumulative time is the total from the date of the Administrators' appointment to the end date of the Period.

Details of the progress of the Administration to date, and matters that are outstanding or partially complete, together with an explanation of why the work was undertaken are set out in section 3.

As discussed in section 3 and previous reports, the Administration has been complex and time consuming. Consequently, the Administrators' time costs have far exceeded the estimate provided in the Proposals. The complexities of operating the TSA were far greater than originally envisaged by the Administrators, therefore, the beneficiaries of the TSA services have contributed additional funds to cover the Administrators' fees and expenses. As a result of which there will be no detrimental impact on the asset realisations of the Company.

The Administrators can confirm that approval to draw fees above the estimate provided will not be requested at this time.

Pre-administration costs

The pre-administration costs were disclosed in the Proposals, a summary of which is set out below.

Name of recipient	Brief description of services provided	Total amount approved £	Paid to date £	Amount unpaid £
Agent (Hilco Valuation Services)	Valuation of fixtures, fittings and equipment	2,962	2,962	-
Total		2,962	2,962	-

The Company's secured and preferential creditors were deemed to have approved the aforementioned costs on 12 February 2016, which have since been paid in full.

Appendix E. Administrators' expenses and disbursements

Expenses of the Administration

The estimate of expenses anticipated to be incurred by the Administrators from third parties whilst dealing with the Administration and the TSA was provided to creditors in the Proposals, a copy of that estimate is set out below

	Anticipated cost £
Legal costs	225,000
Employee agent's fees	2,000
Total	227,000

Current position of Administrators' expenses

An analysis of the costs paid to date, together with those incurred but not paid as at the end of the Period is provided below

	Paid in prior period £	Paid in the period £	Incurred but not paid £	Total cost to date £
Legal costs	-	140,609	87,452	228,061
Insurance	-	-	3,558	3,558
Total	-	140,609	91,010	231,661

Administrators' estimate of TSA costs

Below is the estimate of TSA costs provided in the Administrators' previous progress report dated 17 June 2016, which are borne by the respective purchasers in the manner specified within the SPAs and TSA

	Paid to date £	Incurred but not yet paid £	Total anticipated cost £
TSA costs			
IT and employee costs (Central Services)	2,879,853	-	2,879,853
Property	1,105,783	-	1,105,783
Post	1,266,526	-	1,266,526
Total	5,252,162	-	5,252,162

The TSA recipients agreed to fund all TSA costs incurred. There are a small number of costs outstanding therefore the above remains an estimate, however, the Administrators do not anticipate a material difference to the total estimated cost. The exact sum will be confirmed once TSA receipts and payments are complete.

The total final cost will have no impact on the outcome for the Company's creditors as the TSA will not create a profit or loss to the Company. Any shortfall once all costs recharged to the respective TSA recipients have been paid will be drawn from management charges received from other Group companies.

Administrators' disbursements

A copy of the analysis of anticipated disbursements previously provided is set out below. The actual expenses may be found in the receipts and payments account in Appendix C.

	Anticipated cost £
Category 1 disbursements	
Specific penalty bond	225
Statutory advertising	170
Travel and subsistence	103,928
Storage	1,000
Stationery and postage	1,540
Telephone charges	1,000
Re-direction of mail	240
Total	108,103

Category 1 disbursements of £2,617 have been drawn on account. Approval to draw category 2 disbursements was given by the secured and preferential creditors on 12 February 2016, however, none have been drawn.

Appendix F. Additional information in relation to the Administrators' fees

Policy

Detailed below is AlixPartners' policy in relation to

- staff allocation and the use of sub-contractors,
- professional advisors, and
- disbursements

Staff allocation and the use of sub-contractors

The Administrators' general approach to resourcing their assignments is to allocate staff with the skills and experience to meet the specific requirements of the case

The case team will usually consist of a managing director or director, a vice president or senior associate, an associate and an analyst. The exact case team will depend on the anticipated size and complexity of the assignment and the experience requirements of the assignment. On larger, more complex cases, several staff at all grades may be allocated to meet the demands of the case. The Administrators' charge-out rate schedule overleaf provides details of all grades of staff.

With regard to support staff, time spent by treasury staff in relation to tasks such as recording transactions and dealing with bank accounts is charged but secretarial time is only recovered if a large block of time is incurred, eg report compilation and distribution.

The Administrators have not utilised the services of any sub-contractors in this case.

Professional advisors

On this assignment the Administrators have used the professional advisors listed below. The Administrators have also indicated the basis of their fee arrangement with them, which is subject to review on a regular basis.

Name of professional advisor	Basis of fee arrangement
Hogan Lovells International LLP (legal advice)	Hourly rate and disbursements
Willis Towers Watson Limited (insurance)	Risk based premium
Hilco Capital Limited (valuation and disposal advice)	Fixed fee
Clear-IT Solutions (Europe) Limited (software solutions)	Fixed fee

The Administrators' choice was based on their perception of the professional advisors' experience and ability to perform this type of work, the complexity and nature of the assignment and the basis of their fee arrangement with them.

Disbursements

Category 1 disbursements do not require approval by creditors. Category 1 disbursements may include external supplies of incidental services specifically identifiable to the case eg postage, case advertising, invoiced travel and external printing, room hire and document storage. Any properly reimbursed expenses incurred by the Administrators and their staff will also be chargeable.

Category 2 disbursements do require approval prior to being paid and will be drawn in accordance with the approval given, they may include:

- photocopying – charged at the rate of 10 pence per sheet for notifications and reports to creditors and other copying,
- printing – charged at the rate of 10 pence per sheet for black and white printing and 15 pence per sheet for colour, and
- business mileage for staff travel - charged at the rate of 45 pence per mile

Charge-out rates

A schedule of AlixPartners' charge-out rates for this assignment effective from 1 February 2016 is detailed below. Time is charged by managing directors and case staff in units of six minutes.

Description	£
Managing director	595-650
Director	570
Vice president*	430-480
Associate	350-430
Analyst	200-350
Treasury and support	95-230
* A project has been undertaken to consolidate the staffing grades of AlixPartners Services UK LLP with the wider AlixPartners firm, and the Associate Director grade has been retitled as Vice President. No changes have been made to the rates charged per grade as a result of this project.	

Appendix G. Exit route

Dissolution of the Company

The Company has no property to permit a distribution to its unsecured creditors. The Administrators will therefore file a notice, together with their final progress report, at court and with the Registrar of Companies for dissolution of the Company. The Administrators will send copies of these documents to the Company and its creditors. The appointment will end following the registration of the notice by the Registrar of Companies.