

AM10

Notice of administrator's progress report

FRIDAY



A13 *A786C040* 15/06/2018 #198
COMPANIES HOUSE

1 Company details

Company number 0 4 7 1 7 1 4 7

Company name in full Parabis Management Limited

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

2 Administrator's name

Full forename(s) Anne Clare

Surname O'Keefe

3 Administrator's address

Building name/number The Zenith Building

Street 26 Spring Gardens

Post town Manchester

County/Region

Postcode M 2 1 A B

Country

4 Administrator's name ①

Full forename(s) Peter

Surname Saville

① Other administrator
Use this section to tell us about
another administrator.

5 Administrator's address ②

Building name/number

Street 6 New Street Square

Post town London

County/Region

Postcode E C 4 A 3 B F

Country

② Other administrator
Use this section to tell us about
another administrator.

Continuation page

Name and address of insolvency practitioner

✓ **What this form is for**
Use this continuation page to tell us about another insolvency practitioner where more than 2 are already jointly appointed. Attach this to the relevant form. ❶
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
- LIQ2, LIQ3, LIQ05, LIQ13, LIQ14, WU07, WU15
- COM1, COM2, COM3, COM4
- NDISC

2 Insolvency practitioner's name

Full forename(s) Benjamin

Surname Browne

3 Insolvency practitioner's address

Building name/number

Street 6 New Street Square

Post town London

County/Region

Postcode E C 4 A 3 B F

Country

AM10

Notice of administrator's progress report

6 Period of progress report

| | | | | | | | | |
|-----------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| From date | ^d 2 | ^d 3 | ^m 1 | ^m 1 | ^y 2 | ^y 0 | ^y 1 | ^y 7 |
| To date | ^d 2 | ^d 2 | ^m 0 | ^m 5 | ^y 2 | ^y 0 | ^y 1 | ^y 8 |

7 Progress report

☒ I attach a copy of the progress report

8 Sign and date

Administrator's
signature

Signature

X



X

Signature date

| | | | | | | | |
|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| ^d 1 | ^d 4 | ^m 0 | ^m 6 | ^y 2 | ^y 0 | ^y 1 | ^y 8 |
|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|

AM10

Notice of administrator's progress report



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
Melissa Fielding

Company name
AlixPartners

Address
The Zenith Building

26 Spring Gardens

Post town
Manchester

County/Region

Postcode
M 2 1 A B

Country

DX

Telephone
0161 838 4529



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

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Administrators' Progress Report for the period 23 November 2017 to 22 May 2018

Parabis Management Limited
In Administration

14 June 2018

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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**).

| Entity name | Entity abbreviation |
|---|---------------------|
| Parabls Limited | Limited |
| Parabis Law LLP | LLP |
| Parabis Holdings Limited | Holdings |
| Woodfield Consultancy Services (UK) Limited | Woodfield |
| 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 |
| Parabis Group Limited | PGL |

- 1.3 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 November 2017 to 22 May 2018 (the **Period**) and should be read in conjunction with all previous reports in respect of the Group.
- 1.4 This report has been prepared in accordance with rule 18.2 of the Insolvency (England and Wales) Rules 2016.
- 1.5 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.
- 1.6 As a reminder the administrator of a company must perform their functions with a view to achieving one of the following statutory objectives:
- Objective 1: rescuing the company as a going concern;
- Objective 2: achieving a better result for the company’s creditors as a whole than would be likely if the company were wound up (without first being in administration); or
- Objective 3: realising property in order to make a distribution to one or more secured or preferential creditors.
- 1.7 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.

- 1.8 Details of the Administrators' fees and disbursements incurred are provided at Appendices C to E.
- 1.9 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.
- 1.10 If you require a hard copy of this report or have any queries in relation to its contents or the Administration generally, please contact Paul Butterfield on 0161 838 4539, by email at **creditorreports@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 £ or pence/£ |
|------------------------|------------------|-------------------------------------|
| Group | | |
| Secured creditors: | | |
| Super senior debt | 6.5 million | 6.5 million |
| First lien | 38.2 million | 24.1 million |
| Second lien | 26.9 million | Nil |
| The Company | | |
| Preferential creditors | 10,792 | 100 pence/£ |
| Unsecured creditors: | | |
| Third party creditors | 18.5 million | Nil |
| Intercompany creditors | 20.6 million | Nil |

Notes:

Secured Creditors

The estimated level of debt is the debt owed to the Secured Creditors (defined in paragraph 4.2) by the Group at the date of the Administrators' appointment.

The Secured Creditors' position reflects the total debt and return across the Group, 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 the costs of the Administration. Due to improvements in the level of asset realisations across the Group, the estimated return to the first lien lenders has increased by £0.9 million in the Period and remains subject to change.

Preferential creditors

Claims totalling £10,792 in respect of unpaid employers' pension scheme contributions have been received and agreed by the Administrators. A dividend of 100 pence in the pound was issued on 17 April 2018.

Unsecured creditors

The Company's total unsecured claims are estimated to be £39.1 million. There are insufficient floating charge asset realisations to enable a dividend to be paid to the unsecured creditors.

In respect of preferential or unsecured creditors, UK insolvency legislation stipulates that creditors of the same class should be treated equally. Hence the funds available for distribution are split on a pro-rata basis amongst all creditors of each class, regardless of the size of their claims.

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

3. Progress of the Administration

- 3.1 Attached at Appendix B is the Administrators' Receipts and Payments Account for the Period together with a Cumulative Account for the period since the date of appointment. These accounts are prepared on a cash basis, therefore details of costs incurred but not yet paid are excluded from the accounts and are summarised at Appendix D.
- 3.2 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. 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 C and D 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.

Transitional Services Agreement (**TSA**)

- 3.3 To facilitate the sale of certain of the Group's businesses, it was agreed that all parties would enter into a TSA whereby central management services, such as facilities and payroll, would continue to be provided for a specified period of time.
- 3.4 The Company incurred all costs associated in the provision of TSA services and subsequently recharged these costs amongst the various purchasers of the Group's businesses and assets (the **Purchasers**) in accordance with their respective Sale and Purchase Agreements. The balance of these costs are allocated to those Group entities whose asset realisations were enhanced as a result of the TSA (AAI, ARL, ARMS, Holdings and LLP) (together the **TSA Companies**) and are referred to as Management Charges.
- 3.5 The Purchasers each contributed an agreed amount towards the costs of supplying the TSA services which are detailed under the 'Third party TSA funding contribution' entry in the Receipts and Payments Account. Management Charges are allocated amongst the TSA Companies in a proportion equal to each entity's share of the TSA Companies' total asset realisations.

Costs relating to the Purchasers

- 3.6 In the Period, third party TSA funding contributions have been reduced by £36,172, which is made up of £31,251 relating to funds received from one of the Purchasers which was correctly reallocated amongst the TSA Companies, £3,915 of contributions refunded to one of the Purchasers following the finalisation of its associated costs, and £1,006 which has been identified as a rates refund due to AAI.
- 3.7 Following the assignation of the final licence to occupy in August 2017, all property costs have been finalised in the Period. Following completion of this process, the TSA Companies have refunded their residual property cost contributions to the Company, which total £53,677.

- 3.8 A balance of Management Charges owed by one of the Purchasers which totals £6,750 has been received into the TSA in the Period. All Management Charges have now been received in full.

Costs relating to the TSA Companies

- 3.9 Whilst all TSA related matters are concluded, total asset relations across the TSA Companies continue to change, therefore Management Charges and other costs will continue to be reallocated amongst the TSA Companies. The final allocation of Management Charges and other TSA costs will be determined once the Group's asset realisations are complete.

Intercompany receivables

- 3.10 The Company is party to an intercreditor agreement dated 21 December 2011, subsequently amended on 22 June 2015 (the **Agreement**), between certain Group entities and the Secured Creditors. The effect of the Agreement is that the Secured Creditors are entitled to the benefit of intercompany dividends paid to the parties subject to the Agreement.
- 3.11 As detailed in the directors' SoA, the Company is owed monies from ARMS, CM, Holdings, LLP and PGL totalling approximately £20.6 million. These balances rank as unsecured claims in the Administrations of those entities.
- 3.12 In the Period, ARMS, CM and PGL have issued unsecured dividends to their respective creditors. In accordance with the Agreement, the dividend payments in respect of ARMS and PGL have been paid to the Secured Creditors. As CM is not party to the Agreement, the dividend payable to the Company which totals £14,187 has been retained in the Administration and is detailed in the Receipts and Payments Accounts at Appendix B. The rate of return to CM's unsecured creditors was four pence in the pound.
- 3.13 The anticipated rate of return to the unsecured creditors of LLP is approximately one pence in the pound, and the final level of return will be confirmed by LLP when the dividend is issued, which will be on or before 20 August 2018. The dividend payments in respect of LLP's intercompany creditors will be remitted to the Secured Creditors in accordance with the Agreement.

Nominal receipts

- 3.14 Bank interest of £102 has been received in the Period.

Administration (including statutory reporting)

- 3.15 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, which includes preparing bi-annual reports to creditors advising of the progress of the Administration. The Administrators are also responsible for liaising with HMRC to determine the final position in respect of corporation tax, VAT and other taxes that may be owed by or to the Company, and for filing tax returns for the duration of the Administration.

- 3.16 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.
- 3.17 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)

- 3.18 Details of the estimated outcome for creditors can be found in section 4.

Secured Creditors

- 3.19 The Administrators have continued to provide both formal and informal updates to the Secured Creditors. The Administrators' updates provide information in relation to asset realisations and general progress in the Group's Administrations in order to monitor the estimated outcome for each class of creditor on an ongoing basis.

Unsecured creditors

- 3.20 The Administrators have continued to respond to general creditor queries and process claims upon receipt.

4. Estimated outcome for creditors

- 4.1 The below table details the Group's borrowing at the date of the Administrators' appointment, which was previously updated to include the results of a reconciliation completed shortly after appointment. Full details of the Group's lending has been provided in previous reports.

| 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 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 intercreditor 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 2015 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 and it is not anticipated that the Company will have any funds available after the costs of the Administration to make a distribution. Based on current information and realisations to date, it is estimated that the first lien lenders will receive a total return of £24.1 million across the Group. As this number is based on an element of estimated future realisations, the final return is subject to change. The first lien lenders will suffer a shortfall on their lending.
- 4.9 The second lien lenders will not receive a distribution on their lending.
- 4.10 The Secured Creditors also benefit from the Agreement as detailed at section 3.10. Based on current information, the intercompany debts payable to the Secured Creditors are anticipated to total approximately £1.1 million.

Preferential creditors

- 4.11 Claims totalling £10,792 in respect of unpaid employers' pension scheme contributions have been received and agreed by the Administrators. A dividend of 100 pence in the pound was issued on 17 April 2018.

Unsecured Creditors' Fund

- 4.12 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'.
- 4.13 Intercompany claims against the Company total £20.6 million and third party claims total £18.5 million as noted in section 2; therefore, the Company's total unsecured claims are estimated to be £39.1 million.
- 4.14 There will be no floating charge surplus available after costs. As a result, the value of the Company's net property and the Unsecured Creditors' Fund are nil. Consequently, there are 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 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 F.

For and on behalf of
Parabis Management Limited



Anne O'Keefe
Administrator

Encs

Appendix A. Statutory information

Company information

| | |
|--------------------------|--|
| Company name | Parabls 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 name(s) | Parabls 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, 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, 6 New Street Square, London, EC4A 3BF | 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 initially extended for a period of 12 months with the consent of the Company's creditors to 22 November 2017. As it was not possible to conclude all matters prior to this date, the Administrators successfully sought an order of the court to extend the Administration for a further 12 months to 22 November 2018.

The Administrators anticipate that the Administration will be in a position to close within the next six months; therefore, no further extensions are expected.

Appendix B. Receipts and Payments Account for the period 23 November 2017 to 22 May 2018 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 |
| 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 | - | 48,130 |
| Motor vehicles | - | 2,917 |
| Employee loans | - | 6,074 |
| Third party TSA funding contribution | (36,172) | 5,127,894 |
| Management charges | 6,750 | 4,788,089 |
| Contribution to Administrators' fees, legal fees and migration costs | - | 1,701,935 |
| Intercompany dividend | 14,187 | 14,187 |
| Sundry realisations | - | 9,924 |
| Bank interest | 102 | 2,569 |
| | (15,133) | 11,701,722 |
| Payments | | |
| Pre-appointment fees and disbursements | - | 2,962 |
| Employee claim agent's fees | - | 1,560 |
| Legal fees | - | 218,501 |
| Legal disbursements | - | 3,827 |
| Administrators' fees | - | 1,356,819 |
| Category 1 disbursements: | - | |
| Statutory advertising | 85 | 169 |
| Stationery, postage and photocopying | 263 | 4,936 |
| Pre-appointment salaries, expenses, deductions, PAYE/NIC | - | 417,457 |
| TSA IT and operational costs | 7,123 | 2,868,899 |
| TSA employee costs | - | 4,276,286 |
| TSA property related costs | (53,677) | 1,107,601 |
| Professional fees | 1,100 | 1,100 |
| Insurance | 4,876 | 4,876 |
| TSA postage costs | - | 1,266,526 |

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

| Statement of Affairs £ | Period £ | Cumulative £ |
|---|-----------------|---------------------|
| Sundry expenses | - | 41 |
| Forward funding | (7,123) | - |
| Bank charges | 19 | 3,473 |
| | 47,333 | (11,535,033) |
| Distributions | | |
| Preferential creditors: | | |
| Redundancy Payments Service, 100p/£, 17/04/18 | 10,792 | 10,792 |
| | (10,792) | (10,792) |
| Balance of floating charge assets | 21,408 | 155,898 |
| Total balance | | 155,900 |
| Represented by | | |
| Interest bearing accounts | | 155,900 |
| | | 155,900 |

Notes:

The above is subject to small rounding differences.

As the TSA is funded by the purchasers and the costs of the Administrators 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.

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 May 2018 and not the final position. The final TSA position will be a nil profit/loss.

Appendix C. Administrators' fees

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 insolvency legislation. 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 totalling £1,356,819 have been drawn.

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 £ |
|--|-------------------|-------------------------|--------------------|
| Trading | 1,502 | 366 | 550,001 |
| Realisation of assets | 112 | 425 | 47,643 |
| Administration (including statutory reporting) | 718 | 328 | 235,625 |
| Investigations | 19 | 334 | 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.

Based on the actual level of work undertaken, the Administrators concluded that the initial fee estimate would not be sufficient to complete their duties. As a result, the Administrators provided the secured and preferential creditors with further information in respect of the projected final fee position. A revised estimate of £1,500,910 was approved on 23 October 2017 and 19 October 2017 by the secured and preferential creditors, respectively.

Administrators' details of time spent to date

The Administrators' time costs for the Period are £18,616. This represents 58 hours at an average rate of £322 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 | 2 | 358 | 680 | 1,804,835 |
| Realisation of assets | 18 | 319 | 5,833 | 45,740 |
| Administration (including statutory reporting) | 28 | 326 | 8,957 | 657,472 |
| Investigations | Nil | Nil | Nil | 17,277 |
| Creditors (claims and distribution) | 10 | 311 | 3,146 | 13,400 |
| Total | 58 | 322 | 18,616 | 2,538,724 |

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

Should any matters arise, such as investigatory matters and/or additional realisable assets, further time will be incurred dealing with such matters. Similarly if the Administrators encounter any protracted realisations, further time will be incurred in finalising matters. If applicable, the Administrators will advise creditors in future communications.

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.

Appendix D. 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 periods £ | Paid in the Period £ | Incurred but not paid £ | Total cost to date £ |
|--------------|-------------------------|----------------------|-------------------------|----------------------|
| Legal costs | 222,328 | Nil | 3,588 | 225,916 |
| Insurance | Nil | 4,876 | Nil | 4,876 |
| Total | 222,328 | 4,876 | 3,588 | 230,792 |

Unpaid legal fees relate to the costs incurred in relation to the court application to extend the Administration by a further 12 months and have been paid outside of the Period.

TSA costs

The position of TSA costs is detailed below.

| | Total cost £ |
|--|------------------|
| IT and employee costs (Central Services) | 7,145,185 |
| Property | 1,107,601 |
| Post | 1,266,526 |
| Total | 9,519,312 |

The above costs do not impact the outcome for the Company's creditors as the TSA will not create a profit or loss to the Company. Any shortfall in relation to costs is drawn from the *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 at Appendix B.

| | 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 £5,105 have been drawn on account. Approval to draw category 2 disbursements has been given by the secured and preferential creditors on 12 February 2016; however, none have been drawn to date.

Appendix E. 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, a director or senior vice president, a vice president and a consultant. 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 business mileage for staff travel - charged at the rate of 45 pence per mile.

Charge-out rates

A schedule of AlixPartners' hourly charge-out rates for this assignment effective from 1 January 2018, together with those applicable prior to that date, is detailed below. Time is charged by managing directors and case staff in units of six minutes.

| Description | Rates from | Rates pre |
|-----------------------------|---------------------|---------------------|
| | 1 January 2018 £ | 1 January 2018 £ |
| Managing director/Appointee | 705 | 615-675 |
| Director | 615 | 590 |
| Senior vice president* | 520 | 495 |
| Vice president* | 380-465 | 365-445 |
| Consultant* | 210-315 | 210-315 |
| Treasury and support | 105-250 | 100-240 |

* A firm-wide renaming of certain staffing grades of AlixPartners has been implemented with effect from 2 January 2018. The senior vice president grade was formerly vice president, vice president was formerly associate, and consultant was formerly analyst.

Appendix F. Extensions and exit route

Extensions

The Administration was initially extended for a period of 12 months with the consent of the Company's creditors to 22 November 2017. As it was not possible to conclude all matters prior to this date, the Administrators successfully sought an order of the court to extend the Administration for a further 12 months to 22 November 2018.

The Administrators anticipate that the Administration will be in a position to close within the next six months; therefore, no further extensions are expected.

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.