In accordance with Rule 3.38 of the Insolvency (England & Wales) Rules 2016

AM06

Notice of approval of administrator's proposals

Companies House

FRIDAY

A759KBVD

A15 04/05/2018 #4

COMPANIES HOUSE

1 Company details

Company number	0 5 0 2 6 5 8 4
Company name in full	Open Door (Legal Services) Ltd

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

2 Court details

Court name	High Court of Justice, Business and Property Courts, Manchester
Court case number	2 3 4 7 2 0 1 8

3 Administrator's name

Full forename(s)	Daniel James Mark
Surname	Smith

4 Administrator's address

Building name/number	PO Box 810
Street	66 Shoe Lane
Post town	London
County/Region	
Postcode	E C 4 A 3 W A
Country	

AM06
Notice of approval of administrator's proposals

5 Administrator's name ❶

Full forename(s)	Daniel Francis
Surname	Butters

❶ **Other administrator**
Use this section to tell us about another administrator.

6 Administrator's address ❷

Building name/number	PO Box 810
Street	66 Shoe Lane
Post town	London
County/Region	
Postcode	E C 4 A 3 W A
Country	

❷ **Other administrator**
Use this section to tell us about another administrator.

7 Date administrator(s) appointed

Date: d1 d1 m0 m4 y2 y0 y1 y8

8 Date statement of proposals delivered to creditors

Date: d1 d8 m0 m4 y2 y0 y1 y8

9 Date proposals were deemed to be approved

Date: d3 d0 m0 m4 y2 y0 y1 y8

10 Sign and date

Administrator's signature: Signature X X

Signature date: d0 d1 m0 m5 y2 y0 y1 y8

AM06

Notice of approval of administrator's proposals

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	Aaron Banks
Company name	Deloitte LLP
Address	Four Brindleyplace
	Birmingham
Post town	B1 2HZ
County/Region	
Postcode	
Country	
DX	
Telephone	+44 121 632 6000

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 signed and dated 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

Deloitte.

Harrington Brooks Group Limited ("HBGL")
Harrington Brooks Limited ("HBL")
HB Financial Solutions Limited ("HBFS")
Open Door (Legal Services) Limited ("ODLS")
One Advice Limited ("OAG")
All in Administration (together "the Companies")

JOINT ADMINISTRATORS' STATEMENT OF PROPOSALS PURSUANT TO PARAGRAPH 49 OF SCHEDULE B1 OF THE INSOLVENCY ACT 1986 (AS AMENDED) ("the Act")

Daniel James Mark Smith and Daniel Francis Butters ("the Joint Administrators") were appointed Joint Administrators of Companies on 11 April. The affairs, business and property of the Companies are managed by the Joint Administrators. The Joint Administrators act as agents of the Companies and contract without personal liability. All licensed Insolvency Practitioners of Deloitte LLP ("Deloitte") are licensed in the UK to act as Insolvency Practitioners.

For the purposes of paragraph 100(2) of Schedule B1 of the Act, the Joint Administrators confirm that they are authorised to carry out all functions, duties and powers by either of them jointly and severally.

18 April 2018

Deloitte.

Deloitte LLP
PO Box 500
2 Hardman Street
Manchester
M60 2AT
Tel: +44 161 8323555
Fax: +44 (0) 161 829 3800
www.deloitte.com/uk/oneadvice

Harrington Brooks Group Limited, Harrington Brooks Limited , HB Financial Solutions Limited , Open Door (Legal Services) Limited and One Advice Limited (in administration)

This Statement of Joint Administrators' Proposals ("the Proposals") has been prepared pursuant to paragraph 49 of Schedule B1 of the Act, which requires that we, as the Joint Administrators, provide creditors with details of our proposals to achieve the purpose of the administrations.

We do not think that the Companies have sufficient property to enable a distribution to be made to unsecured creditors. As such we are not required to ask creditors to approve our proposals unless requested to do so by creditors whose total debts amount to at least 10% of the total debts of the Companies.

If you would like to ask us to hold a decision procedure to consider our proposals please complete a Form for Requisitioned Decisions which is available for download from the website set up for the administration at www.deloitte.com/uk/oneadvice and return it to us by post or email no later than 25 April 2018. Please note that a deposit of £1,000 will be required towards the costs of initiating the decision procedure; such deposit may be refunded as an expense of these proceedings under Rule 15.19(4) Insolvency Rules 2018 ("the Rules"), if so decided by creditors.

In the event that a request for a decision procedure is not received by us within the *above deadline, our proposals will be deemed approved on* 30 April 2018 and a notice to that effect will be filed at Companies House.

We have also included the following information in this report:

- background of the Companies;
- the circumstances giving rise to the appointment of the Joint Administrators;
- the progress of the administrations to date; and,
- the Joint Administrators' proposals for achieving the objective of the *administrations* (Appendix E).

Yours faithfully
For and on behalf of the Companies

Joint Administrators

Key messages

Key messages

Joint Administrators of the Companies

Daniel James Mark Smith

Deloitte LLP

2 Hardman Street

Manchester

M60 2AT

Daniel Francis Butters

Deloitte LLP

1 City Square

Leeds

LS1 2AL

Contact details

Email: aabanks@deloitte.co.uk

Website:

www.deloitte.com/uk/oneadvice

Tel: 0121 695 5827

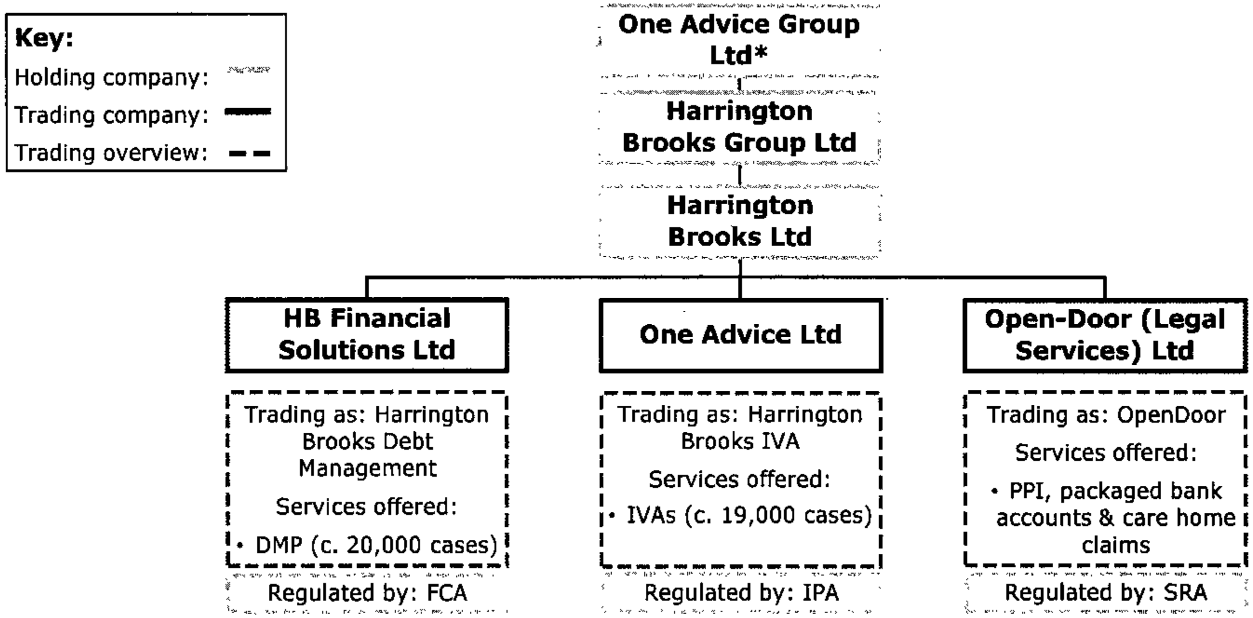
Date proposals delivered to creditors: 18 April 2018

	Commentary
Purpose of the administration	• The purpose of the administrations will be to achieve a better result for the Companies' creditors as a whole than a liquidation.
Pre pack	• The business and assets were sold on 11 April 2018 as detailed in our SIP 16 Statement dated 18 April 2018 a copy of which can be viewed on www.deloitte.com/uk/oneadvice.
Joint Administrators' strategy	• The Companies ceased trading on 11 April 2018 following the pre pack sale of the business and assets of the Companies. • All employees transferred to Gregory Pennington Ltd, Freeman Jones Ltd and All About Money Ltd which are all part of Think Money Group ("the Purchaser"). • Funds of £21m in respect of the sale have been received from the Purchaser, a further contingent deferred consideration is due as detailed on page 13.
Approval of the proposals	• As there is no prospect of any funds being returned to unsecured creditors, our Proposals will be deemed approved by creditors unless a decision procedure is requested under Rule 15.18. Please refer to page 14 for further details.
Estimated Timescale	• On current information the duration of the administrations is likely to be 12 months at which point it is intended that the rights to receive any future deferred consideration will be assigned to the secured Loan note holders, who are the sole economic beneficiary. Following which it is anticipated that the Companies will move to dissolution.
Estimated Costs and Estimate of work required to be done	• We propose to charge our fees on a set fee basis. • We have provided an outline of the work we propose to undertake and our anticipated costs for so doing at page 18 and Appendix D. • Disbursement of £1,730 are expected to be incurred over the duration of the appointment as detailed on page 30. • We anticipate that third party costs in relation to legal fees will be in the region of £50k plus VAT over the duration of the appointment as detailed on page 18.
Estimated Outcomes	On current information, we anticipate the following outcome for each category of creditor: – The first ranking secured creditor PNC Financial Services UK Ltd ("PNC") will be paid in full during the administration. – It is expected that the second ranking secured creditors being the holder of Secured Loan Notes ("LN") (being 88.7% held by RJD Partners Ltd ("RJD"), 9.1% held by F&C Private Equity Trust Ltd ("F&C") and 2.2% held by management) will not be paid in full due to insufficient assets realisations. – Preferential creditors – There are no preferential creditors in the administration as all employees have transferred to the Purchaser. – Unsecured creditors – There will be no distribution for unsecured creditors.
Shareholders	• There is no prospect of a return to shareholders of the Companies. Additional information for shareholders can be found on page 21.
Proposals	• Our Proposals for managing the business and affairs of the Companies can be found on page 14.

Background

Background
Overview

Simplified Group Structure



* The holding entity One Advice Group Limited is not included in this administration appointment.

Group overview

- The Group managed c. 19,000 Debt Management Plans ("DMP"), c. 19,000 Individual Voluntary Arrangements ("IVA") and c. 3,000 Payment Protection Insurance ("PPI") claims on behalf of its DMP and IVA customers.
- The three primary trading entities within the Group were HBFS which provided the DMP services, OAL which provided IVA services, and ODLS which provided legal advice (primarily pursuing PPI claims for IVA customers).
- There are 8 other entities within the One Advice Group ("the Group") that are excluded from this transaction and have therefore not been included on the group structure chart above. These entities will be dealt with separately by way of CVL or strike-off as appropriate.
- The Group is funded through a £19.5m RCF facility with PNC and £36m of LN's.

Employees

As at 11 April 2018, the Companies employed approximately 320 staff, as follows:

- HBFS – 177
- ODLS – 19
- OAL – 124

All employees have transferred to the Purchaser.

Overview of financial information

Extracts from the *audited Companies* accounts for the 12 months to 10 March 2017, 12 months to 10 March 2016, and *unaudited accounts to* 10 March 2018 *are* shown opposite and on the following pages.

Please note that this information has not been verified by the Joint Administrators or by Deloitte.

Commentary

The Companies made net losses in each of the last 3 years. These losses were driven by reducing revenues combined with additional costs incurred in relation to obtaining the required regulatory approvals and ongoing interest costs.

Total revenues generated across the Group for the financial year 2017 were £36.0m, down from £39.0m in 2016 and £48.7m in 2015. This continued decline in revenue is largely attributable to the changing sector and regulatory landscape which has led to a reduction in investment in new cases.

The primary realisable assets of the business are the existing DMP, IVA and legal claim cases which are *included within the intangible asset balance.*

Investments relate to investments in subsidiaries including the entities in Administration and other entities that will be subsequently dealt with by way of liquidation or strike off.

The *balances relating* to tangible fixed assets includes leasehold property improvements, IT equipment and furniture, fixtures and fittings, all of which are held at the head office in Sale.

Debtors *includes intercompany* balances *and* amounts owing from DMP and IVA cases. A small element also relates to deferred tax assets and *pre-payments made* to suppliers for goods and services.

HBGL

Summary profit and loss account

£'000	Management Accounts for 12 months to 10/03/2018	Statutory Accounts for 12 months to 10/03/2017	Statutory Accounts for 12 months to 10/03/2016
Turnover	698	753	705
Cost of Sales	(666)	(695)	(652)
Gross Profit	**32**	**58**	**53**
Gross Margin %	*5%*	*8%*	*8%*
Other Expenses	(92)	(93)	(89)
(L)/EBIT	**(60)**	**(35)**	**(36)**

Summary balance sheet

£'000	Management Accounts for 12 months to 10/03/2018	Statutory Accounts for 12 months to 10/03/2017	Statutory Accounts for 12 months to 10/03/2016
Tangible assets	-	-	-
Intangible assets	-	-	-
Investments	14,808	14,808	14,808
Fixed assets	**14,808**	**14,808**	**14,808**
Stock	-	-	-
Debtors	7,498	6,656	5,749
Cash at bank and in hand	-	-	78
Current Assets	**7,498**	**6,656**	**5,827**
Trade creditors	(78)	(28)	(3)
Other	-	-	-
Bank	(39,683)	(34,750)	(30,279)
Total Liabilities	**(39,761)**	**(34,778)**	**(30,282)**
Net Assets	**(17,455)**	**(13,314)**	**(9,647)**

Background
Summary financials

HBL

Summary profit and loss account

£'000	Management Accounts for 12 months to 10/03/2018	Statutory Accounts for 12 months to 10/03/2017	Statutory Accounts for 12 months to 10/03/2016
Turnover	-	-	-
Cost of Sales	-	-	-
Gross Profit	-	-	-
Gross Margin %	-	-	-
Other Expenses	(192)	(187)	(183)
(L)/EBIT	**(192)**	**(187)**	**(183)**

Summary balance sheet

£'000	Management Accounts for 12 months to 10/03/2018	Statutory Accounts for 12 months to 10/03/2017	Statutory Accounts for 12 months to 10/03/2016
Tangible assets	-	-	-
Intangible assets	-	-	-
Investments	23,493	18,993	18,993
Fixed assets	**23,493**	**18,993**	**18,993**
Stock	-	-	-
Debtors	1,812	2,781	4,092
Cash at bank and in hand		-	
Current Assets	**1,812**	**2,781**	**4,092**
Trade creditors	(10,382)	(10,010)	(9,576)
Other	-	-	-
Bank	(18,602)	(18,737)	(19,146)
Total Liabilities	**(28,984)**	**(28,747)**	**(28,722)**
Net Assets	**(3,679)**	**(6,973)**	**(5,637)**

HBFS

Summary profit and loss account

£'000	Management Accounts for 12 months to 10/03/2018	Statutory Accounts for 12 months to 10/03/2017	Statutory Accounts for 12 months to 10/03/2016
Turnover	11,946	17,526	21,062
Cost of Sales	(3,730)	(7,305)	(12,307)
Gross Profit	**8,216**	**10,221**	**8,755**
Gross Margin %	*69%*	*58%*	*42%*
Other Expenses	(5,412)	(6,987)	(10,648)
(L)/EBIT	**2,804**	**3,234**	**(1,893)**

Summary balance sheet

£'000	Management Accounts for 12 months to 10/03/2018	Statutory Accounts for 12 months to 10/03/2017	Statutory Accounts for 12 months to 10/03/2016
Tangible assets	425	690	660
Intangible assets	1,256	2,672	3,016
Investment in subsidaries	4,141	4,141	4,141
Fixed assets	**5,822**	**7,503**	**7,817**
Debtors	10,437	10,249	2,680
Cash at bank and in hand	-	49	217
Current Assets	**10,437**	**10,298**	**2,897**
Trade creditors	(991)	(10,446)	(6,258)
Provison for liabilities	(3,038)	(2,414)	(2,678)
Total Liabilities	**(4,029)**	**(12,860)**	**(8,936)**
Net Assets	**12,230**	**4,941**	**1,778**

Background
Summary financials

OAL

Summary profit and loss account

£'000	Management Accounts for 12 months to 10/03/2018	Statutory Accounts for 12 months to 10/03/2017	Statutory Accounts for 12 months to 10/03/2016
Turnover	10,460	13,927	12,617
Cost of Sales	(8,445)	(13,020)	(10,202)
Gross Profit	**2,015**	**907**	**2,415**
Gross Margin %	*19%*	*7%*	*19%*
Other Expenses	(3,158)	(3,266)	(3,264)
(L)/EBIT	**(1,143)**	**(2,359)**	**(849)**

Summary balance sheet

£'000	Management Accounts for 12 months to 10/03/2018	Statutory Accounts for 12 months to 10/03/2017	Statutory Accounts for 12 months to 10/03/2016
Tangible assets	-	-	-
Intangible assets	236	409	3
Fixed assets	**236**	**409**	**3**
Debtors	11,196	18,609	11,379
Cash at bank and in hand	38	79	275
Current Assets	**11,234**	**18,688**	**11,654**
Trade creditors	(12,585)	(14,569)	(4,766)
Other	-	-	-
Total Liabilities	**(12,585)**	**(14,569)**	**(4,766)**
Net Assets	**(1,115)**	**4,528**	**6,891**

ODLS

Summary profit and loss account

£'000	Management Accounts for 12 months to 10/03/2018	Statutory Accounts for 12 months to 10/03/2017	Statutory Accounts for 12 months to 10/03/2016
Turnover	1,801	3,780	4,641
Cost of Sales	(1,057)	(1,827)	(2,651)
Gross Profit	**744**	**1,953**	**1,990**
Gross Margin %	*41%*	*52%*	*43%*
Other Expenses	(1,847)	(2,011)	(1,156)
(L)/EBIT	**(1,103)**	**(58)**	**834**

Summary balance sheet

£'000	Management Accounts for 12 months to 10/03/2018	Statutory Accounts for 12 months to 10/03/2017	Statutory Accounts for 12 months to 10/03/2016
Tangible assets	-	-	-
Intangible assets	2	4	21
Fixed assets	**2**	**4**	**21**
Debtors	3,454	4,555	4,235
Cash at bank and in hand	-	-	-
Current Assets	**3,454**	**4,555**	**4,235**
Trade creditors	(56)	(110)	(32)
Proviison for liabilities	(135)	(81)	(105)
Bank	-	1	307
Total Liabilities	**(191)**	**(190)**	**170**
Net Assets	**3,265**	**4,369**	**4,426**

Background
Joint Administrators' appointment

Circumstances giving rise to the appointment of the Joint Administrators

Reasons for failure / financial distress and steps taken to remedy / turnaround

In 2014 the Financial Conduct Authority ("FCA") took over responsibility for the regulation of DMP companies from the OFT. As a result, additional regulations were put in place for all companies operating in the sector who had to apply to the FCA for authorisation.

During this period the Group curtailed its operations and reduced in size and profitability.

In addition, as part of the authorisation process the Group was required to make redress payments to customers totalling c.£3.5m (c.£2m had been paid at the date of Administration) which had a further detrimental impact on the Group's cash position.

The PNC facility was due to expire in August 2018 and the Group was asked to refinance it's working capital facilities in advance of this date.

The Group commenced an extensive refinance process in September 2016 to seek an alternative funder.

It became clear by late 2017 that a refinance would not be possible in advance of the existing facilities expiring.

In light of this, the Group considered its alternate options and conducted ongoing dialogue with both PNC and the LN Holders.

On 21 March 2018, PNC advised the Group that it was not its intention to renew the RCF beyond expiry in August 2018. This was formalised in writing on 9 April 2018.

With no alternative funding option available or any likely prospect of obtaining funding from elsewhere, the directors concluded that there was no reasonable prospect of avoiding insolvency.

Involvement of Deloitte pre-appointment

Historically Deloitte completed a number of small VAT engagements for the Group between 2012 and 2015.

In September 2016 Deloitte was engaged to provide assistance and advice in preparing the Group for a refinance and identifying potential lenders to replace the existing facilities.

Alongside this process separate Deloitte teams undertook vendor due diligence and provided limited stakeholder support.

Following an unsuccessful outcome to the refinance process, a separate engagement was commenced in January 2018 to review the options available to the Group. During this engagement a number of options were considered as detailed in our SIP 16 statement dated 18th April 2018.

On 19 March 2018 Deloitte was engaged to undertake high level contingency planning.

On 29 March 2018 Deloitte was engaged to plan for and deliver the Transaction.

When decision to appoint was made

Once it became clear that there was no reasonable prospect of avoiding insolvency, the directors held a board meeting on 6 April 2018 to consider placing the Companies into administration.

Daniel James Mark Smith and Daniel Francis Butters of Deloitte were asked to take the pending appointment as Joint Administrators by the Directors of the Companies.

Pre-packaged sale

The sale completed on 11 April 2018, full details are provided in the attached SIP 16 letter.

Post-appointment

Post-appointment

Purpose

Appointment of the Joint Administrators

Daniel James Mark Smith and Daniel Francis Butters, of Deloitte were appointed Joint Administrators of the Companies by the directors of the Companies on 11 April 2018, following the filing of a Notice of Appointment of Joint Administrators by the Companies' directors.

Purpose of the administration

The Group has secured debt of c. £55m which had fallen due and payable. It had been unable to repay or to refinance this debt, and its accounts showed a substantial insolvent balance sheet position (net liability of £6.4m at March 2017).

Accordingly, the Joint Administrators concluded that it was not possible to rescue the business as a going concern.

Accordingly, the purpose of the administration was to achieve a better result for creditors as a whole than would be obtained through an immediate liquidation.

***How the affairs and business of the Companies* have been managed and financed since appointment, and the Joint Administrators' *intended strategy* if their proposals are approved**

Sale of business

As detailed in our SIP16 letter dated 18th April 2018 the business and assets of the Companies were sold to Gregory Pennington Ltd, Freeman Jones Ltd and All About Money Ltd which are all part of Think Money Group on 11 April 2018.

Following this transaction, there are no further assets of the Companies to realise. We are working to complete our obligations under the sale agreement with the Purchaser and attend to any unresolved issues or future matters that may arise.

We have shown the sales consideration received to date of £21m below and in the receipts and payments account on pages 27 and 28.

Additional sales consideration is by way of a conditional payment of £7.5m to be paid on a contingent and deferred basis over two years with accrued interest of 5% per annum (up to an additional £575k). Payment of the deferred consideration is subject to the following three conditions:

1. The remaining redress and associated costs of the remediation project being conducted by the Group not being greater than £1.5m. Any amount exceeding £1.5m will be deducted from the deferred consideration to be paid, capped at £1m. Any amount less than £1.5m will be added to the deferred consideration.
2. The realisation of the IVA debtors being greater than or equal to £5.5m. Any realisation amount less than £5.5m will be deducted from the deferred consideration to be paid, capped at £1m. Any realisation amounts exceeding £5.5m will be added to the deferred consideration to be paid, capped at £1m.
3. The client monies held *in relation to* the DMPs and IVAs not being materially misstated. Within 3 months after completion a reconciliation will be performed *and if it is found that the client monies* have been misstated, a report with evidence of these findings will be provided to HBFS and OAL. The costs to rectify any misstatement will be deducted from the deferred consideration.

The *allocation of the total consideration* (*£21.0m upfront* cash, £7.5m deferred and contingent, and 5% p.a. interest on the deferred consideration) across the Companies is as follows:

- HBFS will receive £6.0m plus interest (£4.0m on completion plus £2.0m contingent and deferred plus related interest).
- OAL will receive £22.0m plus interest (£16.5m on completion plus £5.5m contingent and deferred plus related interest).
- ODLS received £0.5m on completion.

No proceeds were allocated to HBG or HB as none of the business and assets sold were held within those entities.

All proceeds are fixed charge and therefore available for distribution after costs to the secured creditors.

Leasehold property

The Companies operated from a leasehold property. A licence to occupy has been granted to the Purchaser for 2 months.

The Purchaser has put the Administrators in funds to cover the associated costs for this period.

Post-appointment

Joint Administrators' proposals

The Joint Administrators' proposals

Our proposals for the administrations include:

- continuing to manage the affairs of the Companies and the settlement of all administration expenses;
- assessing the affairs of the Companies and reviewing and reporting on the conduct of its directors and, where required, providing assistance to any regulatory authorities with any investigation into the affairs of the Companies or its management in line with our statutory duties;
- continuing with enquiries into the conduct of the directors of the Companies and if requested assist any regulatory authorities with any investigation into the affairs of the Companies in line with our statutory duties;
- agreement of the claims of any secured, preferential and unsecured creditors against the Companies unless we conclude, in our reasonable opinion, that the Companies will have no assets available for distribution;
- distributing funds to any secured and preferential creditors and, where applicable, to unsecured creditors under the Prescribed Part as and when their claims are agreed and funds permit, and to make distributions to unsecured creditors, other than out of the Prescribed Part if the court gives permission following an appropriate application;
- that, following the realisation of assets and resolution of all matters in the administration, and as quickly and efficiently as is reasonably practicable, we will implement the most appropriate exit route to formally conclude the administration; and
- that, if the Companies are to be placed into Creditors' Voluntary Liquidation ("CVL"), we (or any person appointed as a replacement office holder) propose to be appointed Joint Liquidators and for the purposes of section 231 of the Act the Joint Liquidators will each be authorised to carry out all functions, duties and powers either jointly or severally.

We will seek specific approval from the appropriate body to fix the basis of and the ability to draw our remuneration and expenses, including pre administration costs and expenses, and to agree the time of our discharge on conclusion of the administration.

Please refer to Appendix E for further details.

Post-appointment
Outcome for creditors

Estimated outcome for creditors

Secured creditors

The Group is funded by a combination of a £19.5m RCF facility with PNC Financial Services UK Ltd ("PNC") and £36m of Secured Loan Notes ("LN").

The PNC facility is secured by way of an assignment of the DMP cases and PPI claims, fixed charges over IVA cases and a floating charge debenture and cross guarantees. The PNC charges were registered on 11 June 2011 and 27 July 2012.

The floating charge is a qualifying floating charge for the purposes of appointing an administrator.

Following the sale on 11 April 2018 the first secured creditor has been repaid in full.

The LNs are secured by way of an assignment over DMP, IVA and PPI cases and fixed charge security over IVA cases. The LN security ranks second to the PNC security in all respects. The LNs are also secured by a second ranking debenture secured across the Group companies.

On present information insufficient assets will be realised to enable the second ranking secured creditor to be paid in full.

Unsecured creditors

The directors' statement of affairs has not yet been finalised, the current ledgers are detailed at appendix B. Creditor amounts due are broken down as follows:

- HBGL – no known creditors
- HBL – no known creditors
- HBFS – 52 creditors totalling £760k
- ODLS – 14 creditors totalling £51k
- OAL – 9 creditors totalling £82k

As detailed above, we do not anticipate that there will be sufficient asset realisations to enable a distribution to be made to unsecured creditors.

Prescribed Part

The Prescribed Part is an amount set aside for unsecured creditors from asset realisations that would otherwise be paid to secured creditors under their floating charge, (referred to as the net property), as set out under section 176A of the Act. It applies only where the charge was created on or after 15 September 2003.

The Prescribed Part is calculated as a % of the net property and is subject to a statutory maximum of £600,000 per companies.

The Prescribed Part provisions will not apply to this case as there are no funds available to secured creditors under their floating charge security.

Claims Process

As there is no prospect of a distribution for unsecured creditors, we do not intend to undertake any work to agree any creditor claims received.

Post-appointment

Extensions & exit routes

Exit route options

In accordance with the provisions of the Act, all administrations automatically come to an end after one year, unless an extension is granted by the court or with consent of the creditors.

There are several possible exit routes from administration. Based on current information, we consider the following exit routes may be appropriate:

- *Dissolution* – If there is no further property which might permit a distribution to the Companies' creditors, we may file notice to that effect with the Registrar of Companies and the Companies will be dissolved three months later.
- *Compulsory Liquidation ("WUC")* – where there is a possibility, but no certainty, of recoveries being made or matters such as property to disclaim or further enquiry, it may be appropriate to ask the court to end the administration and to make an order to wind up the Companies.
- *Creditors' Voluntary Liquidation ("CVL")* - Where a distribution to unsecured creditors will be made, other than by virtue of the Prescribed Part, we may file a notice to that effect with the Registrar of Companies. The administration will cease on the date that notice is registered and the Companies will be wound up.

Please note that if the Companies are placed into CVL, the Joint Administrators (or any person appointed as a replacement office holder) propose to be appointed as Joint Liquidators. The creditors may nominate a different person to be liquidator(s) provided the nomination is made before the proposals are deemed approved by 30 April 2018.

Any creditors' committee appointed in the administration will become a liquidation committee.

For the purposes of section 231 of the Act the liquidators will each be authorised to carry out all functions, duties and powers either jointly or severally.

Discharge of Joint Administrators' liability

Pursuant to paragraph 98 of Schedule B1 of the Act, the Joint Administrators' discharge of liability in respect of their actions as administrators takes effect at the specific time appointed by either the court, the creditors (either via the creditors' committee or by decision of the creditors) or, in specific circumstances, by the secured (and preferential) creditors.

In this case, we will request approval from the approving body for us to be discharged from liability as at the date the Registrar of Companies registers the Joint Administrators' final progress report.

Extension and exit route

As the sale proceeds are deferred for 24 months it is possible that we will extend the initial administrations in order to receive these funds.

Alternatively, we will assign the rights to the deferred consideration to the LNH in Month 12 and exit administration at that point.

Once the administrations are ready to end we will most likely exit via dissolution.

Remuneration and expenses

Remuneration and expenses

Creditors' Guide to Administrators' Remuneration

A Creditors' Guide to Administrators' Remuneration" is appended to SIP 9 and is provided on the administration website and also available for download at www.deloitte.com/uk/sip-9-england-and-wales

Should you require a paper copy, please send your request in writing to the Joint Administrators at the address on 1 and this will be provided to you at no cost.

Basis of Administrators' remuneration

Pursuant to Rule 18.16 of the Insolvency Rules 2016 ("the Rules"), the basis of the Joint Administrators' remuneration may be fixed:

- as a percentage of the value of the property with which the Joint Administrators have to deal;
- by reference to time properly given by the insolvency practitioners and their staff in attending to matters arising in the administration;
- as a set amount;
- or, any combination of the above.

There will be no funds available to the unsecured creditors. Therefore, in accordance with Rule 18.18(4) of the Rules and in the absence of a creditors' committee, we will seek to fix the basis of our remuneration as a set amount, with the consent of each secured creditor.

Estimate of work required – Set Amount (Fixed Fee)

Based on previous appointments of this nature and having regard to the likely number and grades of staff required to fulfil these obligations, we intend to seek approval to draw a set fee of £359,970 plus VAT, broken down as follows:

- HBGL - £7k
- HBL - £7k
- HBFS - £75k
- ODLS - £251k
- OAL - £20k

Full details of the work anticipated to be performed are provided at Appendix D.

Given no value was ascribed by the Purchaser to HBGL and HBL in order to enable these companies to enter administration (which was required to deliver the transaction), the LN holders, in their capacity as the second secured creditor, will bear the costs of the administration of those companies, as this will only impact the funds available for distribution to them.

Joint Administrators' Expenses

We anticipate that the following expenses will be incurred for the duration of the appointment:

- Statutory Advertising - we are required to give notice by advert in the London Gazette of the following matters: our appointment and the initial meeting of creditors to consider our Proposals (if a physical meeting is requested). We estimate costs in this regard will be c.£1k.
- Insurance cover for the pre packed asset sale of c.£1k.
- Legal Costs – we have instructed DLA Piper UK LLP ("DLA") have been instructed to assist with the validity of appointment, validity of security, licence to occupy and lease assignment, post appointment insurance matters and general issues that we may need advice with. DLA estimate their fee for this work to be £50k plus VAT.

All professional costs will be reviewed and analysed in detail before payment is approved.

Remuneration and expenses

Pre-administration costs

Pre-administration costs

Pre-administration costs are defined as the remuneration charged and expenses incurred by the *Joint Administrators (or other person qualified to act as* such) before the Companies entered into administration but with a view to it doing so.

Approval of pre-administration costs

Unless a creditors' committee is formed, it will be a matter for the secured creditors to decide whether and to what extent the unpaid pre-administration costs should be approved for payment.

Statement of pre-administration costs

- Concluding negotiations with the purchasers in relation to the transaction and legal documents required to complete the sale documents;
- Consideration of the tax implications of the transaction;
- Liaison and provision of information to the relevant regulatory bodies.
- Work required to ensure SIP 16 compliance;
- Preparing supporting documents for the appointment applications;
- Considering the administration strategy if a sale could not be achieved;
- Planning appropriate employee and creditor notifications across the Companies and attendance at the Companies premises should site visits have been required.
- *This work needed* to be undertaken prior to the appointments to ensure a planned and co-ordinated approach was taken to the administration to enable the Sale to be completed shortly after the administration appointment.
- Costs up to 6 April 2018 have been paid by the Group.
- Accordingly the costs detailed opposite are the unpaid costs from 7 April 2018 to the appointment.

Statement of pre-administration costs

Fees

We have incurred pre-administration time costs of £72,621, split between the Companies as follows;

- HBGL - £3,000
- HBL - £3,000
- HBFS - £20,000
- ODLS - £36,621
- OAL - £10,000

Legal costs

During planning for the administration, we were assisted by DLA on matters including but not restricted to:

- appointment document preparation
- Drafting SPA, Licence to occupy and security guarantee documents and liaising with lawyers acting on behalf of the purchaser and secured lenders in this regard.
- advising on regulatory requirements
- advising on timings in the run up to appointment
- serving notices as required
- Court filings

In respect of this work, DLA have incurred fees of £240,022 plus VAT and disbursements of £4,081 plus VAT where applicable.

We are seeking approval to draw these costs from OAL. Approval will be requested from the secured creditors.

Additional information

EU Regulations

As stated in the administration appointment documents, Council Regulation (EU) No 2015/848 applies and these are the main proceedings as defined in Article 3(1) of that regulation.

Third party assets

Should you believe that you own or have a claim regarding items that may have been present at the Companies' premises at the date of our appointment please contact us as soon as possible.

Shareholders

We are not obliged to provide further information or reports to shareholders of the Companies. However regular updates will be uploaded to the website set up for the administration which can be found on page 4.

Due to the insolvency of the Companies and anticipated level of asset realisations compared with the level of creditor liabilities owed by the Companies, there is no prospect of a return being made to the shareholders.

Following our appointment, the Companies is no longer able to process transfers of shares, nor re-issue unclaimed dividend cheques.

In certain cases, HM Revenue & Customs may declare shares to be of nil value and capital losses may be claimed. Shareholders should contact their local tax office for further information.

Website

In order to facilitate communication, all statutory reports, documents and notices will be posted on to a website which has been set up specifically for the Companies. The web address is www.deloitte.com/uk/oneadvice.

All documents will be retained on the website which will remain live until two months after the conclusion of the proceedings. Please contact Aaron Banks using any of the contact details given below if you would like to be *provided, free of charge, with a hard copy of documents* posted, either now or in the future, to the website:

Phone: 0121 695 5827

Email: aabanks@deloitte.co.uk

Postal address: Four Brindleyplace, Birmingham, B1 2HZ

Please note that, other than notice of intended dividend, no further notice will be given to you when documents are uploaded to the website. It is thus important that you review the website regularly to check for updates, such as notices of decision procedures or our six monthly reports on progress.

Investigations

As part of our duties, we are obliged shortly after our appointment to review all of the information available to us and conduct an initial assessment of whether there are any matters that might lead to a recovery for the benefit of creditors. This initial assessment includes enquiries into any potential claims that may be brought against parties either connected to or who have had past dealings with the Company.

In addition, we are required to consider the conduct of the Directors and any person we consider to have acted as a shadow or de facto director in relation to their management of the affairs of the Company and the causes of failure and we will submit a confidential report to the Insolvency Service, a division of the Department for Business, Innovation and Skills. Creditors who wish to draw any matters to our attention should contact us using the contact details given on page 4 as soon as possible.

Appendices

Statutory information

Statutory information

	Harrington Brooks Group Limited	Harrington Brooks Limited	HB Financial Services Limited	Open door (Legal Services) Limited	One Advice Limited
Company number	08123197	05296992	03592213	05026584	05394623
Registered office	Four Brindleyplace, Birmingham, B1 2HZ	Four Brindleyplace, Birmingham, B1 2HZ	Four Brindleyplace, Birmingham, B1 2HZ	Four Brindleyplace, Birmingham, B1 2HZ	Four Brindleyplace, Birmingham, B1 2HZ
Trading names	Hedley Bidco Limited	N/A	N/A	N/A	N/A
Previous names	Hedley Bidco Limited	One Advice Group Limited	Harrington Brooks (Accountants) Limited	Castkle Keep Law Limited	Broomco (3736) Limited
Court	High Court of Justice, Business and Property Courts, Manchester	High Court of Justice, Business and Property Courts, Manchester	High Court of Justice, Business and Property Courts, Manchester	High Court of Justice, Business and Property Courts, Manchester	High Court of Justice, Business and Property Courts, Manchester
Court reference	2348 of 2018	2346 of 2018	2350 of 2018	2347 of 2018	2349 of 2018
Company directors	Steven Evans, Matthew Cheetham and John Dillon	Steven Evans and Matthew Cheetham	Steven Evans, Matthew Cheetham, Alexander Shapland, Darren Smith, Claire Merton, Neil Collins, John Dillon and Richard Grainger	Steven Evans, Matthew Cheetham, Emma Willis and Darren Smith	Steven Evans and Matthew Cheetham
Company Secretary	N/A	N/A	N/A	N/A	N/A
Directors' shareholdings	N/A	N/A	N/A	N/A	N/A

Appendices
Appendix B

Statement of Affairs

Statements of Affairs for the Companies are currently being prepared which, once finalised, should represent a more accurate picture of the Companies' assets and liabilities. We anticipate the Statements of Affairs will be received before the end of April 2018 and at that time will be posted on the insolvency website and filed at Companies House.

Details of the financial position of the Companies are available on pages 7 to 9.

A list of creditors and balances as at 11 April 2018 is included on the following pages.

OAL creditor listing

Name	Address Line1	Address Line2	Address Line3	Address Line4	Post Code	Balance
Acura Consumer Debt Sols	Blenheim Court	Carrs Road	Cheadle	Stocport	SK8 2JY	950.00
Bridgestones	125/127 Union Street	Oldham			OL1 1TE	-
Collect a Case Ltd	4th Floor	Merchant Exchange	Waters Green	Macclesfield	SK11 6JX	198.00
DLA Piper	101 Barbirolli Square	Manchester			M2 3DL	5,667.00
HubSolv Ltd	89 West Regent Street	Glasgow			G2 2BA	1,782.00
Imprimus	Cardew Way	Cardew Ind Est	Redruth	Cornwall	TR15 1SH	67,616.04
Synigise Digital	Chancery Place	50 Brown Street	Manchester		M2 2JT	-
Truphone	25 Canada square	Canary Wharf	London		E14 5LQ	3,984.00
World Pay	Worldpay	Victoria House	Fifth Avenue	Gateshead	NE11 0EL	1,567.87
						81,764.91

ODLS creditor listing

Name	Address Line1	Address Line2	Address Line3	Address Line4	Post Code	Balance
Bullerwell Independent Insurance	13 Goldington Road	Bedford			MK40 3JY	36,451.15
Gordons LLP	Riverside West	Whitehall Road	Leeds		LS1 4AW	1,200.00
HBOS Plc	37 South Syle Crescent				EH12 9DS	760.00
KPMG	1 St Peters Square	Manchester			M2 3AE	3,900.00
LexisNexis	Quadrant House	The Quadrant	Sutton	Surrey	SM2 5AS	1,840.00
Lloyds Bank Plc	Accounts Receivable, 2nd Floor	New Uberior House	11 Earl Grey Street	Edinburgh	EH3 9BN	785.00
The Manchester Law Society	64 Bridge Street	Manchester			M3 3BN	24.00
Riliance	Unit 6	Portal Business Park	Eaton Lane	Chester	CW6 9DL	3,825.00
Royal Mail	Group Communications	Royal Mail Group	100 Victoria Embankment	London	EC4Y 0HQ	100.44
Santander	Santander House	201 Grafton Gate East	Milton Keynes		MK9 1AN	180.00
Signable	Bristol & Bath Science Park	Dirac Crescent	Emersons Green	UK	BS16 7FR	178.80
Imprimus	Cardrew Way	Cardrew Industrial Estate	Redruth	Cornwall	TR15 1SH	1,832.92
World Pay	Worldpay	Victory House	5th Avenue	Gateshead	NE11 0EL	61.45
Employee Expenses						59.05
						51,197.81

Appendices
Appendix B

HBFS creditor listing

Name	Address Line1	Address Line2	Address Line3	Address Line4	Post Code	Balance
Adobe Systems Software	Ireland ltd	4-6 Riverwalk	Citywest Business park	Dublin 24		283.20
Daisy	5th Floor	240 Blackfrairs Road	London		SE1 8NV	4,123.24
AXA PPP Healthcare	Phillips House	Crescent Road	Tunbridge Wells	Kent	TN1 2PL	2,783.50
BDO LLP	55 Baker Street	London			W1U 7EU	45,430.00
Bottomline Technologies	115 Chatham Street	Reading			RG1 7JX	600.00
Bullerwell Independent Insurance	13 Goldington Road	Bedford			MK40 3JY	47,285.03
Churchward Logistics	Bizspace Atlantic Business Centre	Atlantic Street	Altrincham	Cheshire	WA14 5NQ	171.50
Commercial Estates Group Ltd	1st Floor The Exchange	Station Parade	Harrogate		HG1 1TS	259,998.49
Daisy IT Continuity & Resilience	Daisy House	Lindred Road Business Park	Nelson	Lancashire	BB9 5SR	4,714.46
Deloitte	The Pinnacle	150 Midsummer Boulevard	Milton Keynes	Buckinghamshire	MK9 1FD	- 0.01
DLA Piper UK LLP	101 Barbirolli Square	Manchester			M2 3DL	1,176.00
Dynmark	Westmoreland House	80-86 Bath Road	Cheltenham	Gloucestershire	GL53 7JT	2,041.05
Eptica UK Ltd	200 Brook Drive	Green Park	Reading	Berkshire	RG2 6UB	4,644.00
Experian Ltd	Sir John Peace Building	Experian Way	Nottingham		NG80 1ZZ	30,000.00
FMS Interiors	Unit 14 Trident Industrial Estate	Daten Avenue	Birchwood	Warrington	WA3 6AX	43.73
Fruitful Office	Fruitful Office Ltd	Unit 2	Burgess Business Park	Parkhouse Street	SE5 7TJ	1,113.00
Genius PPT Ltd	1439 Cumbernald Road	Glasgow			G33 1AN	1,522.44
Harvey Roberts Ltd	92-94 Gorton Road	Reddish	Stockport		SK5 6AN	420.00
Hopewiser Limited	Merlin Court	Atlantic Street	Altrincham	Cheshire	WA14 5NL	1,093.20
ITEC Connect Northern Ltd	Unit 13 Harp Trading Estate	Guinness Road	Trafford Park	Manchester	M17 1SR	1,749.78
Jelf Wellbeing Ltd	Hillside Court	Bowling Hill	Chipping Sodbury		BS37 6JX	779.26
Jon Cheetham Design	42 Highcrest Ave	Gatley	Cheadle		SK8 4HD	466.80
KPMG LLP	One St Peter's Square	Manchester			M2 2AE	33,168.00
Lansons	24a St John Street	London			EC1M 4AY	15,120.00
Lifewood Data Technology Ltd	Unit 535A and B 5/F Core Building 2	No 1 Science Park West Avenue	Hong Kong science Park	Shatin New Territories	Hong Kong	884.94
Linked In	Gardner House	Wilton Place	Dublin 2	Dublin		4,700.00

Appendices
Appendix B

HBFS creditor listing

Name	Address Line1	Address Line2	Address Line3	Address Line4	Post Code	Balance
Logic Melon	Silvaco Technology Centre	Compass Point	St Ives		PE27 5JL	300.00
Metlife Europe Limited	Invicta House	Trafalgar Place	Brighton		BN1 4FR	6,594.48
Microsoft Ireland Operations Ltd	Atrium Building Block B	Carmanhall Road	Sandyford Industrial Estate	Dublin		4,888.60
Nationwide Capital Finance Ltd	Nationwide House	Moss Bank Way	Bolton		BL1 8NP	1,648.80
N&B Office Cleaning Services	121 Wood Lane	Timperley	Altrincham		WA15 7PG	9,873.60
Pelican Rouge Coffee Solutions	3 Commerce Way	Manchester			M17 1HW	1,591.51
Penketh Group	Bassendale Road	Croft Business Park	Bromorough	Wirral, Merseyside	CH62 3QL	1,467.11
Pitney Bowes Ltd	The Pinnacles	Harlow	Essex		CM19 5BD	17.10
Property Serve UK						2,454.61
Quinn Barrow	Vincent House	15/17 Stanley Street	Liverpool		L1 6AA	420.00
SG Fleet	Warwick Mill Business Centre	Warwick Bridge	Carlisle	Cumbria	CA4 8RR	839.28
Shard Financial Media	Axe & Bottle Court	70 Newcomen Street	London		SE1 1YT	768.00
Shred It Ltd	177 Cross Street	Ground Floor	Corner House	Manchester	M33 7JQ	847.44
Snap Fitness Sale						560.00
Specsavers Optical Superstores Ltd	Cirrus House	10 Experian Way	Nottingham		NG2 1EP	255.00
Sports Direct	Martland Park	Challenge Way	Wigan		WN5 0LD	- 1,381.41
St John Ambulance	Shared Services Centre	5 Broadfield Close	Sheffield		S8 0XN	594.00
Storacall Technology Ltd	Technology Centre	Station Road	Framlingham	Suffolk	IP13 9EZ	62.16
Imprimus	Cardrew Way	Cardrew Industrial Estate	Redruth	Cornwall	TR15 1SH	7,515.72
Totaljobs.com	Blue Fin Building	110 Southwark Street	London		SE1 0TA	2,556.00
Trafford MBC	Ian Duncan CPFA	Director of Finance	Trafford Coucil	PO Box 65 Sale	M33 6BY	266,190.16
Verifone Services UK & Ireland Ltd	100 Eureka Park	Ashford	Kent		TN25 4AZ	1,861.20
Whistl UK Ltd	1 Globeside Business Park	Fieldhouse Lane	Marlow	Buckinghamshire	SL7 1HY	2,763.96
World Pay	Victory House	Fifth Avenue	Gateshead		NE11 0EL	187.75
Yakara plc	47 Timber Bush	Leith	Edinburgh		EH6 6QH	1,347.16
Zen Office	ZenOffice House	13B Gateway Crescent	Broadway Business Park	Chadderton	OL9 9XB	1,125.60
						779,659.44

Receipts and payments account

Harrington Brooks Group Limited
Joint Administrators receipts and payments account
11 April 2018 to 18 April 2018

£	Notes	To date
Receipts		-
Total		-
Payments		-
Total		-
Balance		-
Made up as follows		
Fixed charge current a/c		-
	1	-

Open Door (Legal Services) Limited
Joint Administrators receipts and payments account
11 April 2018 to 18 April 2018

£	Notes	To date
Receipts		-
Total		-
Payments		-
Total		-
Balance		-
Made up as follows		
Fixed charge current a/c	1	-
		-

Harrington Brooks Limited
Joint Administrators receipts and payments account
11 April 2018 to 18 April 2018

£	Notes	To date
Receipts		-
Total		-
Payments		-
Total		-
Balance		-
Made up as follows		
Fixed charge current a/c	1	-
		-

HB Financial Services Limited
Joint Administrators receipts and payments account
11 April 2018 to 18 April 2018

£	Notes	To date
Receipts		-
Total		-
Payments		-
Total		-
Balance		-
Made up as follows		
Fixed charge current a/c	1	-
		-

Receipts and payment account

One Advice Limited
Joint Administrators receipts and payments account
11 April 2018 to 18 April 2018

£	Notes	To date
Receipts		
Sales Consideration		21,000,000.00
Licence to occupy		270,301.04
Total		**21,270,301.04**
Payments		
Secured creditor distribution		19,436,920.03
Total		**19,436,920.03**
Balance		**1,833,381.01**
Made up as follows		
Funds held by lawyers	1	1,833,381.01
		1,833,381.01

Notes to the receipts and payments accounts

A – All funds are banked on an interest bearing account, funds are currently held by DLA and will be remitted in due course.

B – VAT where incurred will be partially recoverable from HM Revenue & Customs.

C – As no Statement of Affairs has yet been received no comparative, estimated to realise figures are available.

Joint Administrators' Estimate of Work to be undertaken – set fee basis

Details of work that we anticipate will be undertaken across all Companies and for which a set fee of £359,970 will be charged are provided below:

Statutory Tasks and Administration

- Formulating and implementing an appropriate strategy;
- Notifications of appointment for each company;
- Case set-up for each company including data capture and entry;
- Cashiering – payments, receipts and monthly bank reconciliations for the Companies with bank accounts;
- Statutory reporting - three progress reports and a final report;
- Application for extension to the administrations via the secured creditors and potentially the Court;
- Specific issues such as data protection, health and safety, and insurance matters; and
- CDDA reporting with regards to the conduct of the directors.

Assets

- Completing our obligations under the sale agreement;
- Licence to occupy the Companies property and resolution of any associated property issues;
- Review information from the Purchaser regarding the deferred consideration payable;
- Collect the deferred consideration funds; and
- Review of any investigation matters which may be identified that could give rise to recoveries into the estate.

Creditors

- Receipt of unsecured creditor claims;
- Addressing any creditor queries as they are received;
- Making distributions to the secured creditors;
- Any ad hoc updates and reporting the secured creditors may require; and
- Assign the rights to deferred consideration to the secured creditors if required.

Case specific matters

- Tax returns for each company for the tax years covered by the administrations;
- VAT filings on a quarterly basis;
- Any pension matters that may arise; and
- Any litigation matters that may arise.

Disbursements

Disbursements

We estimate that the following disbursements are likely to be incurred in relation to the administrations.

Category 1 disbursements

These are payments made by us direct to third parties and for which no approval is required.

Our estimate of Category 1 disbursements is given below, all figures are shown excluding VAT.

Category 1 disbursements

£ (net)	Estimate	Incurred to date
Travel	200	-
Case bonding	730	-
Postage/Couriers	100	-
Total disbursements	**1,030**	**-**

Category 2 disbursements

These are costs and expenses initially paid by us and which are not generally made to a third party, for example, reimbursement to staff engaged on the case for their mileage costs. These may also include shared or allocated costs. Specific approval is required before these costs and expenses can to be drawn from the administration estate.

Our estimate of Category 2 disbursements is given below, all figures are shown exclusive of VAT.

Category 2 disbursements

£ (net)	Estimate	Incurred to date
Mileage	200	-
Website set up	500	-
Total disbursements	**700**	**-**

Mileage is calculated by reference to the mileage properly incurred by the Joint Administrators and their staff, at the prevailing standard mileage rate used by Deloitte at the time when the mileage is incurred (currently up to 45p per mile).

Deloitte charges a fixed cost of £500 for each statutory website set up to cover the costs of setting up and maintaining the website, along with the uploading of statutory notifications, reports and other documents to the website for the duration of the appointment.

Joint Administrators' proposals

Our proposals will be deemed approved on 30 April 2018 unless a creditors' decision procedure is requisitioned in accordance with Rules 15.18 and 15.19 of the Rules 2016.

We will still need to obtain specific approval for the resolutions given below from the secured creditors:

1. Approval that the basis of the Joint Administrators' remuneration shall be fixed as a set fee of £359,970, plus VAT.

   Split between the Companies as follows:

   - HBGL - £7,000
   - HBL - £7,000
   - HBFS - £75,000
   - ODLS - £250,970
   - OAL - £20,000

2. Approval that the Joint Administrators' category 1 disbursements and expenses and category 2 disbursements in respect of mileage and statutory websites (as detailed on page 32 be approved and the Joint Administrators be authorised to draw both category 1 and category 2 expenses, (plus VAT where applicable) from the administration estate.
3. Approval that the Joint Administrators' pre administration fees and expenses, including legal fees as detailed on page 19 of the Joint Administrators' proposals be approved and that the Joint Administrators be authorised to draw their pre-administration fees and expenses, plus VAT, from the administration estate.
4. Approval that the Joint Administrators be discharged from liability per paragraph 98 of Schedule B1 of the Act immediately upon the registration of the Joint Administrators' final progress report by the Registrar of Companies.

A creditors' committee will not be formed unless we are requested to hold a decision procedure for purposes of forming a creditor's committee; please refer to page 1 of the proposals for details of the procedure in this regard.

Please note that if you wish to form a creditors' committee, you will also be expected to confirm your willingness to serve or be represented on the creditors' committee, including dealing with any business placed before the creditors' committee throughout the period of the administration should a creditors' committee be formed.

Appendices
Important notice

Important Notice

This document has been prepared by the Joint Administrators solely to comply with their statutory duty under paragraph 49 of Schedule B1 of the Act to lay before creditors a statement of their proposals for achieving the purpose of the administration, and for no other purpose. It is not suitable to be relied upon by any other person, or for any other purpose, or in any other context.

This document 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 estimated outcomes for creditors included in this document are illustrative only and cannot be relied upon as guidance as to the actual outcomes for creditors.

Any person that chooses to rely on this document for any purpose or in any context other than under paragraph 49 of Schedule B1 of the Act does so at their 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 these proposals.

The Joint Administrators act as agents of the Companies and contract without personal liability. The appointments of the Joint Administrators are personal to them and, to the fullest extent permitted by law, Deloitte LLP does not assume any responsibility and will not accept any liability to any person in respect of this document or the conduct of the administration.

All licensed Insolvency Practitioners of Deloitte LLP are licensed in the UK to act as Insolvency Practitioners.

Deloitte.

Deloitte.

Harrington Brooks Group Ltd, Harrington Brooks Ltd, HB Financial Solutions Ltd, One Advice Ltd, and Open-Door (Legal Services) Ltd – All in Administration (the "Group")

SIP 16 Statement

Harrington Brooks Group Ltd
Court Case No. 2348 of 2018
High Court of Justice Business and Property Courts in Manchester
Company Number:08123197

Harrington Brooks Ltd
Court Case No. 2346 of 2018
High Court of Justice Business and Property Courts in Manchester
Company Number: 05296992

HB Financial Solutions Ltd
Court Case No. 2350 of 2018
High Court of Justice Business and Property Courts in Manchester
Company Number: 03592213

One Advice Ltd
Court Case No. 2349 of 2018
High Court of Justice Business and Property Courts in Manchester
Company Number: 05394623

Open Door (Legal Services) Ltd
Court Case No. 2347 of 2018
High Court of Justice Business and Property Courts in Manchester
Company Number: 05026584

Registered offices
All entities of the Group are registered to:
c/o Deloitte LLP, 4 Brindleyplace,
Birmingham, B1 2HZ

18 April 2018

SIP 16 Statement

Harrington Brooks Group Ltd ("HBG"), Harrington Brooks Ltd ("HB"), HB Financial Solutions Ltd ("HBFS"), One Advice Ltd ("OAL"), and Open Door Legal Services Ltd ("ODLS") – All In Administration (together the "Companies" or the "Group")

The Transaction – Overview

SIP 16 disclosure

The Transaction - Overview

On 11th April 2018, immediately following the appointment of the Joint Administrators, the Group's business and assets were sold to Gregory Pennington Ltd, Freeman Jones Ltd and All About Money Ltd which are all part of Think Money Group ("the Purchaser").

The transaction ("Transaction") included £21.0m cash consideration and a further £7.5m to be paid on a contingent and deferred basis over two years with accrued interest of 5% per annum.

The Purchaser also committed to meet all outstanding payments due under the current customer redress scheme ("Project Apollo"), which are projected to be £1.5m.

The Purchaser is a third party and not connected to the Group or its directors.

Under the terms of the Transaction, all of the employees of the Group, including its executive directors, transferred to the Purchaser.

Further detail on the Transaction structure and consideration is included on pages 8-9.

The purpose of an administration under The Enterprise Act 2002 is split into three parts:

1. To rescue a company as a going concern (in other words, a restructuring which keeps the actual entity intact).
2. If the first purpose is not reasonably practicable (or the second purpose would clearly be better for the creditors as a whole), then the Administrators must perform their functions with the objective of achieving a better result for creditors as a whole than would be obtained through an immediate liquidation of the company. This would normally envisage a sale of the business and assets as a going concern (or a more orderly sales process than in liquidation).
3. If neither of the first two parts of the purpose are reasonably practicable, the Administrators must perform their functions with the objective of realising property in order to make a distribution to secured and/or preferential creditors as applicable.

The Group has secured debt of c. £55m (detailed on page 5) which had fallen due and payable. It had been unable to repay or to refinance this debt, and its accounts showed a substantial insolvent balance sheet position (net liability of £6.4m at March 2017).

Accordingly, the Joint Administrators concluded that the first option was not possible to achieve.

Accordingly, the purpose of the administration was to achieve a better result for creditors as a whole than would be obtained through an immediate liquidation.

The purpose of the administration has been achieved through the Transaction and the resultant mitigation of creditor claims.

SIP 16 Statement

Harrington Brooks Group Ltd ("HBG"), Harrington Brooks Ltd ("HB"), HB Financial Solutions Ltd ("HBFS"), One Advice Ltd ("OAL"), and Open Door Legal Services Ltd ("ODLS") - All In Administration (together the "Companies" or the "Group")

The Transaction – Overview

SIP 16 disclosure

Rationale for the Transaction

The rationale for the Transaction, being delivered as a pre-packaged sale from administration, is as follows:

- The Joint Administrators concluded that a trading administration and wind-down of the business was not viable because:
  - The Secured Lenders, who were supportive of the Transaction, confirmed that they would not be willing to provide ongoing funding for a trading administration; and
  - If the Administrators did not execute the Transaction, the Secured Lenders reserved their rights to seek leave of the Court or the Administrators to enforce their security.
  - There was a risk that the value of business would have significantly diminished during a trading administration due to the high probability of business disruption, customer attrition and the risk of intervention by regulatory bodies.
- The Transaction was considered to be the best option for creditors as a whole as:
  - All 320 employees of the Group have transferred via Transfer of Undertakings (Protection of Employment) ("TUPE") Regulations to the Purchaser, as a result of which we do not anticipate that there will be any preferential creditor claims in the Administrations;
  - The FCA were regularly consulted with and consented to the Transaction. The Purchaser held the required FCA authorisations and had committed to meet all outstanding customer redress payments due.
  - The Transaction therefore enabled all existing cases to be transferred to the Purchaser and to continue 'as usual' with minimal disruption to customers.

We confirm that we have acted with due regard for all creditors' interests and that the outcome achieved was the best available outcome for creditors as a whole in all the circumstances.

Appointment overview

- The appointments were made by the directors of the Group.
- The Notices of Intention to appoint the Administrators were filed simultaneously on 9 April 2018.
- The date on which Daniel Smith and Daniel Butters of Deloitte LLP (the "Administrators") were appointed and the date on which the Transaction completed was 11 April 2018.

SIP 16 Statement

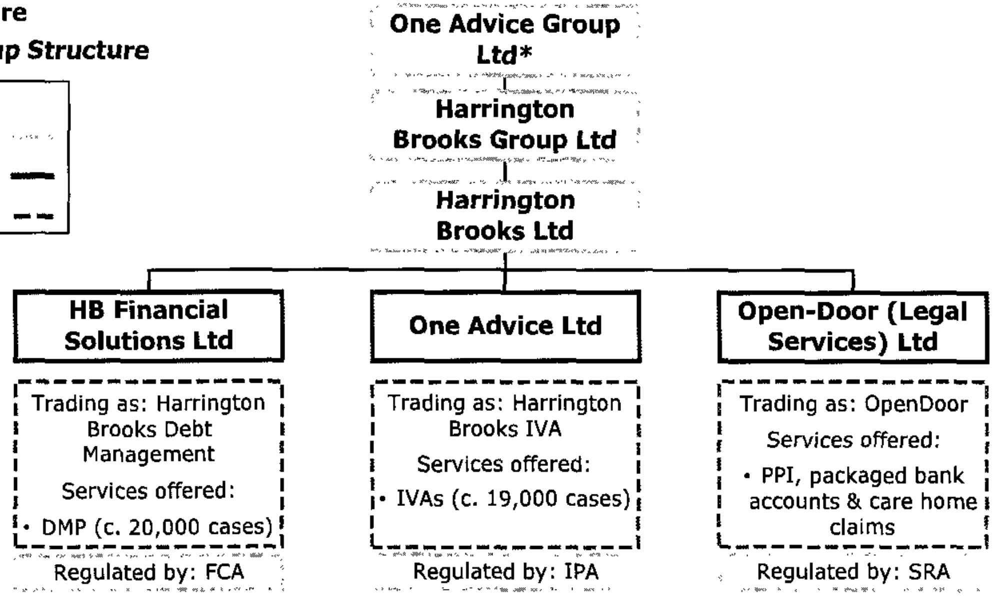
Harrington Brooks Group Ltd ("HBG"), Harrington Brooks Ltd ("HB"), HB Financial Solutions Ltd ("HBFS"), One Advice Ltd ("OAL"), and Open Door Legal Services Ltd ("ODLS") - All In Administration (together the "Companies" or the "Group")

Background information

SIP 16 disclosure

Simplified Group Structure

Key:
Holding company:
Trading company:
Trading overview:



* The holding entity One Advice Group Limited is not included in this administration appointment.

Group overview

The Group managed c19,000 Debt Management Plans ("DMP"), c19,000 Individual Voluntary Arrangements ("IVA") and c3,000 *PPI claims on behalf of its DMP and IVA* customers.

The three primary trading entities within the Group were HB Financial Solutions Ltd ("HBFS") which provided the DMP services, One Advice Ltd ("OAL") which provided IVA *services, and* Open Door (Legal Services) Ltd ("ODLS") which provided legal advice (primarily pursuing Payment Protection Insurance ("PPI") claims for IVA customers).

There are 8 other entities within the One Advice Group that were excluded from this Transaction and have therefore not been included on the group structure chart above. These entities will be dealt with separately by way of Creditors Voluntary Liquidation ("CVL") or strike-off as *appropriate*.

The Group was funded through a £19.5m Revolving Credit Facility ("RCF") (which expires in August 2018) and £36m of Secured Loan Notes. Further detail on the debt and funding structure is included on the following pages.

Background and recent events

In 2014 the Financial Conduct Authority ("FCA") took over responsibility for the regulation of DMP companies from the OFT. *As a result, additional regulations* were put in place for all companies operating in the sector who had to apply to the FCA for authorisation.

During this period the Group operations reduced in size and profitability. The Group has been making net losses since 2015.

In addition, as part of the authorisation process the Group was required by the FCA to make redress payments to customers totalling £3.5m (£2.0m had been at the date of the Administration) which has had a further detrimental impact on the Group's cash position.

During 2017, the Group sought to refinance its RCF but was unsuccessful. Given the Group's ongoing loss-making position, and its inability to repay or refinance the RCF *which was* falling due imminently, the Directors sought to place the Group into Administration.

Key messages

SIP 16 Statement

Harrington Brooks Group Ltd ("HBG"), Harrington Brooks Ltd ("HB"), HB Financial Solutions Ltd ("HBFS"), One Advice Ltd ("OAL"), and Open Door Legal Services Ltd ("ODLS") – All In Administration (together the "Companies" or the "Group")

Background information

SIP 16 disclosure

Group Summary profit and loss account

£'000	Statutory Accounts for 12 months to 10/03/2017	Statutory Accounts for 12 months to 10/03/2016	Statutory Accounts for 12 months to 10/03/2015
Turnover	35,986	39,025	48,650
Cost of Sales	(22,847)	(25,812)	(30,211)
Gross Profit	**13,139**	**13,213**	**18,439**
Operating expenses	(12,544)	(15,340)	(14,882)
Operating profit / (loss)	**595**	**(2,127)**	**3,557**
Interest	(4,789)	(4,511)	(6,398)
Profit / (loss) before tax	**(4,194)**	**(6,638)**	**(2,841)**
Tax	(66)	664	(30)
Profit / (loss) after tax	**(4,260)**	**(5,974)**	**(2,871)**

Source: Statutory Accounts

Group Summary balance sheet

£'000	Statutory Accounts for 12 months to 10/03/2017	Statutory Accounts for 12 months to 10/03/2016	Statutory Accounts for 12 months to 10/03/2015
Tangible assets	690	660	623
Intangible assets	3,085	3,040	4,087
Investments	37,942	37,942	37,942
Fixed assets	**41,717**	**41,642**	**42,652**
Trade and other debtors	10,501	10,431	11,721
Intercompany debtors	32,349	17,704	22,284
Cash at bank	129	877	14,008
Current Assets	**42,979**	**29,012**	**48,013**
Trade and other creditors	(3,228)	(2,833)	(16,429)
Intercompany creditors	(33,581)	(18,752)	(23,056)
Provison for liabilities	(2,414)	(2,678)	(878)
Bank	(51,922)	(48,580)	(47,048)
Total Liabilities	**(91,145)**	**(72,843)**	**(87,411)**
Net Assets / (Liabilities)	**(6,449)**	**(2,189)**	**3,254**

Source: Statutory Accounts

Note: The statutory accounts are not prepared by the Group on a consolidated basis. The summary included above is therefore a consolidation of each of the 5 individual entity's statutory accounts.

Historical trading

Total revenues generated across the Group in FY17 were £36m, down from £39m in FY16 and £49m in FY15.

At an operating level the Group went from making a profit of £3.6m in FY15 to a £2.1m loss in FY16 and a £0.6m profit in FY17.

After interest and tax costs the Group made a significant net loss in each of the last 3 years.

Balance sheet summary

Intangible assets primarily relate to DMP and IVA cases that were acquired by the Group and goodwill arising on acquisitions (the primary assets of the business).

Tangible fixed assets includes leasehold property improvements, IT equipment and furniture, fixtures and fittings, all of which are held at the Group's head office in Sale.

Debtors primarily relates to amounts owing from DMP and IVA cases. A small element relates to deferred tax assets and pre-payments made to suppliers for goods and services.

The Group has reported net liabilities in FY16 and FY17. This position has worsened throughout the period due to the deterioration in the cash position and the overall quantum of debt increasing, primarily relating to Secured Loan Note interest which has been accrued but not paid.

The Group is insolvent on a balance sheet basis with net liabilities of £6.4m at the end of the last statutory accounting period.

SIP 16 Statement

Harrington Brooks Group Ltd ("HBG"), Harrington Brooks Ltd ("HB"), HB Financial Solutions Ltd ("HBFS"), One Advice Ltd ("OAL"), and Open Door Legal Services Ltd ("ODLS") - All In Administration (together the "Companies" or the "Group")

Background information

Initial introduction

SIP 16 disclosure

Debt and security structure

The Group is funded by a combination of a £19.5m RCF facility with PNC Financial Services UK Ltd ("PNC") and £36m of Secured Loan Notes ("LN"), of which 88.7% held by RJD Partners Ltd ("RJD"), 9.1% held by F&C Private Equity Trust Ltd ("F&C") and 2.2% held by Management of the Group (together the "Secured LN Holders").

The combined value of the secured debt due to PNC and the Secured LN Holders is c. £55m (together "the Secured Lenders").

The PNC facility is secured by way of an assignment of the DMP cases and PPI claims, fixed charges over IVA cases and a floating charge debenture and cross guarantees. The PNC charges were registered on 11 June 2011 and 27 July 2012.

The floating charge is a qualifying floating charge for the purposes of appointing an administrator.

The LNs are secured by way of an assignment over DMP, IVA and PPI cases and fixed charge security over IVA cases. The LN security ranks second to the PNC security in all respects.

The LNs are also secured by a second ranking debenture secured across the Group companies.

RJD act as a security trustee for the LNs. The RJD charges were registered on 24 July 2012.

The relationship between the Secured Lenders is governed by an inter-creditor agreement which requires, *inter alia*, that any surplus arising from realisation of the PNC fixed charge security is paid directly to the LN holders in part or full settlement of the outstanding secured LN debt.

Secured lender support

The PNC facility was due to expire in August 2018 and the Group was asked to refinance it's working capital facilities in advance of this date.

The Group commenced an extensive refinance process in September 2016 to seek an alternative funder.

Whist the lenders were supportive throughout the refinance process, it became clear by late 2017 that a refinance would not be possible in advance of the existing facilities expiring.

In light of this, the Group considered its alternate options and conducted ongoing dialogue with both PNC and the LN Holders.

On 21 March 2018, PNC advised the Group that it was not its intention to renew the RCF beyond expiry in August 2018. This was formalised in writing on 9 April 2018.

With no alternative funding option available or any likely prospect of obtaining funding from elsewhere, the directors concluded that there was no reasonable prospect of avoiding insolvency.

Initial introduction

Historically Deloitte completed a number of small VAT engagements for the Group between 2012 and 2015.

In September 2016 Deloitte was engaged to provide assistance and advice in preparing the Group for a refinance and identifying potential lenders to replace the existing facilities.

Alongside this process separate Deloitte teams undertook vendor due diligence and provided limited stakeholder support.

Following an unsuccessful outcome to the refinance process, a separate engagement was commenced in January 2018 to review the options available to the Group. During this engagement a number of options were considered, as set out on the following page.

On 19 March 2018 Deloitte was engaged to undertake high level contingency planning.

On 29 March 2018 Deloitte was engaged to plan for and deliver the Transaction.

SIP 16 Statement

Harrington Brooks Group Ltd ("HBG"), Harrington Brooks Ltd ("HB"), HB Financial Solutions Ltd ("HBFS"), One Advice Ltd ("OAL"), and Open Door Legal Services Ltd ("ODLS") – All In Administration (together the "Companies" or the "Group")

Pre-appointment considerations

SIP 16 disclosure

Pre-appointment considerations

Other than the engagement noted on the previous page, the Joint Administrators have had no other prior professional relationship with the Group or the Directors.

We have consulted with both PNC and RJD (as security trustee on behalf of the Loan Note Holders) throughout the refinance process and the pre-appointment planning process.

The following alternative options to the proposed pre-pack Transaction have been considered both prior to and after our appointment as advisers to the Group:

<u>Pre-Appointment Options</u>

Refinance

- An extensive refinance process was pursued in 2016/2017.
- During this process 17 lenders were approached and no offers were received that met the Secured Lenders requirement for repayment prior to facility expiry in August 2018.
- Accordingly, this option was not considered feasible.

A solvent share sale

- The total value of the Group's secured debt was c. £55m. It also had other general unsecured and contingent liabilities, which a purchaser would have to "take on" should it buy the shares of the Group.
- As the underlying value of the assets was significantly lower than this, and the Group had a substantial net liabilities position, this option was not considered to be feasible.

Continuing to trade

- This would require the Group to obtain ongoing support from its existing Lenders or to find alternative funding which had not proved possible.
- Accordingly, this option was not considered feasible.

Wind down/run off of existing cases

- In order to wind down the existing case book, the Group would require ongoing lender support which was not forthcoming.
- In addition, any wind down strategy would have a material funding requirement which could not be met.
- During a wind-down it is possible that the Group would have breached one or more prudential tests and other areas of regulatory compliance. Accordingly, there was a potential prospect of regulatory intervention, and subsequent material value loss.
- Accordingly, this option was not considered feasible.

Solvent sale of assets

- Unless the consideration received for the assets was greater than the total debts (in excess of £55m), the Group would be insolvent immediately following a sale.
- However, the value of the assets is significantly below this.
- Accordingly, this option was not considered feasible.

<u>Post Appointment Options</u>

Creditors Voluntary Arrangement (CVA)

- It would be highly unlikely for the business to be able to continue trading in a CVA as this would potentially breach a number of FCA regulations. Nor would it solve the funding problem.
- Additionally, the majority of the Group's debt is secured and the secured creditors would not have consented to any variation of their rights or potential for value recovery.
- Accordingly, this option was not considered feasible.

Trading administration

- The Group's Secured Lenders advised that they were not supportive of a trading administration strategy and would not provide any funding to the Group in this scenario. The Secured Lenders reserved their rights to enforce their security should the Transaction not be completed.
- Further, the risk of regulatory intervention, and value deterioration, would be high.
- Accordingly, this option was not considered feasible.

SIP 16 Statement

Harrington Brooks Group Ltd ("HBG"), Harrington Brooks Ltd ("HB"), HB Financial Solutions Ltd ("HBFS"), One Advice Ltd ("OAL"), and Open Door Legal Services Ltd ("ODLS") - All In Administration (together the "Companies" or the "Group")

Marketing

SIP 16 disclosure

Prospective purchasers

In order for any party to be able to purchase the business and assets of the Group as a whole, they would need to have met a number of requirements, including but not limited to:

- Has existing operations in the DMP, IVA and legal sectors;
- Has sufficient operational capacity and capability to take on the volume of cases currently being managed by the Group;
- Already has sufficient funding in place or cash reserves to finance the acquisition; and
- Is able to satisfy the regulatory requirements of the Financial Conduct Authority, Insolvency Practitioners Association, Solicitors Regulation Authority and/or The Ministry of Justice.

The primary competitors of the Group have operations in either DMP or IVA but in most cases do not have substantial operations in both.

Therefore, the number of potential purchasers with the correct authorisations and operational and financial capability to undertake a transaction of this size is extremely limited.

Offer received

The Group received an unsolicited approach and, in February 2018, a subsequent offer from the Purchaser (as set out on pages 8-9) of £28.5m cash consideration, an agreement to transfer all of the Group's existing staff and an undertaking to continue to make agreed customer redress payments.

This offer also ensured continuity of service to the Group's customers with the existing DMP, IVA and legal claim cases being transferred and continued.

The offer was subject to a period of exclusivity whereby the Purchaser required that no other parties were approached whilst they completed preliminary due diligence and formalised their final offer in March 2018.

The final offer received was in line with the original indicative offer and had an ongoing exclusivity requirement.

At this stage no other prospective purchasers were contacted in order to preserve the offer from the Purchaser whilst the directors considered the options available.

SIP 16 Statement

Harrington Brooks Group Ltd ("HBG"), Harrington Brooks Ltd ("HB"), HB Financial Solutions Ltd ("HBFS"), One Advice Ltd ("OAL"), and Open Door Legal Services Ltd ("ODLS") – All In Administration (together the "Companies" or the "Group")

Marketing

SIP 16 disclosure

Consideration of offer

The principal value in the Group's assets comprised the future net cash flow associated with its existing book of DMP, IVA and legal claim cases.

The Group's case book was covered by the Secured Lenders' fixed charge security. Accordingly, for funds to be available for distribution to any other class of creditor, any transaction would need to generate in excess of the quantum of Secured Lender debt (£55m).

The forecast net cash flow from this existing book was projected to be between £25m to £40m over a 5 year period. The variance in this range principally reflects differing assumptions in relation to future fee rates and the projected associated cost base. The Proposed Administrators engaged a separate Deloitte team to review these projections and concluded that, in any reasonable circumstance, the future net cash flows from the book would not exceed £55m.

Accordingly, the economic value of the Transaction sat solely with the Secured Lenders.

Secured Lender consultation

The Secured Lenders were made aware of the Purchaser's offer and provided with full detail on the terms and conditions and consideration included.

Having given consideration to the options available to the Group and the offer received from the Purchaser, the Secured Lenders advised that they supported completion of the Transaction without wider marketing, and that:

- They would not provide funding or support any strategy that would involve trading the whole or any part of the Group in administration; and
- Should the Transaction to the Purchaser fail to proceed, then they reserved their rights to enforce their security over the assets of the Group.

Marketing conclusions

The Group operates in a highly regulated environment, which requires approvals from the FCA, SRA, MOJ and IPA. The potential buyer pool for the Group is accordingly extremely limited as any buyer would require equivalent regulatory alignment, operational capacity to take on all of the cases and financial capacity to fund the transaction.

The Purchaser met all of these criteria and the Purchaser's offer was contingent on ongoing exclusivity. Had the Joint Administrators sought to market the business immediately prior to, or following their appointment, the exclusivity condition would have been breached and the offer would have been withdrawn.

The Joint Administrators concluded that it was highly unlikely that an alternative better offer could be achieved by wider marketing and that, were such marketing to occur, the Purchaser's offer would be lost, to the detriment of the Group's creditors.

Additionally, the Group's assets are subject to fixed charge security and assignments in favour of the Secured Lenders. As the underlying value of these assets was considerably lower than the value of the Secured Lender debt, the economic value of the transaction sat solely with the Secured Lenders.

The Secured Lenders advised that they supported the completion of the Transaction without wider marketing, and would not provide funding or support a Trading Administration and that they reserved the right to seek Court consent to enforce their security if the Transaction failed to proceed.

Accordingly, taking into account all of the above, the Joint Administrators concluded it was appropriate to deviate from the marketing essentials set out in SIP 16 and proceeded with the Transaction to the Purchaser, in order to deliver the best available outcome to the Group's creditors.

SIP 16 Statement

Harrington Brooks Group Ltd ("HBG"), Harrington Brooks Ltd ("HB"), HB Financial Solutions Ltd ("HBFS"), One Advice Ltd ("OAL"), and Open Door Legal Services Ltd ("ODLS") - All In Administration (together the "Companies" or the "Group")

Transaction overview

SIP 16 disclosure

Transaction overview

The date of the Transaction was 11th April 2018 and included the sale of the business and assets of HBFS, OAL and ODLS.

The purchaser was Think Money Group ("TM") (a 3rd party competitor of the Group) and it's subsidiaries. The assets were be sold as follows:

- HBFS transferred the debt management business and assets to Gregory Pennington Limited ("GP"), an FCA regulated entity. This included:
  - The c. 20,000 DMPs administered by HBFS;
  - The staff and senior management involved with the administration of the DMPs;
  - The records, notes and files relating to the DMPs;
  - IT systems, licenses and hardware used for the administration of DMPs;
  - The assignment of all contracts between HBFS and DSS regarding the provision of IT services;
  - The goodwill, know-how and customer and prospect records;
  - The intellectual property, trade marks and websites, owned of licensed by HBFS or any of its subsidiaries; and
  - The assignment of the entitled commission from ASU insurance contracts.
- OAL transferred the individual voluntary arrangement business and assets to Freeman Jones Limited ("FJ"), an IPA regulated entity. This included:
  - The c. 20,000 IVA cases administered by OAL together with cases currently being prepared for the meeting of creditors (WIP);
  - The staff and senior management involved with the administration of the IVAs;
  - The records, notes and files relating to the IVAs;
  - IT systems, licenses and hardware used for the administration of IVAs by OAL;
  - The goodwill, know-how and customer and prospect records; and
  - The intellectual property, trade marks and websites, owned or licensed by OAL.
- ODLS transferred the legal and claims business and assets to All About Money Limited ("AAM"), an MOJ regulated entity. This included:
  - The rights to the pending and existing claims and reviews being administered by ODLS and its customers;
  - The goodwill, know-how and customer and prospect records; and
  - IT systems, licenses and hardware used for the administration of claims and reviews by Open Door.
- Whilst there were no significant assets held within Harrington Brooks Group Limited or Harrington Brooks Limited, both of those entities were also insolvent upon the Lenders withdrawing their support and entered into administration at the same time as HBFS, OAL and ODLS.

All furniture, fixtures and fittings owned by the Group were sold to the Purchaser as part of the Transaction.

SIP 16 Statement

Harrington Brooks Group Ltd ("HBG"), Harrington Brooks Ltd ("HB"), HB Financial Solutions Ltd ("HBFS"), One Advice Ltd ("OAL"), and Open Door Legal Services Ltd ("ODLS") – All In Administration (together the "Companies" or the "Group")

Transaction overview

Condsideration received

Other operational transaction details

The entire staff and Management team (320 employees) (including Directors and senior managers) of the Group transferred to the Purchaser via TUPE immediately following the appointment of the Administrators.

The Purchaser will continue to occupy OAG's head office in Sale under a license to occupy agreement with the Administrators for a transitional period of 2 months.

The Purchaser will pay all outstanding redress payments owing to customers as at the date of the transaction (expected to be £1.5m).

Consideration

The Purchaser will pay a total consideration of up to £28.5m plus interest for the DMP, IVA and legal claim cases, as set out below:

- £21.0m cash immediately upon completion of the business and assets sale; and
- £7.5m of deferred consideration which will be payable in two equal instalments of £3.75m each being paid on the anniversary of completion (i.e. 12 months and 24 months post-Transaction). This is subject to the following three conditions:
  1. The remaining redress payments_and associated costs of the remediation project being conducted by the Group are not greater than £1.5m. Any amount exceeding £1.5m will be deducted from the deferred consideration to be paid, capped at £1m. Any amount less than £1.5m will be added to the deferred consideration.
  2. The realisation of the IVA debtors are greater than or equal to £5.5m. Any realisation amount less than £5.5m will be deducted from the deferred consideration to be paid, capped at £1m. Any realisation amounts exceeding £5.5m will be added to the deferred consideration to be paid, capped at £1m.
  3. The client monies held in relation to the DMPs and IVAs not being materially misstated. Within 3 months after completion a reconciliation will be performed and if it is found that the client monies have been misstated, a report with evidence of these findings will be provided to HBFS and OAL. The costs to rectify any misstatement will be deducted from the deferred consideration.

The contingent and deferred consideration will attract interest at 5% per annum, compound annually and will be paid with the capital repayments annually in two instalments on the anniversary of the Transaction. This will result in up to c. £575k of additional consideration being paid to the Group, provided there are no significant variations to the conditions above.

The allocation of the total consideration across the Group is as follows:

- HBFS will receive £6.0m plus interest (£4.0m on completion plus £2.0m contingent and deferred plus related interest).
- OAL will receive £22.0m plus interest (£16.5m on completion plus £5.5m contingent and deferred plus related interest).
- ODLS received £0.5m on completion.

No proceeds were allocated to HBG or HB as none of the business and assets sold were held within those entities.

The deferred consideration is secured by way of a first ranking guarantee from Think Money Group Ltd.

HBFS as the security holder will act as trustee on behalf of the Group and will be responsible for collecting the contingent and deferred consideration and interest payments from TM and distributing any funds to OAL as appropriate.