

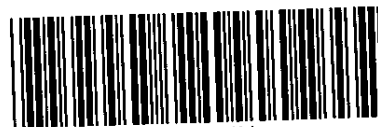
AM10

Notice of administrator's progress report



Companies House

THURSDAY



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20/02/2020

#263

COMPANIES HOUSE

1 Company details

Company number 0 5 3 1 5 9 2 9

Company name in full Atlantic Carbon Group Plc

→ Filling in this form

Please complete in typescript or in
bold black capitals.

2 Administrator's name

Full forename(s) Clare

Surname Kennedy

3 Administrator's address

Building name/number AlixPartners, 6

Street New Street Square

Post town London

County/Region

Postcode E C 4 A 3 B F

Country United Kingdom

4 Administrator's name ①

Full forename(s) Alastair

Surname Beveridge

① Other administrator

Use this section to tell us about
another administrator.

5 Administrator's address ②

Building name/number AlixPartners, 6

Street New Street Square

Post town London

County/Region

Postcode E C 4 A 3 B F

Country United Kingdom

② Other administrator

Use this section to tell us about
another administrator.

AM10

Notice of administrator's progress report

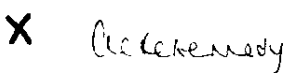
6 Period of progress report

From date	d 2 d 2	m 0 m 7	y 2 y 0 y 1 y 9	
To date	d 2 d 1	m 0 m 1	y 2 y 0 y 2 y 0	

7 Progress report

☒ I attach a copy of the progress report

8 Sign and date

Administrator's signature	Signature 	
Signature date	d 1 d 9	m 0 m 2 y 2 y 0 y 2 y 0

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
- LIQ02, LIQ03, LIQ05, LIQ13, LIQ14,
- WU07, WU15
- COM1, COM2, COM3, COM4
- NDISC

2 Insolvency practitioner's name

Full forename(s) Simon

Surname Appell

3 Insolvency practitioner's address

Building name/number AlixPartners, 6

Street New Street Square

Post town London

County/Region

Postcode E C 4 A 3 B F

Country United Kingdom

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 Paul Butterfield

Company name AlixPartners

Address The Zenith Building, 26 Spring Gardens

Post town Manchester

County/Region

Postcode M 2 1 A B

Country United Kingdom

DX

Telephone 0161 838 4500



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

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



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Administrators' Progress Report for the period 22 July 2019 to 21 January 2020

Atlantic Carbon Group Plc
In Administration

18 February 2020

Contents

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Appendices

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Appendix D.	Administrators' expenses and disbursements
Appendix E.	Additional information in relation to the Administrators' fees pursuant to Statement of Insolvency Practice 9
Appendix F.	Exit route and discharge from liability

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Manchester M2 1AB

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alixpartners.com

1. Why this report has been prepared

- 1.1 As you will be aware, Alastair Paul Beveridge, Simon Jonathan Appell and Clare Laura Kennedy (the **Administrators**) were appointed on 22 July 2019.
- 1.2 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 22 July 2019 to 21 January 2020 (the **Period**) and should be read in conjunction with the Administrators Statement of Proposals dated 23 August 2019 (the **Proposals**).
- 1.3 This report has been prepared in accordance with rule 18.2 of the Insolvency (England and Wales) Rules 2016.
- 1.4 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.
- 1.5 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.
- 1.6 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.
- 1.7 Details of the Administrators' fees and disbursements incurred are provided at Appendices C to E.
- 1.8 More information relating to the Administration process, Administrators' fees and creditors' rights can be found on AlixPartners' creditor portal (<https://www.alixpartnersinfoportal.com>). Log-in details to access this information can be found within the covering letter you have received.
- 1.9 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 +44 (0) 161 838 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	Agreed/estimated debt	Level of return
Secured Creditor	\$47.7 million	\$47.7 million
Preferential creditors	£5,818	Nil
Unsecured creditors	£1.1 million	Nil

Notes:

Throughout this report, the currencies referred to are USD \$ (United States Dollars) and GBP £ (Great British Pounds), and all conversions between these currencies have been completed using the exchange rate at the date of the Administrators' appointment, being \$1.25:£1.

The estimated debts of the preferential and unsecured creditors have been taken from the directors' Statement of Affairs (**SoA**).

Secured Creditor

The Company granted a fixed and floating charge debenture to White Oak Global Advisors, LLC (the **Secured Creditor**) on 27 May 2016 (the **Debenture**). The agreed debt of the Secured Creditor represents the total amount owed (including accrued interest and charges) at the completion date of the sale of the Company's Shares (defined at paragraph 3.6).

The level of return to the Secured Creditor represents the consideration paid for the Shares, which was applied as a release of the total debt owed to the Secured Creditor. Please refer to section 3 for further details.

Preferential creditors

The SoA indicated there were preferential creditors with claims totalling £6,841, made up of employees' arrears of holiday pay and pension contributions. Atlantic Carbon Group Inc. (**ACGI**) paid the arrears of pension contributions (totalling £1,023) under the funding agreement entered into between ACGI and the Company (the **Agreement**).

Following payment of the outstanding pension contributions, the amounts owed to preferential creditors totalled £5,818. There will be insufficient floating charge realisations after costs to enable a dividend to be paid to the preferential creditors.

Unsecured creditors

The SoA indicates there are unsecured creditors with claims totalling approximately £1.1 million. There will be insufficient floating charge realisations after costs to enable a dividend to be paid to the unsecured creditors. Further information is provided in section 5 of this report.

3. Progress of the Administration

- 3.1 Attached at Appendix B are the Administrators' Receipts and Payments Accounts for the Period. 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.

Contribution to costs

- 3.3 In the absence of sufficient asset realisations in the Administration, ACGI and the Company entered into the Agreement so that the costs of the Administration could be met. Under the terms of the Agreement, an initial amount of \$500,000 was received on 26 July 2019, with the provision for an additional \$1 million of funding, if required. Pursuant to the Agreement, ACGI has advanced a total of \$793,745 of funding towards Administration costs as at the end of the Period. A final contribution was paid outside of the Period and is therefore not reflected in the Receipts and Payments Account.

Employees

- 3.4 At the date of appointment, the Company had two employees, one of which was based at the Company's former head office in Durham, and the other was based in the United States (**US**) as part of the wider group's operations team.
- 3.5 The Company ceased operations immediately on appointment and the UK employee was made redundant shortly thereafter. The US employee was temporarily retained at the request of ACGI whilst alternative arrangements were made in respect of this employment. The US employee was transferred to a new employer with effect from 1 December 2019 under the Transfer of Undertakings (Protection of Employment) Regulations 2006. As the costs of retaining the US employee were met by ACGI under the Agreement, there was no impact on the outcome to the Company's creditors.

Realisation of assets – fixed charge

Investments in subsidiaries

- 3.6 The Company's principal assets were its 100% shareholdings (the **Shares**) in ACGI, Newcastle Anthracite Company and The Central Pennsylvania Anthracite Company LLC (together the **Subsidiaries**).

- 3.7 The Administrators launched a competitive tender process on 25 July 2019 with a view to engaging a specialist US investment bank to assist with the disposal of the Shares. The Administrators were referred to four advisors which were invited to submit tenders, three of which presented more detailed proposals on 6 August 2019. Following a review of each proposal, the Administrators and Secured Creditor were of the view that the proposal of SSG Capital Advisors LLC (**SSG**) represented the optimal realisation strategy.
- 3.8 SSG launched an accelerated bidding process whereby a range of strategic anthracite buyers, coal and energy companies, and targeted private equity buyers were invited to submit initial indications of interest by 19 October 2019. Four non-binding offers were received by this date and SSG presented its analysis and recommendations to the Administrators on 28 October 2019.
- 3.9 The Administrators determined that the Secured Creditor's offer to acquire the Shares in exchange for releasing the Company of the total aggregate outstanding amount payable under the Debenture represented the best outcome, as this offer exceeded all other indications of interest. A sale of the Shares was subsequently completed to the Secured Creditor on 24 December 2019.
- 3.10 As noted in the Proposals, in order to facilitate the sale process, the Administrators were required to obtain formal recognition of their appointment in the US. The Administrators engaged Paul Hastings LLP (**PH**) to file for recognition of the Administration under Chapter 15 of the US bankruptcy code, which was subsequently granted by an order of the US Bankruptcy Court in the District of Delaware. The process required the Company to hold assets to the value of \$50,000 in the US, and this sum was held in escrow by PH on behalf of the Company. Once the Chapter 15 recognition process is closed, these funds will be applied in partial settlement of PH's costs.

Realisation of assets – floating charge

Cash at bank

- 3.11 The SoA indicated that the Company held funds totalling £4,751 on appointment. A total of £7,570 has been recovered, made up of £4,204 held in a client account of the Company's pre-appointment legal advisor, plus the balance of funds in the Company's pre-appointment bank account of £3,366.

Debtors

- 3.12 The SoA indicated the Company's debtors totalled £5.3 million, £4.9 million of which were loans issued to other group entities. Following a review of the wider group's debt structure, it has been determined that the debts owed to the Company rank below the wider group's outstanding secured debts. As the wider group's financial position will not enable it to repay these debts in the short or medium term, the Administrators are unable to collect the debts owed to the Company; therefore, there will be no realisations from this source.

- 3.13 As detailed in the Proposals, following an analysis of the remaining debtor ledger, the Administrators determined that approximately £54,000 was collectable. A total of £15,782 has been recovered in the Period, and it is anticipated that further realisations in the region of £42,000 will be made shortly. The final position will be confirmed in the Administrators' next report.

Bank interest

- 3.14 Bank interest totalling £55 and \$1,701 has been received into the Administrators' GBP and USD accounts, respectively, 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. These include notifying the stakeholders of the appointment, preparing bi-annual reports to creditors advising of the progress of the Administration and liaising with employees. The Administrators are also responsible for liaising with HM Revenue and Customs to determine the final position in respect of corporation tax, PAYE, VAT and other taxes that may be owed by or to the Company, and for filing tax returns for the duration of the Administration.
- 3.16 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 5.

4. Investigations

- 4.1 The Administrators conducted investigations into the conduct of the directors and transactions entered into prior to the Company's insolvency, as required by the Company Directors Disqualification Act 1986 and Statement of Insolvency Practice 2 – Investigations by Office Holders in Administrations and Insolvent Liquidations. Based upon the outcome of the Administrators' investigations, there were no matters identified that required further action.

5. Estimated outcome for creditors

Secured creditor – White Oak Global Advisors LLC

- 5.1 The Company granted a fixed and floating charge debenture to the Secured Creditor on 27 May 2016. At the date of the Share sale, the Secured Creditor was owed approximately \$47.7 million (including accrued interest and charges) under its security.
- 5.2 As detailed in section 3, the Shares were sold to the Secured Creditor in exchange for releasing the Company from the total aggregate outstanding amount payable under the Debenture at the completion date. The level of return represents the application of the consideration paid by way of the release of the debt owed to the Secured Creditor.

Preferential creditors

- 5.3 Preferential creditors total £5,818; however, there will be insufficient funds to pay a dividend to the preferential creditors.

Unsecured Creditors' Fund

- 5.4 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'.
- 5.5 As the Company granted a floating charge to the Secured Creditor on 27 May 2016, the Administrators are required to create an Unsecured Creditors' Fund should sufficient funds be available. However, there will be no floating charge surplus after costs. On this basis, the value of the Company's net floating charge property is estimated to be nil, meaning the value of the Unsecured Creditors' Fund will also be nil.

6. Outstanding matters

Unrealised assets

- 6.1 As detailed at paragraph 3.13, the Administrators anticipate further debtor recoveries in the region of £42,000 will be made shortly.

Other outstanding matters

- 6.2 The Administrators are in the process of closing the Administration and are tending to all outstanding matters, including the finalisation of the Company's tax position and the payment of outstanding costs.
- 6.3 The Administrators anticipate that the Administration will be closed within the next couple of months.

7. What happens next

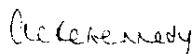
Creditors' rights

- 7.1 Within 21 days of the receipt of this report, the Secured Creditor, or an unsecured creditor (with the agreement of at least 5% of the value of the unsecured creditors) may request in writing that the Administrators provide further information about their fees or expenses (other than pre-administration costs) which have been itemised in this progress report.
- 7.2 The 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

- 7.3 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
Atlantic Carbon Group Plc



Clare Kennedy
Administrator

Encs

Appendix A. Statutory information

Company information

Company name	Atlantic Carbon Group Plc
Registered number	05315929
Registered office	The Zenith Building, 26 Spring Gardens, Manchester, M2 1AB
Former registered office	200 Strand, London, WC2R 1DJ
Trading address	26A Old Elvet, Durham, DH1 3HN
Trading name	Atlantic Carbon Group
Court details	The High Court of Justice, Business and Property Courts of England and Wales, <i>Insolvency and Companies List (ChD)</i>
Court reference	CR-2019-004854

Appointor's information

Name	Address	Position
White Oak Advisors, LLC	3 Embarcadero Center, Suite 550, San Francisco, CA94111	Administrative agent for the secured creditors

Administrators' information

Name	Address	IP number	Name of authorising body
Alastair Paul Beveridge	AlixPartners, 6 New Street Square, London, EC4A 3BF	008991	Insolvency Practitioners Association
Simon Jonathan Appell	AlixPartners, 6 New Street Square, London, EC4A 3BF	009305	Insolvency Practitioners Association
Clare Laura Kennedy	AlixPartners, 6 New Street Square, London, EC4A 3BF	020590	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.

Appendix B. Receipts and Payments Accounts for the period 22 July 2019 to 21 January 2020

Receipts and Payments Account GBP £

Statement of Affairs £		Period £
	Floating charge assets	
	Receipts	
4,751	Cash at bank	7,570
5,304,986	Book debts	15,782
-	Contribution to employee costs	32,331
-	Funding from USD account	35,000 *
-	Bank interest	55
5,309,737		90,738
	Payments	
	Legal fees	20,577
	Legal disbursements	11
	Category 1 disbursements:	
	Statutory advertising	87
	Storage costs	146
	Stationery and postage	1,065
	Redirection of mail	211
	Insurance of assets	246
	Employee costs:	
	Salary	17,461
	PAYE and National Insurance	12,852
	Pension contributions	2,047
	Agent's fees	5,557
	Bank charges	72
		(60,332)
	Total balance	30,406
	Represented by	
	Interest bearing account	24,385
	VAT receivable	6,021
		30,406

*Balance of funding to be repaid if not required to settle outstanding Administration costs.

Receipts and Payments Account USD \$

Statement of Affairs \$		Period \$
	Fixed charge assets	
11,860,180	Consideration for Shares	47,667,469
-	Contribution to realisation costs	727,761
11,860,180		48,395,230
	Payments	
	Deposit for Chapter 15 process	50,000
	Agent's fees	300,000
	Legal fees	9,580
	Legal disbursements	200
	Administrators' fees	87,656
		(447,436)
	Distributions	
	Secured Creditor	47,667,469
		(47,667,469)
	Balance of fixed charge assets	280,325
	Floating charge assets	
	Receipts	
-	Contribution to costs	65,984
-	Bank interest	1,701
-		67,685
	Payments	
	AlixPartners pre-administration fees	12,344
	Category 1 disbursements:	
	Specific penalty bond	281
	Travel and subsistence	10,510
	Telephone charges	20
	Transfer to GBP account	44,296
	Bank charges	234
		(67,685)
	Balance of floating charge assets	-
	Total balance	280,325
	Represented by	
	Interest bearing account	258,163
	VAT receivable	22,162
		280,325

Note: The above accounts are subject to small rounding differences.

Appendix C. Administrators' fees and pre-administration costs

Fees

A copy of 'A Creditors' Guide to Administrations' can be downloaded from AlixPartners' creditor portal (<https://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 September 2019, the Secured Creditor 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.

Fees totalling \$87,656 have been drawn against fixed charge realisations to date.

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 £
Realisation of assets	323	342	110,315
Administration (including statutory reporting)	435	384	167,005
Investigations	174	469	81,580
Creditors (claims and distribution)	98	339	33,240
Total	1,030	381	392,140

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

Administrators' details of time spent to date

The Administrators' time costs for the Period are £303,374. This represents 836 hours at an average rate of £363 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 £
Realisation of assets	146	356	52,045
Administration (including statutory reporting)	378	296	111,962
Investigations	300	457	136,746
Creditors (claims and distribution)	12	211	2,621
Total	836	363	303,374

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 the final report.

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.

Pre-administration costs

The pre-administration costs were disclosed in the Proposals. Approval for these costs was received from the Secured Creditor on 12 September 2019. For the avoidance of doubt, these costs are not included in the Administrators' details of time spent to date.

Charged by	Brief description of services provided	Date of agreement	Total amount charged \$	Amount paid \$	Amount unpaid \$
AlixPartners UK LLP	Planning for the appointment as Administrators and assisting the Company in implementing its strategy	18 July 2019	12,344	12,344	-

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 was provided to creditors in the Proposals; a copy of that estimate is set out below.

	Anticipated cost £
Legal costs (PH)	240,000
Legal costs (Borges Salmon LLP)	15,000
Agent's fees – Share sale	240,000
Sundry costs	15,000
Insurance	500
Total	510,500

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. Please note that all of these costs are detailed in GBP in order to compare against the initial estimate above.

	Paid in the Period £	Incurred but not paid £	Total anticipated cost £
Legal fees (PH)	39,984	15,281	55,265
Legal fees and disbursements (Borges Salmon LLP (BS))	20,588	Nil	20,588
Legal fees (Willkie Farr and Gallagher (UK) LLP)	Nil	79,760	79,760
Legal fees and disbursements (Young Conaway Stargatt and Taylor LLP)	7,840	2,681	10,521
Agent's fee – Share sale	240,000	Nil	240,000
Insurance	246	Nil	246
Agent's fees (Heytesbury Corporate LLP)	5,557	1,429	6,986
Total	314,215	99,151	413,366

It should be noted that in the Proposals the Administrators anticipated that PH and BS would be the only legal advisors required. However, additional advisors were instructed to deal with subsequent matters that were not envisaged when the Proposals were issued. Whilst additional advisors were instructed, as certain courtesy discounts were agreed the overall expenses of the Administration are anticipated to be below the estimate provided in the Proposals.

Administrators' disbursements

A copy of the analysis of anticipated disbursements provided in the Proposals is set out below. The actual expenses may be found in the Receipts and Payments Accounts at Appendix B.

	Anticipated cost £
Category 1 disbursements:	
Specific penalty bond	225
Statutory advertising	85
Travel and subsistence	130
Storage	100
Stationery and postage	250
Re-direction of mail	211
Total	1,001

Category 1 disbursements of £10,158 have been drawn on account. The actual category 1 disbursements incurred have exceeded the above estimate as one of the Administrators was required to travel to the US as part of the tender process detailed at paragraph 3.7. Approval to draw category 2 disbursements was given by the Secured Creditor, however none have been drawn to date.

Appendix E. Additional information in relation to the Administrators' fees pursuant to Statement of Insolvency Practice 9

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 arrangements with them, which are subject to review on a regular basis.

Name of professional advisor	Basis of fee arrangement
Paul Hastings LLP (legal advice)	Hourly rate and disbursements
Burges Salmon LLP (legal advice)	Hourly rate and disbursements
Young Conaway Stargatt & Taylor LLP (legal advice)	Hourly rate and disbursements
Willkie Farr & Gallagher (UK) LLP (legal advice)	Hourly rate and disbursements
SSG Capital Advisors LLC (Share sale agent)	Fixed fee
Aon UK Limited (insurance of assets)	Risk based premium
Heytesbury Corporate LLP (general Administration assistance)	Hourly rate and disbursements

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 arrangements 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 2020 is detailed below, together with those applicable prior to that date. Time is charged by the appointees and case staff in units of six minutes.

Description	Rates from 1 January 2020 £	Rates pre 1 January 2020 £
Managing director	785-970	775-945
Director	670-740	645-775
Senior vice president	470-575	450-565
Vice president	350-445	325-425
Consultant	120-325	110-305
Treasury and support	175-325	120-315

Appendix F. Exit route and discharge from liability

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.

Discharge from liability

The Secured Creditor approved on 12 September 2019 that the Administrators will be discharged from liability under paragraph 98 of schedule B1 of the Insolvency Act 1986 directly after their appointment as Administrators ceases to have effect.