

The Insolvency Act 1986

Statement of administrator's proposals

Name of Company Equidebt Holdings Limited	Company number 05524029
In the High Court of Justice, Chancery Division, Birmingham District Registry	Court case number 8282 of 2013

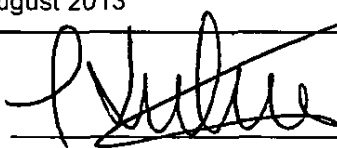
(a) Insert full name(s) and address(es) of administrator(s) We (a) Tomislav Lukic and Simon Allport
Ernst & Young LLP, No 1 Colmore Square, Birmingham, B4 6HQ

*Delete as applicable attach a copy of ~~my~~ our proposals in respect of the administration of the above company

A copy of these proposals was sent to all known creditors on

(b) Insert date (b) 2 August 2013

Signed



Joint / Administrator(s)

Dated

2/8/2013

Contact Details:

You do not have to give any contact information in the box opposite but if you do, it will help Companies House to contact you if there is a query on the form. The contact information that you give will be visible to searchers of the public record.

Mark Gillingham	
Ernst & Young LLP, No 1 Colmore Square, Birmingham, B4 6HQ	
DX Number	DX Number

When you have completed and signed this form please send it to the Registrar of Companies at

Companies House, Crown Way, Cardiff, CF14 3UZ

DX 33050 Cardiff



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A27 03/08/2013 #374

COMPANIES HOUSE

SATURDAY

Equidebt Holdings Limited
Equidebt Limited
(Both in Administration) (together "the Companies")

Joint Administrators' statement of proposals

Pursuant to paragraph 49 of schedule B1 to the
Insolvency Act 1986

2 August 2013

Abbreviations

The following abbreviations are used in this report:

EQL	Equidebt Limited
EQH	Equidebt Holdings Limited
the Companies	Equidebt Holdings Limited and Equidebt Limited
EY	Ernst & Young LLP
Syndicate	Lloyds TSB Bank plc, The Cooperative Bank plc, N M Rothschilds and Sons Limited and KBC Bank NV combined
Buyer	Cabot Financial (UK) Limited
DCA	Debt collection agency
DP	Debtor purchase book
SPA	Sale and purchase agreement
TSA	Transaction service agreement

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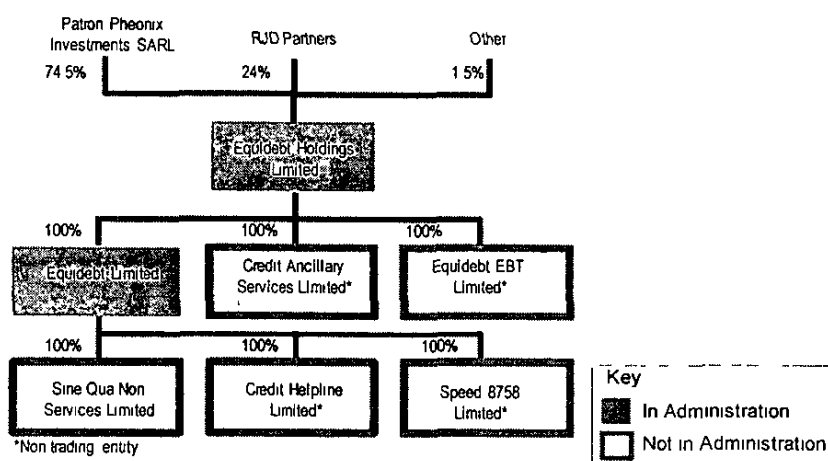
1. Introduction, background and circumstances giving rise to the appointments

Introduction

On 17 June 2013 the Companies entered Administration and Simon Allport and I were appointed as Joint Administrators. The appointments were made by the Companies under the provisions of paragraph 22(1) of Schedule B1 to the Insolvency Act 1986. I enclose copies of the Forms 2.12B, for your information at Appendix G. This document, including its appendices, constitutes the Joint Administrators' statement of proposals to creditors pursuant to paragraph 49 of Schedule B1 to the Insolvency Act 1986.

Certain statutory information relating to the Companies and the appointments of the Joint Administrators is provided at Appendix A.

Background



EQH is ultimately owned 74.5% by Patron Phoenix Investments SARL and 24.0% by RJD Partners, with the remaining equity held by various individuals, including the former founders. EQL is a 100% owned subsidiary of EQH.

The Companies' head office is based in Wellesbourne, near Warwick, from where the business of EQL also trades. At the date of our appointment EQL employed 107 staff.

EQL specialises in collecting non-performing consumer debt and at the date of appointment it had two revenue streams. EQL's revenues were generated through (a) acting as a contingent debt collection agency, collecting debts on behalf of clients "the DCA business" and (b) collecting debts from its own consumer debt portfolio that it had acquired and owned outright "the DP portfolio".

The recent financial results of EQH can be summarised as follows

Period ended	Type audited/ draft	Net income £000	Profit/ (loss) before tax £000	Profit %	Directors' remuneration £000	Net profit/ (loss) after tax £000	Accumulated retained earnings £000
April 2010	Audited	n/a	n/a	n/a	n/a	n/a	(35,234)
April 2011	Audited	n/a	n/a	n/a	n/a	n/a	(30,892)
April 2012	Audited	n/a	n/a	n/a	n/a	n/a	(30,892)
April 2013	Draft	-	-	-	n/a	-	(30,887)

N B EQH was availing of the exemption in s 230 of the Companies Act 2006 not to present its individual income statement and related notes in its statutory accounts

The recent financial results of EQL can be summarised as follows

Period ended	Type audited/ draft	Net income £000	Profit/ (loss) before tax £000	Profit %	Directors' remuneration £000	Net profit/ (loss) after tax £000	Accumulated retained earnings £000
April 2010	Audited	21,822	2,342	10.7	-	2,413	(6,301)
April 2011	Audited	6,061	(4,190)	-	321	(4,190)	(10,491)
April 2012	Audited	4,952	(18,795)*	-	340	(18,795)	(29,286)
April 2013	Draft	7,221	(1,475)	-	340	(1,475)	(28,098)

* Stated after impairment charge to EQL's owned debt portfolio of c £19.1m

Circumstances giving rise to the appointment of the Joint Administrators

Having suffered a period of underperformance in 2008 and 2009 the Companies underwent a financial restructuring in 2010 and ceased acquiring any new debt portfolios. The financial restructuring led to an extension of the existing £48 million secured term facility being agreed with its Syndicate with an expiry date of April 2013.

Following the restructuring, EQL continued to collect out its existing DP portfolio whilst focussing its efforts on growing the DCA business. Whilst the DCA business enjoyed strong growth during this period, collections from the DP portfolio were lower than anticipated. As a result of this underperformance in collections, EQL revised its forecasting methodology which led to a substantial downward revision in expected future cash flows. This ultimately led to a c £19.1 million impairment to the carrying value of the DP portfolio being recognised in EQL's accounts as at 30 April 2012.

EQL generated net income of c £5.0 million and a net loss of c £18.8 million (after impairment adjustments) for the year ended 30 April 2012.

The deterioration in the collection performance of the DP portfolio increased pressure on the Companies' cash flow and led to the Companies notifying the Syndicate of a breach of certain covenants contained within its bank facility in July 2012.

EY were originally instructed by Lloyds TSB Bank plc, being the agent bank of the Syndicate, in August 2012 in order to review management's forecasts for the business and to comment on a proposed sale of a portfolio of non-paying accounts in respect of which the Companies had requested the Syndicate to release its security. EY were subsequently instructed to undertake a full independent business review of the business in the autumn of 2012 and assist the Syndicate to assess the Companies' business plan and the alternative options presented in relation to repaying the term facility.

The board of directors and the Syndicate ultimately agreed in January 2013 to commence a full marketing exercise to sell the DP portfolio. EY were engaged by the Companies to conduct the sale process. Offers were requested from bidders on the basis of (a) transferring the collection of the DP portfolio away from EQL, (b) leaving the collection of the DP portfolio

with EQL at an agreed commission rate or (c) acquiring the entire business and assets including the DCA operation

A sale of the DP portfolio on a standalone basis was ultimately agreed with the Buyer on the basis that the Buyer would take the servicing of the DP portfolio in-house. The agreed sale of the DP portfolio would not repay the Syndicate's term facility in full and it would have the effect of substantially reducing the income of EQL and therefore the Companies rendering them unviable and unable to continue to operate as a going concern.

Ultimately, having explored various options the Syndicate and the Companies' boards of directors concluded that the Administrations of EQL and EQH and the sale of the DP portfolio to the Buyer represented the best outcome for the Companies' creditors.

In addition, the sale agreement required a period of support to be provided by the Companies to the Buyer to facilitate the transfer of the underlying DP portfolio accounts. Given the significant uncertainty around the ability of EQL or its parent EQH to fulfil these post sale obligations, it was determined that the best route to preserve the value of the DP portfolio and allow the sale to be concluded, thus maximising the realisations available to the Companies' creditors, was to place the Companies into Administration and for the Joint Administrators to conclude the sale.

In total, time costs of c £64,000 excluding VAT were incurred by the Joint Administrators prior to the date of Appointments. Further information is provided in Section 6 of these proposals and at Appendix E.

2. Purpose, conduct and end of administration

Purpose of the administration

The purpose of an administration is to achieve one of three objectives

- a To rescue the company as a going concern
- b To achieve a better result for the company's creditors as a whole than would be likely if the company was wound up (without first being in administration)
- c To realise property in order to make a distribution to one or more secured or preferential creditors

Insolvency legislation provides that objective (a) should be pursued unless it is not reasonably practicable to do so or if objective (b) would achieve a better result for the company's creditors as a whole. Objective (c) may only be pursued if it is not reasonably practicable to achieve either objective (a) or (b) and can be pursued without unnecessarily harming the interests of the creditors of the company as a whole.

The Joint Administrators are seeking to achieve objective (b) for the Companies. Following the unsuccessful attempts to sell the entire business on a solvent basis, we did not consider option (a) was achievable.

Conduct of the Administrations

Upon appointment Tomislav Lukic, one of the Joint Administrators, and his staff attended the Companies' head office to ensure that the assets of the Companies were secured.

DP portfolio

Following their appointment, the Joint Administrators exchanged contracts to sell EQL's principal asset, being its entire portfolio of owned non-performing consumer debts, to the Buyer subject to original vendor consents. The Joint Administrators immediately completed the sale of five tranches of debt for a total consideration of c £16.1m. The sale of the remaining tranches was completed on 27 June 2013 for c £6.2m.

Please refer to our letter dated 24 June 2013 for further details of the sale of the DP portfolio. This is enclosed at Appendix F.

A reconciliation of the collections from 2 March 2013 to the dates of completion was required under the SPA to establish the final sale proceeds. As a result of lower than anticipated collections in the period, the total sale proceeds for the DP portfolio increased by c £0.1m to c £22.4m.

As agreed in the SPA, a three month period of support via a TSA commenced on completion of the sale of the final tranches of the DP portfolio. The TSA is due to expire on 27 September 2013.

Following completion of each sale an initial dataset was sent to the Buyer in order to prepare their systems and commence collecting out the DP portfolio. The initial data transfer was completed by 4 July 2013.

Since that time the Buyer has been reconciling the data and preparing to load the data onto their own systems.

DCA

As discussed in our letter dated 24 June 2013, a buyer for the DCA business was not identified during the pre-appointment marketing process. Furthermore, the business was not considered viable to trade on a standalone basis as a going concern. The DCA clients were contacted shortly after appointment and informed that it would be necessary for EQL to return the DCA accounts back to them. We have provided the DCA clients a period of support to 30 August 2013 in order for the DCA clients to make alternative collection arrangements. They have been informed that EQL is not undertaking any pro-active steps to collect the debts. However, during this period of support EQL has continued to remit payments received to the DCA clients net of commission and any outstanding pre-appointment book debt.

To date, total commission received in respect of the DCA business is c £115,000 (excluding VAT). In addition, at the date of our appointment c £185,000 was outstanding in respect of commission from DCA clients of which we have collected c £163,000.

Employees

As at the date of appointment EQL had 107 employees. There were no employees in EQH.

Given that active collections were no longer taking place, 58 employees were made redundant on the date of appointment.

Following the sale of the second and final tranche of the DP portfolio on 27 June 2013 a further 19 employees were made redundant. Since that time we have made a further 4 redundancies, reducing the number of employees to 26 as at 26 July 2013.

Leasehold property

At the date of appointment EQL had a lease in place at a property located in Surbiton which it no longer utilised for business purposes. The Joint Administrators cleared the site of the Companies' books, records and office furniture and surrendered the lease on the property to the landlord within the first week of appointment.

The Companies continue to occupy and operate from the leased premises in Wellesbourne.

Cash on appointment

At the date of our appointment cash totalled c £982,000, composing of both DP and DCA monies that the Joint Administrators are currently undertaking the process of reconciling. Additionally, cash on appointment includes suspense monies, which are described below.

Suspense

Prior to the appointment of the Joint Administrators, EQL established a trust arrangement to ensure that amounts received by EQL after 1 March 2013 from debtors or former debtors sent for the credit of EQL were held upon trust by EQL to the extent that those monies represented an overpayment by debtors.

Our solicitors, Eversheds LLP, have advised that any monies received by EQL prior to the establishment of the trust on 1 March 2013 are likely to represent an unsecured non-preferential claim against EQL.

Chattel assets

Our agents, GVA, have inspected the premises at Wellesbourne and have identified a number of assets that we will seek to market and dispose of at the end of the TSA period.

Retention of title

To date only one supplier has claimed retention of title against stock supplied to EQL. We are currently assessing the validity of this claim.

Joint Administrators' receipts and payments

A summary of the Joint Administrators' receipts and payments for the period from 17 June 2013 to 22 July 2013 are attached at Appendix D.

Initial meeting of creditors

The Joint Administrators are of the opinion that the Companies have insufficient property to enable a distribution to be made to unsecured non-preferential creditors other than by virtue of the Prescribed Part and consequently, in accordance with the provisions of paragraph 52(1) of Schedule B1 to the Insolvency Act 1986, they do not intend to call an initial creditors' meetings.

The Joint Administrators will be obliged to call initial meetings of creditors for EQL or EQH if it is requested by their respective creditors whose debts amount to at least 10% of the total debts of the respective Companies. The request must be made within 12 business days of the date on which these proposals are sent out (or such longer period as the court may allow) and must be in the prescribed form. The creditor summoning the meeting must lodge with the Joint Administrators a deposit as security for the expenses of summoning and holding the meeting.

Future conduct of the Administrations

As outlined above, the Joint Administrators are currently providing support to the Buyer under the terms of the TSA and assisting DCA clients with the return of their accounts in order to achieve objective (b) of the administration objectives.

Other areas that remain outstanding are as follows:

- Distribution to the Syndicate,
- Finalise retention of title matter,
- Realise any remaining assets,
- Exit the Wellesbourne premises,
- Settle all Administration liabilities,
- Perform statutory duties in relation to the Company Directors Disqualification Act 1986,
- Satisfy obligations during the Administration, including ongoing six monthly reporting to the Companies' creditors,
- Complete statutory returns to HM Revenue & Customs, including those in relation to VAT, corporation tax and employee returns,
- Settle preferential creditor claims, and
- Distribute funds under the Prescribed Part, if applicable.

The end of the Administrations

It is proposed that should sufficient assets be realised in the Administrations to enable a distribution to non-preferential creditors by virtue of the Prescribed Part, at the end of the Administrations, the Companies will either move straight into creditors' voluntary liquidation.

upon the filing with the Registrar of Companies of a notice pursuant to paragraph 83 of Schedule B1 to the Insolvency Act 1986 or an application to Court to distribute the Prescribed Part in the Administrations will be made

Should the Companies move in to creditors' voluntary liquidation, it is proposed that the liquidators would be Tomislav Lukic and Simon Allport of Ernst & Young LLP and that any act required or authorised under any enactment to be done by the liquidators may be done by either or both of them

In accordance with paragraph 83(7) of Schedule B1 to the Insolvency Act 1986 and Rule 2.117A(2)(b) of the Insolvency Rules 1986, creditors may nominate a different person as the proposed liquidator, provided that the nomination is made after the receipt of the Proposals and before the Proposals are approved. It should be noted in this regard that a person must be authorised to act as an insolvency practitioner in order to be appointed as liquidator

It is proposed that if at the end of the Administrations either or both of the Companies have no property which might permit a distribution to its creditors, the Joint Administrators will send a notice, or notices, to that effect to the Registrar of Companies. On registration of the notice(s) the Joint Administrators' appointment(s) will come to an end. In accordance with the provisions of paragraph 84(6) of Schedule B1 to the Insolvency Act 1986 either or both of the Companies will be deemed to be dissolved three months after the registration of the notice(s)

An assessment will be made on the above once the quantum of the distribution has been finalised and the respective costs and viability of the above options assessed. If the Prescribed Part is paid whilst the Companies are in Administration (having received Court approval to make such a distribution) and all outstanding matters in the Administrations are completed then the Companies will be dissolved as described above

3. Statement of Affairs

On 16 July 2013, we received a Statement of Affairs for both EQH and EQL from Christopher Reid, the Company Secretary. These Statement of Affairs are supported by Statements of Concurrence from the directors of both EQH and EQL. The Statements of Affairs are attached at Appendix B.

Our comments on the Statements of Affairs are as follows:

EQH

Intercompany debt

EQH is an intercompany creditor of EQL. This claim has yet to be submitted and agreed, however if proven valid EQH would be eligible for a distribution from the Prescribed Part of EQL. Realisations from this debt are currently estimated to be significantly lower than the value as per the Statement of Affairs.

Secured creditors

The Syndicate, the Companies' principal secured lender, had total indebtedness as at 17 June 2013 of £34.7m (before post appointment accruing interest and charges). This comprises of a term loan secured against both EQH and EQL. There is a cross-guarantee between the Companies and as such, this debt is reflected in both of their Statement of Affairs.

EQL

DP portfolio

The Statement of Affairs valued the DP portfolio at c £22.3m being the estimated consideration as per the SPA. As discussed, a post completion reconciliation of the collections from 2 March 2013 to the date of completion has now been conducted, resulting in an increase in the sale proceeds from the DP portfolio of c £0.1m.

Chattel assets

The value of chattel assets as per the Statement of Affairs is c £360,000, however we have been advised by our independent agents, GVA, that realisations from these assets will be significantly lower.

Cash on appointment

Cash on appointment is c £1,050,000 as per the Statement of Affairs, however a debit was subsequently made to this balance by the Syndicate in respect of EY M&A fees in relation to the pre-appointment DP portfolio sale process. This was payable to EY as per the terms and conditions of its engagement agreement and totalled £68,558.28.

Accrued income

Accrued income represents unbilled DCA commissions at the date of appointment, whereby the collection activity had been undertaken but an invoice was yet to be raised. This should be included within EQL's pre-appointment book debt of c £185,000.

Pre-appointment book debt

The Statement of Affairs did not include a provision for EQL's pre-appointment book debt. This balance at the date of appointment was c £185,000 and as noted above, c £163,000 has been collected to date by the Joint Administrators.

Preferential creditors

We currently estimate preferential creditors claims will total c £40,000 in respect of holiday pay arrears due to employees

Secured creditors

As noted above, the Syndicate had total indebtedness at 17 June 2013 of £34.7m

Non preferential creditors

Creditor claims continue to be submitted. It is estimated that total non preferential claims will be c £3.0m excluding suspense creditors. This balance may be mitigated based on the quantum of the landlord's claim in respect of the property at Wellesbourne.

4. Prescribed Part

The Prescribed Part is a proportion of floating charge assets set aside for non preferential creditors pursuant to section 176A of the Insolvency Act 1986. The Prescribed Part applies to floating charges created on or after 15 September 2003.

The Joint Administrators estimate, to the best of their knowledge and belief, that

EQH

As detailed in the Statements of Affairs section the only potential realisation available to EQH would be a dividend, by virtue of the Prescribed Part, from EQL in respect of an intercompany balance. The Joint Administrators cannot currently establish the exact quantum of floating charge realisations, principally due to uncertainty in respect of the level of potential distribution from EQL to EQH.

The Joint Administrators estimate, to the best of their knowledge and belief, that

- ▶ The value of the net property is £NIL
- ▶ The value of the Prescribed Part is £NIL

To the extent realisations are finalised the above could change

EQL

The Joint Administrators estimate, to the best of their knowledge and belief, that

- ▶ The value of the net property is c £20.9m
- ▶ The value of the Prescribed Part is £600,000, before the costs of dealing with the Prescribed Part

The Joint Administrators do not intend to make an application to the Court under section 176A(5) of the Insolvency Act 1986 for an order not to distribute the Prescribed Part.

5. Joint Administrators' remuneration, disbursements and payments to other professionals

Remuneration

The statutory provisions relating to remuneration are set out in Rule 2.106 of the Insolvency Rules 1986. Further information is given in the Association of Business Recovery Professionals' publication 'A Creditors' Guide to Administrators' Fees', a copy of which may be accessed from the web site of the Insolvency Practitioners Association at <http://www.insolvency-practitioners.org.uk> (follow 'Regulation and Guidance' then 'Creditors' Guides to Fees'), or is available in hard copy upon written request to the Joint Administrators.

In the event that a creditors' meeting is not requisitioned and a creditors' committee is not formed, the Joint Administrators will seek to have their remuneration fixed by the secured creditors and if the Joint Administrators have made or intend to make a distribution to preferential creditors, the preferential creditors in accordance with Rule 2.106(5A) of the Rules. The Joint Administrators will ask for their remuneration to be fixed on the basis of time properly given by them and their staff in dealing with matters arising in the Administrations.

Attached at Appendix C is a detailed analysis of time spent and charge out rates, for each grade of staff for the various areas of work carried out to 26 July 2013, as required by the Association of Business Recovery Professionals' Statement of Insolvency Practice No. 9.

Disbursements

Appendix C also includes a statement of the Joint Administrators' policy for charging disbursements. In the event that a creditors' meeting is not requisitioned and a creditors' committee is not formed, the Joint Administrators will seek the approval of the secured creditors and preferential creditors if applicable to charge category 2 disbursements.

Payments to other professionals

The Joint Administrators have engaged the following other professionals to assist them. They were chosen on the basis of their experience in similar assignments and previous knowledge of the Companies.

Name of firm	Nature of service	How contracted to be paid
Eversheds LLP	Post-appointment legal services	Time cost basis
GVA	Chattel asset agents	Time cost basis
JLT Insurance	Insurance	Time cost basis

No fees have been paid to date.

6. Pre-Administration costs

The Joint Administrators are seeking approval for payment of unpaid pre-Administration costs totalling £64,431.34 plus VAT. This consists of unpaid time costs of £62,960.00 and unpaid expenses of £1,471.34. The payment of unpaid pre-Administration costs as an expense of the administration is subject to approval under Rule 2.67A, and not part of the Proposals subject to approval under paragraph 53. This means that they must be approved separately from the Proposals.

A breakdown of the total pre-Administration costs incurred and amounts paid pre-Administration is attached at Appendix E. Further information on the work undertaken is provided below.

Administration insolvency planning

- ▶ Preparation of statutory Administration letters and forms and the formalities of the appointments
- ▶ Contingency planning for the wind down of the business of EQL following Administration

Pre-packaged sale of the DP portfolio

- ▶ Discussions, meetings and negotiations with various interested parties relating to the sale of the DP portfolio
- ▶ Discussions and meetings with the management, directors, solicitors and secured lenders in relation to the sale of the DP portfolio
- ▶ Review and negotiation of the sale agreement

The breakdown attached at Appendix E sets out a statement of pre-Administration costs.

There has not yet been any agreement for the payment of pre-Administration fees incurred by the Joint Administrators in relation to the preparation for insolvency and the pre-packaged sale of the DP portfolio.

The breakdown attached at Appendix E sets out

- ▶ The fees charged by the Joint Administrators,
- ▶ The expenses incurred by the Joint Administrators,
- ▶ The fees charged (to the Joint Administrators' knowledge) by any other person qualified to act as an insolvency practitioner (and if more than one, by each separately), and
- ▶ The expenses incurred (to the Joint Administrators' knowledge) by any other person qualified to act as an insolvency practitioner (and if more than one, by each separately)

In the event that a creditors' meeting is not requisitioned and a creditors' committee is not formed, the Joint Administrators will seek to have the unpaid pre-Administration costs approved by the secured creditors and if the Joint Administrators made or intend to make a distribution to preferential creditors, the preferential creditors.

Appendix A Statutory information

Company Information

Company Name	Equidebt Limited
Registered Office Address	Equity House, Ettington Road, Wellesbourne, Warwickshire, CV35 9GA
Registered Number	02686796
Trading Name(s)	Equidebt
Trading Address(es)	Equity House, Ettington Road, Wellesbourne, Warwickshire, CV35 9GA

Details of the Administrators and of their appointment

Administrators	Tomislav Lukic and Simon Allport
Date of Appointment	17 June 2013
By Whom Appointed	Equidebt Limited
Court Reference	8281 of 2013

Any of the functions to be performed or powers exercisable by the Joint Administrators may be carried out/exercised by any one of them acting alone or by any or all of them acting jointly

Statement concerning the EC Regulation

The EC Council Regulation on Insolvency Proceedings does apply to this Administration and the proceedings are the main proceedings. This means that this Administration is conducted according to UK insolvency legislation and is not governed by the insolvency law of any other European Union Member State

Share capital

Class	Authorised		Issued and fully paid	
	Number	£	Number	£
Ordinary	21,291	21,291	21,291	21,291
Ordinary 1	6,723	-	6,723	-
Ordinary B	44,000	44,000	44,000	44,000

Directors and secretary and their shareholdings

Name	Director or Secretary	Date appointed	Date resigned	Current shareholding
Christopher Reid	Secretary	03/10/2013	n/a	n/a
Keith Breslauer	Director	01/02/2013	28/06/2013	n/a
Robert Paul Scott	Director	15/06/2010	n/a	n/a
Hamish John Garrow Mair	Director	01/02/2013	21/06/2013	n/a
John Eamon Dillon	Director	01/02/2013	21/06/2013	n/a
Richard Terrell Langstaff	Director	01/02/2013	21/06/2013	n/a

Company Information

Company Name	Equidebt Holdings Limited
Registered Office Address	Equity House, Ettington Road, Wellesbourne, Warwickshire, CV35 9GA
Registered Number	05524029
Trading Name(s)	n/a – non-trading entity
Trading Address(es)	Equity House, Ettington Road, Wellesbourne, Warwickshire, CV35 9GA

Details of the Administrators and of their appointment

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Share capital

Class	Authorised		Issued and fully paid	
	Number	£	Number	£
Ordinary B	33,316,627	3,832	33,316,627	3,832
Preference A	54,358,707	5,435	54,358,707	5,435

Directors and secretary and their shareholdings

Name	Director or Secretary	Date appointed	Date resigned	Current shareholding
Christopher Reid	Secretary	03/10/2011	n/a	n/a
Keith Breslauer	Director	06/12/2007	28/06/2013	n/a
Robert Paul Scott	Director	31/08/2005	n/a	Preference A 883,873 Ordinary B 376,301
Hamish John Garrow Mair	Director	06/12/2007	21/06/2013	n/a
John Eamon Dillon	Director	29/07/2009	21/06/2013	n/a
Richard Terrell Langstaff	Director	24/01/2011	21/06/2013	n/a

Appendix B Directors' Statement of Affairs

Rule 2 29

Form 2 14B

Statement of affairs

Name of Company Equidebt Holdings Limited	Company number 05524029
In the High Court of Justice, Chancery Division, Birmingham District Registry <small>(full name of court)</small>	Court case number 8282 of 2013

(a) Insert name and address of registered office of the company

Statement as to the affairs of (a) Equidebt Holdings Limited

No 1 Colmore Square, Birmingham, B4 6HQ

(b) Insert date

on the (b) 17 June 2013, the date that the company entered administration

Statement of Truth

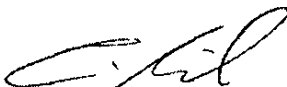
I believe that the facts stated in this statement of affairs are a full, true and complete statement of the affairs

of the above named company as at (b) 17 June 2013 the date that the company entered administration

Full name

CHRISTOPHER IAN REID

Signed



Dated

16/7/13

A – Summary of Assets

Assets	Book Value (£)	Estimated to Realise (£)
Assets subject to fixed charge		
Assets subject to floating charge		
Intercompany debt from Equidebt Limited	188,814	79,820
Uncharged assets		
Estimated total assets available for preferential creditors	188,814	79,820

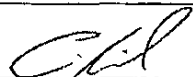
Signature  Date 16/7/13

ADM01B03

A1 – Summary of Liabilities

		Estimated to realise (£)
Estimated total assets available for preferential creditors (carried from page A)	£	79,820
Liabilities	£	
Preferential creditors -	0	0
Estimated deficiency/surplus as regards preferential creditors	£	79,820
Estimated prescribed part of net property where applicable (to carry forward)	£	
	(18,964)	(18,964)
Estimated total assets available for floating charge holders	£	60,856
Debts secured by floating charges	£	
	(34,721,000)	(34,721,000)
Estimated deficiency/surplus of assets after floating charges	£	(34,660,144)
Estimated prescribed part of net property where applicable (brought down)	£	
	18,964	18,964
Total assets available to unsecured creditors	£	18,964
Unsecured non-preferential claims (excluding any shortfall to floating charge holders)	£ (138,495)	(138,495)
Estimated deficiency/surplus as regards non-preferential creditors (excluding any shortfall to floating charge holders)	£	(119,531)
Shortfall to floating charge holders (brought down)	£ (34,660,144)	(34,660,144)
Estimated deficiency/surplus as regards creditors	£	(34,779,675)
Issued and called up capital	£	
	(9,268)	(9,268)
Estimated total deficiency/surplus as regards members	£	(34,788,943)

Signature



Date

16/7/13

COMPANY CREDITORS

Note You must include all creditors and identify all creditors under hire-purchase, chattel leasing or conditional sale agreements and customers claiming amounts paid in advance of the supply of goods or services and creditors claiming retention of title over property in the company's possession

[illegible]

Signature

Date _____

16/7/17

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COMPANY SHAREHOLDERS

Name of Shareholder	Address (with postcode)	No of shares held	Nominal Value	Details of Shares held
Patron Phoenix Investments SARL	L-2310 Luxembourg, 6, Avenue Pasteur	53,474,834	£5,347.48	A Class (Preference) £0.0001
Robert Scott	Orchard House, Ilmington, Shipston on Slour, Warwickshire, CV36 4JQ	883,873	£88.39	A Class (Preference) £0.0001
RL Private Equity Fund	8 - 9 Well Court, Bow Lane, London, EC4M 9DN	17,729,402	1,772.94	B Class (Ordinary) £0.0001
RL Private Equity SBS Fund	8 - 9 Well Court, Bow Lane, London, EC4M 9DN	422,120	42.21	B Class (Ordinary) £0.0001
F&C Private Equity Trust	80 George Street, Edinburgh, EH2 3BU	2,952,594	295.26	B Class (Ordinary) £0.0001
Patron Phoenix Investments SARL	L-2310 Luxembourg, 6, Avenue Pasteur	11,835,794	1,183.58	B Class (Ordinary) £0.0001
Robert Scott	Orchard House, Ilmington, Shipston on Slour, Warwickshire, CV36 4JQ	376,216	37.62	B Class (Ordinary) £0.0001
TOTALS				

Signature



Date

16/7/13

Continued over the page

ADM21 B03

COMPANY SHAREHOLDERS

Name of Shareholder	Address (with postcode)	No of shares held	Nominal Value	Details of Shares held
RL Private Equity Fund	8 - 9 Well Court, Bow Lane, London, EC4M 9DN	231	231	B Class (Ordinary) £1.00
RL Private Equity SBS Fund	8 - 9 Well Court, Bow Lane London, EC4M 9DN	6	6	B Class (Ordinary) £1.00
F&C Private Equity Trust	80 George Street, Edinburgh, EH2 3BU	33	33	B Class (Ordinary) £1.00
Robert Scott	Orchard House, Ilmington, Shipston on Stour, Warwickshire, CV36 4JQ	85	85	B Class (Ordinary) £1.00
Jan Mosiewicz	Aragon House, Quineys Road, Stratford-upon-Avon, Warwickshire, CV37 9BW	85	85	B Class (Ordinary) £1.00
Philip Wilding	29 Granville Street Leamington Spa CV32 5XW	10	10	B Class (Ordinary) £1.00
Equidebt EBT Limited	Equity House, Ettington Road, Wellesbourne, Warwickshire, CV35 9GA	50	50	B Class (Ordinary) £1.00
Patron Phoenix Investments SARL	L-2310 Luxembourg, 6, Avenue Pasteur	1	1	B Class (Ordinary) £1.00
TOTALS		87,675,334	9,268.48	

Signature



Date

16/7/13

ADM01503

Rule 2 29

Form 2 14B

Statement of affairs

Name of Company Equidebt Limited	Company number 02666796
In the High Court of Justice, Chancery Division, Birmingham District Registry <small>{full name of court}</small>	Court case number 8281 of 2013

(a) Insert name and
address of registered
office of the company

Statement as to the affairs of (a) Equidebt LimitedNo. 1 Colmore Square, Birmingham, B4 6HQ

(b) Insert date on the 17 June 2013, the date that the company entered administration
(b)

Statement of Truth

I believe that the facts stated in this statement of affairs are a full, true and complete statement of
the affairs

of the above named company as at (b) 17 June 2013 the date that the company entered
administration

Full name CHRISTOPHER IAN REID

Signed 

Dated 16/7/13

ADM21803

A – Summary of Assets


Assets	Book Value (£)	Estimated to Realise (£)
Assets subject to fixed charge		
Assets subject to floating charge		
Debt Book	22,300,000	22,300,000
Fixed Assets	380,329	380,329
Cash	1,050,371	1,050,371
Accrued income	65,130	65,130
Uncharged assets		
Estimated total assets available for preferential creditors	23,775,830	23,775,830

Signature  Date 16/7/13

A1 – Summary of Liabilities

		Estimated to realise (£)
Estimated total assets available for preferential creditors (carried from page A)	£	23,775,830
Liabilities	£	
Preferential creditors -	(35,062)	(35,062)
Estimated deficiency/surplus as regards preferential creditors	£	23,740,768
Estimated prescribed part of net property where applicable (to carry forward)	£	
	(600,000)	(600,000)
Estimated total assets available for floating charge holders	£	23,140,768
Debts secured by floating charges	£	
	(34,721,000)	(34,721,000)
Estimated deficiency/surplus of assets after floating charges	£	(11,580,232)
Estimated prescribed part of net property where applicable (brought down)	£	
	600,000	600,000
Total assets available to unsecured creditors	£	600,000
Unsecured non-preferential claims (excluding any shortfall to floating charge holders)	£ (1,419,299)	(1,419,299)
Estimated deficiency/surplus as regards non-preferential creditors (excluding any shortfall to floating charge holders)	£	(819,299)
Shortfall to floating charge holders (brought down)	£ (11,580,232)	(11,580,232)
Estimated deficiency/surplus as regards creditors	£	(12,399,531)
Issued and called up capital	£	
	(65,292)	(65,292)
Estimated total deficiency/surplus as regards members	£	(12,464,823)

Signature



Date

16/7/13

COMPANY CREDITORS

Note You must include all creditors and identify all creditors under hire-purchase, chattel leasing or conditional sale agreements and customers claiming amounts paid in advance of the supply of goods or services and creditors claiming retention of title over property in the company's possession

[illegible]

Signature

Date _____

161715

See attached creditor schedule

ADMO1803

TOTAL OF £ 1,419,299

[illegible]

[illegible]

[illegible]

[illegible]

[illegible]

COMPANY SHAREHOLDERS

Name of Shareholder	Address (with postcode)	No of shares held	Nominal Value	Details of Shares held
Equidebt Holdings Limited	Equity House, Ettington Road, Wellesbourne, Warwickshire, CV35 9GA	21,291	£21,291	Ordinary £1.00
Equidebt Holdings Limited	Equity House Ettington Road Wellesbourne, Warwickshire, CV35 9GA	6,723	£0.67	Ordinary £0.0001
Equidebt Holdings Limited	Equity House, Ettington Road, Wellesbourne, Warwickshire, CV35 9GA	44,000	£44,000	Ordinary B £1.00
- -				
	TOTALS	72,014	65,291.67	

Signature

Date _____

5112191

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Appendix C Statement of Joint Administrators' charging policy for remuneration and disbursements pursuant to Statement of Insolvency Practice No. 9

Charging and disbursement policy

Joint Administrator's charging policy for remuneration

The Joint Administrators have engaged managers and other staff to work on the Administrations. The work required is delegated to the most appropriate level of staff taking account of the nature of the work and the individual's experience. Additional assistance is provided by accounting and treasury executives dealing with the Companies' bank accounts and statutory compliance diaries. Work carried out by all staff is subject to the overall supervision of the Joint Administrators.

All time spent by staff working directly on case-related matters is charged to a time code established for each case. Each member of staff has a specific hourly rate, which is subject to change over time. The average hourly rate for each category of staff over the period is shown below, as are the current hourly rates used. The current hourly rates are higher than the average rates, since hourly rates have increased over the period covered by this fee request.

Equidebt Holdings Limited

Summary of time costs from 17 June 2013 to 26 July 2013

Classification of work function	Hours				Total Hours	Total Time Costs £	Total Average Rate £
	Partner/Director	Manager	Other Senior Professionals	Assistants & Support			
Accounting & administration	-	1 80	3 70	1 30	6 80	1 585 50	233 16
Immediate tasks	-	-	4 00	-	4 00	920 00	230 00
Statutory duties	-	2 10	-	-	2 10	672 00	320 00
VAT & taxation	-	2 20	-	-	2 20	1 260 00	572 73
Total	-	6 10	7 70	1 30	15 10	4,437 50	293 87
Total cost incurred £	-	2,508 00	1,778 00	151 50	4,437 50		
Average hourly rate £	-	411 15	230 91	116 54			

Current hourly charge out rates

	Charge out rates £	From 1 July 12	From 1 July 13
Partner/Director	Partner	570	600
	Director	485	490
Manager	Senior Manager	410	430
	Manager	320	335
	Manager- Tax	520	570
Other Senior Professionals	Executive	230	240
Assistants & Support	Analyst 1	140	145
	Analyst Tax	100	105
	Cashier	115	120
	Assistant	110	115

Equidebt Limited (In Administration)
Summary of time costs from 17 June 2013 to 26 July 2013

Classification of work function	Hours				Total Hours	Total Time Costs £	Total Average Rate £
	Partner/Director	Manager	Other Senior Professionals	Assistants & Support			
Accounting & administration	15 70	39 50	21 50	65 40	142 10	33,755 48	237 55
Bank & statutory reporting	21 70	18 00	47 00	13 50	100 20	30 060 00	300 00
Creditors	11 00	11 00	27 00	20 00	69 00	17,548 44	254 33
Debtors	8 00	-	-	-	8 00	3,820 00	477 50
Employee matters	22 10	55 50	54 00	-	131 60	46,137 50	350 59
Immediate tasks	2 00	-	30 50	34 50	67 00	12,805 00	191 12
Investigations and CDDA	6 00	-	2 00	-	8 00	3 520 00	440 00
Job acceptance & strategy	8 50	-	2 00	-	10 50	4,842 50	461 19
Legal issues	0 50	-	-	-	0 50	300 00	600 00
Other assets	28 50	-	31 50	-	60 00	21 037 50	350 63
Other matters	1 00	63 50	-	1 50	66 00	21,709 00	328 92
Property	1 00	-	23 00	-	24 00	6 420 00	267 50
Public relations issues	0 50	-	-	-	0 50	232 50	465 00
Retention of title	-	-	1 00	-	1 00	240 00	240 00
Statutory duties	12 70	17 20	15 00	-	44 90	15,509 00	345 41
Trading	38 10	159 60	194 00	272 00	663 70	149 825 29	225 74
VAT & taxation	-	-	2 50	3 50	6 00	1 005 00	167 50
Total	177 30	384 30	451 00	410 40	1,403 00	368,767 21	262 84
Total cost incurred £	87,649 00	124,139 00	106,742 50	50,236 71	368,767 21		
Average hourly rate £	494 35	340 76	236 68	122 41			

Expenses £ s	
Category 1	2,401 90
Category 2	729 00
Total	3,130 90

Current hourly charge out rates

	Charge out rates £	From 1 July 12	From 1 July 13
Partner/Director	Partner	570	600
	Director	485	490
Manager	Senior Manager	410	430
	Manager	320	335
	Manager- Tax	520	570
Other Senior Professionals	Executive	230	240
Assistants & Support	Analyst 1	140	145
	Analyst Tax	100	105
	Cashier	115	120
	Assistant	110	115

Joint Administrators' charging policy for disbursements

Statement of Insolvency Practice No 9 divides disbursements into two categories

Category 1 disbursements are defined as specific expenditure relating to the administration of the insolvent's affairs and referable to payment to an independent third party. Such disbursements can be paid from the insolvent's assets without approval from a creditors' committee or the general body of creditors. In line with Statement of Insolvency Practice No 9, it is our policy to disclose Category 1 disbursements drawn but not to seek approval for their payment. We are prepared to provide such additional information as may reasonably be required to support the disbursements drawn.

Category 2 disbursements are charges made by the office holder's firm that include elements of shared or overhead costs. Statement of Insolvency Practice No 9 provides that such disbursements are subject to approval as if they were remuneration.

It is our policy, in line with the Statement, to seek approval for Category 2 disbursements before they are drawn. To date, the following Category 2 expenses have been incurred. It is proposed that the Joint Administrators be permitted to draw these expenses.

EQL Category 2 disbursements from 17 June 2013 to 26 July 2013

Nature of expense	Amount – £	Basis of charge
Mileage – own car	729.00	Mileage is charged at 45p per mile

EQH Category 2 disbursements from 17 June 2013 to 26 July 2013

Nature of expense	Amount – £	Basis of charge
Mileage – own car	-	Mileage is charged at 45p per mile

Appendix D Joint Administrators' receipts and payments accounts

EQH receipts and payments account for the period from 17 June 2013 to 22 July 2013

	Estimated to realise as per directors' Statement of Affairs £'000	Actual to 22 July 2013 £'000
Receipts		
Intercompany debt due from EQL	80	-
	<u>80</u>	<u>-</u>
Payments		
		<u>-</u>
		<u>-</u>
Funds attributable to floating charge assets		<u>-</u>

EQL receipts and payments account for the period from 17 June 2013 to 22 July 2013

	Estimated to realise as per directors' Statement of Affairs £'000	Actual to 22 July 2013 £ 000
Receipts		
DP portfolio proceeds	22 300	22 394
DP income		25
DCA commission		115
Pre-appointment book debt	65	163
Fixed assets	360	-
Interest income-floating		2
Sundry income		-
Cash on appointment	1 050	982
	<u>23,776</u>	<u>23 681</u>
Payments		
Employees wages		175
Employers NIC		14
Employers pension contribution		9
Telephone & mobile		22
Rent		21
Hire of equipment		14
IT services		3
Sundry expenses		6
Bank charges and interest		2
Ransom payments		6
		<u>272</u>
Funds attributable to floating charge assets		<u>23,409</u>
Represented by		
Joint Administrators accounts		22,811
Pre-appointment accounts		1 815
DCA client monies held		(579)
DP monies held owed to Buyer		(105)
Suspense		(317)
Net VAT payable		(8)
PAYE/NIC		(8)
Payroll deductions control		(0)
Total available cash at bank		<u>23,409</u>

Notes

- 1 Receipts and payments are stated net of VAT

Appendix E Statement of pre-Administration costs

Statement of pre-Administration costs

	Administrator	
	Remuneration £	Expenses £
Pre-Administration time costs incurred in the pre-packaged sale of the DP portfolio and the planning of the insolvency	62,960 00	
Pre-Administration out of pocket expenses		1,471 34
Total costs incurred	62,960 00	1,471 34
Paid before the Administration		
Time costs	-	-
Expenses		
Unpaid pre-Administration costs	62,960 00	1,471 34

Please note all unpaid pre-Administration costs relate to EQL only

Unpaid pre-Administration costs are costs which had not been paid at the date of Administration are still outstanding and are subject to approval under Rule 2 67A of the Insolvency Rules 1986

Unpaid pre-Administration costs are not part of the Proposals subject to approval under paragraph 53 of Schedule B1 of the Insolvency Act 1986 This means that they must be approved separately from the Proposals Further information on the way in which approval will be sought for unpaid pre-Administration costs is set out in section 6 of this document

Appendix F Letter to all creditors dated 24 June 2013 SIP 16



ERNST & YOUNG

Ernst & Young LLP
No 1 Colmore Square
Birmingham B4 6HQ
Tel: 0121 535 2000
Fax: 0121 535 2001
www.ey.com/uk

TO ALL KNOWN CREDITORS

24 June 2013

Ref: EDTL/DH/MG

Direct line: 0121 535 2481
Direct fax: 0121 535 2448

Mark Gillingham

mgillingham@uk.ey.com

Dear Sirs

Equidebt Limited (In Administration) ("the Company")

Trading name: Equidebt

Principal trading address: Equity House, Ettington Road, Wellesbourne, Warwickshire, CV35 9GA

On 17 June 2013 the Company entered Administration and Simon Allport and I were appointed as Joint Administrators. The appointment was made by the Company under the provisions of paragraph 22(1) of Schedule B1 to the Insolvency Act 1986. I enclose a copy of Form 2.12B, for your information.

Sale of the business

On 17 June 2013 we exchanged contracts to sell the Company's principal assets, its portfolio of owned non-performing consumer debts, to Cabot Financial (UK) Limited "the Buyer". We immediately completed the sale of five tranches of debt for a total consideration of £16.1 million. Completion of the sale of the remaining seven tranches of debt will occur once consent for the sale has been obtained from the original respective vendors of those tranches of debt. The consideration for the remaining tranches will be £6.2 million less an agreed deduction to that price which will be calculated by reference to the cash collected in respect of each portfolio less an agreed commission up until the date of completion.

The Buyer is an unconnected purchaser and the Directors have not received any of the sale consideration and are not shareholders of the Buyer. As far as we are aware, no personal guarantees have been provided by the Company Directors to the Company's financiers.

Further information regarding the transaction is given below. The information is provided to the best of our knowledge.

Background

The Company is a 100% owned subsidiary of Equidebt Holdings Limited ("EHL") which also entered Administration on 17 June 2013 and Simon Allport and I were appointed as Joint Administrators. The appointment over EHL was made by the Company under the provisions of paragraph 22(1) of Schedule B1 to the Insolvency Act 1986.

The Company traded as a debt collection business specialising in non-performing consumer debt. The Company's revenues were generated through acting as a contingent debt collection agency, collecting debts on behalf of clients "the DCA business", and through collecting debts from its own consumer debt portfolio that it had acquired and owned outright "the DP portfolio".

Having suffered a period of underperformance in 2008 and 2009 the Company underwent a financial restructuring in 2010 and ceased acquiring any new debt portfolios. The financial restructuring led to an



INVESTOR IN PEOPLE

Equidebt Ltd/Case Management/General Correspondence/Equidebt Limited - SIP 16 Letter 24 June 2013

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2

extension of the existing £48 million secured term facility being agreed with its banking syndicate ("the Syndicate") with an expiry date of April 2013

Following the restructuring the Company continued to collect out its existing DP portfolio whilst focussing its efforts on growing the DCA business. Whilst the DCA business enjoyed strong growth during this period, collections from the DP portfolio were lower than anticipated. As a result of this underperformance in collections the Company revised its forecasting methodology which led to a substantial downward revision in expected cash flows. This ultimately has led to a £19.1 million impairment to the carrying value of the DP portfolio being recognised in the Company's accounts as at 30 April 2012.

The Company generated net income of £4.9 million and a net loss of £18.9 million after impairment adjustments for the year ended 30 April 2012.

The deterioration in the collection performance of the DP portfolio increased pressure on the Company's cash flow and led to the Company notifying the Syndicate of a breach of certain covenants contained within its bank facility in July 2012.

The Company commenced discussions with the Syndicate in July 2012 to discuss a revised business plan and to assess the alternative options available to repay its term facility.

The Company prepared a plan to cut costs associated with the DP portfolio whilst growing the DCA business to a position of profitability with a view to selling the Company in five years time. In addition various other options were assessed by the Company including the closure of the DCA business and run off of the DP portfolio and a sale or outsource of the DP portfolio with either the DCA business being maintained on a standalone basis or alternatively closed.

Ernst & Young LLP were originally instructed by Lloyds TSB Bank plc, being the agent bank of the Syndicate, in August 2012 in order to review management's forecasts for the business and to comment on a proposed sale of a portfolio of non-paying accounts in respect of which the Company had requested the Syndicate to release its security. Ernst & Young LLP were subsequently instructed to undertake a full independent business review of the business in autumn 2012 and assist the Syndicate to assess the Company's business plan and the alternative options presented in relation to repaying the term facility.

As part of this instruction, Ernst & Young LLP undertook a review of the Company's assessment of the value of its DP portfolio which would be obtained via a sale to an external debt purchaser and also conducted a confidential and anonymous market testing exercise in order to obtain an indicative valuation of the DP portfolio and assess potential commission rates were the DP portfolio to be outsourced.

After extensive dialogue and discussions, the Company and the Syndicate could not agree the terms of an ongoing consensual restructuring. In light of this the discussions moved to options to protecting the position of the Syndicate and maximising realisations for the Company's creditors. The analysis undertaken suggested realisations would be maximised via the sale of the DP portfolio.

The board of Directors and the Syndicate ultimately agreed in January 2013 to commence a full marketing exercise to sell the DP portfolio. Ernst & Young LLP were engaged by the Company to conduct the sale process. Offers were requested from bidders on the basis of a) transferring the collection of the DP portfolio away from the Company b) leaving the collection of the DP portfolio with the Company at an agreed commission rate or c) acquiring the entire business including the DCA operation.



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This DP portfolio sale process was put on hold in February 2013 with the agreement of the Company and the Syndicate as a result of an offer that the Syndicate had received from a distressed investor to acquire its term facility at a discount. The distressed investor was invited to conduct due diligence on the business, however following a period of intensive work the distressed investor withdrew their offer.

Following this withdrawal of interest, the DP portfolio sale process was recommenced. The Syndicate received a further approach and offer for their term facility at a discount from a different distressed investor and with the agreement of the Company due diligence was again commenced. However, the Syndicate was unwilling to continue this process given the advanced stage of the DP portfolio sale process, the additional time period required by the distressed investor to complete due diligence and conclude a sale of the Syndicate's term facility and the difficulties and risks involved in running both of these processes in parallel. It was considered that continuation of this interest for the reasons outlined could jeopardise realisations available for the Company's creditors.

A sale of the DP portfolio in principle on a standalone basis was ultimately agreed with the Buyer on the basis that the Buyer would take the servicing of the DP portfolio in-house. The agreed sale of the DP portfolio does not repay the Syndicate's term facility in full and it has the effect of substantially reducing the income of the Company leaving it unable to continue to operate as a going concern and this is the primary cause of the Company's insolvency.

In addition, the sale agreement requires a period of support to be provided by the Company to the Buyer to facilitate the transfer of the underlying DP portfolio accounts. Given the significant uncertainty around the ability of the Company to fulfil these post sale obligations, it was determined that the best route to preserve the value of the DP portfolio and allow the sale to be concluded, thus maximising the realisations available to the Company's creditors, was to place the Company into Administration and for the Joint Administrators to conclude the sale.

Valuation and marketing

As discussed above Ernst & Young LLP were engaged to review the Company's assessment of the value of its DP portfolio. This exercise was conducted by Ernst & Young LLP's Financial Services M&A team. The Company valuation was based on a discounted cash flow methodology applied to the future value of cash flows forecast to be generated from the DP portfolio. The Company valued the DP portfolio at £18 million on a standalone sale basis as at 1 September 2012. A number of the underlying assumptions applied by the Company were challenged by Ernst & Young LLP based on a comparison to market norms and experience across similar transactions. This exercise led to a number of adjustments which provided an indicative valuation range of between £22.9 million and £24.6 million for the DP portfolio as at 1 September 2012.

It is important to note that the DP portfolio value is adversely affected by the passage of time as cash collections from the underlying debtor accounts reduce future cash flows available from the asset.

In addition to the above analysis, a confidential market testing exercise was undertaken in December 2012. This exercise was conducted with four leading debt purchasers in the market and based on an anonymous data file made up of the underlying accounts making up the DP portfolio as at 1 December 2012. This exercise produced a range of offers from £14 million to £26.5 million.

Offers

As discussed above the DP portfolio sale process commenced in January 2013. 13 leading companies in the debt purchase market were approached. Given the nature of the asset, this restricted the likely buyer pool to the potential trade buyers approached. 11 offers were received for the DP portfolio based on the value of the DP portfolio as at 1 March 2013. Offers ranged from £15 million to £29.7 million. The



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bidders with the four highest offers were taken into the next round of the process with the highest final offer being for £24.6 million

The offers made were subject to a price adjustment reflecting the cash collected from the underlying debtor accounts from 1 March 2013 until the date of completion and were subject to obtaining the consent of the original vendor of the DP portfolios

In addition, the offers required a period of support of between three and five months to be provided by the Company post transaction in order to facilitate an orderly transfer of the underlying debtor accounts to the purchaser

Rationale for the sale

The DP portfolio was the Company's principal asset and it has been widely marketed for sale to an external pool of potential buyers

Trading for an extended period during Administration with a view to exploring a wider marketing of the business and/or the DP portfolio would have increased costs of realisation, potentially increased the risk to the underlying cash flows of the DP portfolio and also reduced realisations for this asset as the time period leading up to its sale would have been extended

Alternatives that would have potentially allowed the Company to continue to trade as a going concern had been explored at various stages over the previous 10 months

A sale of the Syndicate term facility at a discount was previously explored in some detail on two occasions. Whilst this may have led to a consensual restructuring of the Company with the ability for it to continue as a going concern, these processes were unsuccessful and despite having the support of the Syndicate at the time would have led to a lower recovery against the term facility than that likely to be achieved through this sale

As previously discussed, bidders were asked to consider making offers for this asset on the basis of taking the servicing of the DP portfolio away from the Company or leaving it in-situ at an agreed commission rate. The commission rate was set at a level that would have potentially made the Company viable as a going concern. However, this required commission rate was significantly in excess of normal market rates and as a result bidders either offered substantially reduced bids on this basis or declined to bid entirely

In addition, the bidders were asked to consider making offers for the entire business; however, no offers were forthcoming on this basis

Alternative options such as the outsourcing of the DP portfolio were also considered; however, options on this basis would result in a very long recovery period for the Syndicate in respect of its term facility and would not have enabled the business to continue as a going concern

The sale of the DP portfolio was executed by the Joint Administrators to allow them to control the wind down of the Company in an orderly manner whilst enabling the final consents to be obtained from the original vendors of the remaining DP portfolios and enabling the Company to meet its obligations under the sale agreement to provide post transaction support to the Buyer

Ultimately, having explored various options, the Administrators concluded that Administration of the Company and the sale of the DP portfolio to the buyer represented the best outcome for the Company's creditors


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Consultation with creditors

As discussed, consultations were held with the Syndicate in the lead up to the Administration. The Syndicate were supportive of the terms of the proposed sale and have released their security in respect of the DP portfolios that have been sold to date. It should be noted that the Syndicate is likely to suffer a shortfall on its indebtedness.

A number of the employees of the Company have been consulted with and have been working with the Joint Administrators in preparing for the sale.

Final transaction

The offer accepted was the best offer as discussed above.

The assets sold comprise the following:

Description of asset	Valuation (£ million) and basis of valuation	Purchase consideration (£ million)
DP portfolio	14.0 to 28.5 Based on market testing exercise as at 1 December 2012	22.3 less collections

The Buyer has exchanged contracts to acquire the entire owned DP portfolio of the Company subject to obtaining consent of the original vendors of the various tranches of the debt which make up the DP portfolio. The sale of five tranches was immediately completed for consideration of £16.1m. Completion of the sale of the remaining tranches of debt will occur once consent for the sale has been obtained from the original respective vendors of those tranches. The consideration for the remaining tranches will be £6.2m less an agreed deduction to that price which will be calculated by reference to the cash collected in respect of each tranche less an agreed commission up until the date of completion.

The sale requires that the Company provides support for the Buyer to allow for the orderly transition of the underlying debtor accounts over a period of three to five months.

All of the sale consideration will form realisations under the floating charge and it is expected that the maximum prescribed part of £600,000 will be available for distribution to unsecured creditors.

Significant assets not included in the sale agreement

The principal assets not included in the sale agreement comprise cash in the Company's office account not due to third parties totalling £1,049,000 and debtors due from DCA customers in respect of outstanding commission totalling £185,000.

Other matters

In accordance with paragraph 49(5) of schedule B1 to the Insolvency Act 1986, we shall be preparing a report and proposals within eight weeks of our appointment. This report will be made available to all creditors and will give an indication of the likely dividend prospects. At this time, we will set out our proposals for remuneration and will seek approval for the basis of such remuneration. The statutory provisions relating to remuneration are set out in Rule 2.106 of the Insolvency Rules 1986. Further information is given in the Association of Business Recovery Professionals' publication 'A Creditors' Guide to Administrators' Fees', a copy of which may be accessed from the web site of the Insolvency



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Practitioners Association at <http://www.insolvency-practitioners.org.uk> (follow 'Regulation and Guidance' then 'Creditors' Guides to Fees') or is available in hard copy upon written request to the Joint Administrators

Please note that debts incurred by the Company before our appointment will rank as unsecured claims against the Company. Any sums due to the Company arising after our appointment must be paid in full and without set-off against any debts incurred by the Company prior to our appointment.

The Directors are required to submit a Statement of Affairs to us and you will appreciate that the full financial position is not yet known. Please send me a detailed statement of any sums due to you from the Company.

Certain debts due from the Company may be preferential in accordance with section 386 of the Insolvency Act 1986. If you consider that you have a claim in this category, please advise me immediately. If you hold any security for your claim or you consider that you have title to any assets in the Company's possession, please forward details to me as soon as possible.

You may be entitled to VAT bad debt relief on debts arising from supplies more than six months old. This procedure does not involve the Administrators and claims should be made directly to HM Revenue and Customs.

If there are any matters concerning the Company's affairs which you consider may require investigation and consequently should be brought to our attention, please forward the details to me in writing as soon as possible.

If you require any further information or explanation, please do not hesitate to contact my colleague, Mark Gillingham on 0121 535 2461.

Yours faithfully
for Equidebt Limited

T Lukic
Joint Administrator

Enc Copy of Form 2 12B Notice of Administrator's Appointment

T Lukic and S Allport are licensed in the United Kingdom to act as insolvency practitioners by The Institute of Chartered Accountants in England and Wales.

The affairs, business and property of the Company are being managed by the Joint Administrators T Lukic and S Allport, who act as agents of the Company only and without personal liability.

We may collect, use, transfer, store or otherwise process (collectively "Process") information that can be linked to specific individuals ("Personal Data"). We may Process Personal Data in various jurisdictions in accordance with applicable law and professional regulations including (without limitation) the Data Protection Act.

Rule 2 27

Form 2 12B

The Insolvency Act 1986

Notice of administrator's appointment

Name of Company Equidebt Limited	Company number 02686796
In the High Court of Justice Chancery Division Birmingham District Registry <small>(full name of court)</small>	Court case number 92281 of 2013

(a) Insert full name(s)
and address(es))

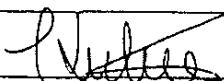
I / We (a) Tomislav Lukic and Simon Allport
Ernst & Young LLP, No. 1 Colmore Square, Birmingham, B4 6HQ

give notice that I was / we were appointed as administrator(s) of the above company on


(b) Insert date

(b) 17 June 2013

Signed



Signed



Dated

17/06/2013

Dated

17/06/2013

Joint / Administrator(s) IP
No(s)

9228

8763

ADM01A18

Appendix G Notice of Appointment Forms 2.12B

Rule 2.27

Form 2.12B

The Insolvency Act 1986

Notice of administrator's appointment

Name of Company Equidest Holdings Limited	Company number 05524029
In the High Court of Justice, Chancery Division, Birmingham District Registry <small>(Full name of court)</small>	Court case number 8282 of 2013

(a) I/We (as administrator(s))
and address(es)

I / We (a) Tomislav Lujin and Simon Alford
Ernst & Young LLP, No. 1 Colmore Square, Birmingham, B4 6BD

give notice that I was / we were appointed as administrator(s) of the above company on:

(b) I/We (as administrator(s))

(b) 17 June 2013

Signed



Signed



Dated

17/06/2013

Dated

17/06/2013

Joint / Administrator(s) IP
No(s)

8282

8282

ADMIN 18

Rule 2 27

Form 2 12B

The Insolvency Act 1986

Notice of administrator's appointment

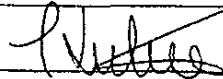
Name of Company Equidebt Limited	Company number 02686796
In the High Court of Justice Chancery Division Birmingham District Registry <small>(full name of court)</small>	Court case number 9281 of 2013

(a) Insert full name(s)
and address(es))I / We (a) Tornislav Lukic and Simon AllportErnst & Young LLP, No. 1 Colmore Square, Birmingham, B4 6HQgive notice that I ~~was~~ / we were appointed as administrator(s) of the above company on

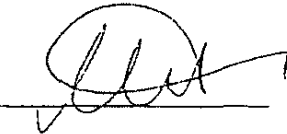
(b) Insert date

(b) 17 June 2013

Signed



Signed



Dated

17/06/2013

Dated

17/06/2013Joint / Administrator(s) IP
No(s) 93269763

AJMD1A15