

The Insolvency Act 1986

Administrator's progress report

Name of Company

Equidebt Holdings Limited (In Administration)

Company number

05524029

In the

High Court of Justice, Chancery Division, Birmingham
District Registry

[full name of court]

Court case number

8282 of 2013

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

I / We (a) T Lukic and S Allport

Ernst & Young LLP, No 1 Colmore Square, Birmingham, B4 6HQ

administrator(s) of the above company attach a progress report for the period

from

To

(b) Insert date

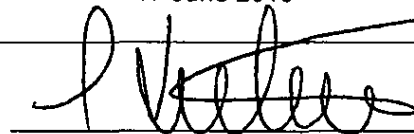
(b)

17 June 2013

(b)

16 December 2013

Signed



Joint / Administrator(s)

Dated

16/1/2014

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.

Rosie Spencer

Ernst & Young LLP, No 1 Colmore Square, Birmingham, B4 6HQ

Tel 0121 535 2774

DX Number

DX Exchange

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INVESTOR IN PEOPLE

TO ALL KNOWN CREDITORS

16 January 2014

Ref: EQL/11/DH/SH/SB/GR/RS/D16.1

Rosie Spencer

Direct line: 0121 535 2774

Direct fax: 0121 535 2418

Dear Sirs

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

**High Court of Justice, Chancery Division, Birmingham District Registry,
Numbers 8281 of 2013 and 8282 of 2013**

Registered office address: No. 1 Colmore Square, Birmingham, B4 6HQ

I write, in accordance with Rule 2.47 of the Insolvency Rules 1986, to provide creditors with a report on the progress of the Administrations of the Companies. This report covers the period from 17 June 2013 to 16 December 2013 and should be read in conjunction with the Joint Administrators' Statement of Proposals dated 2 August 2013 ("the Proposals").

EQL, registered number 02686796, and EQH, registered number 0552409, entered Administration on 17 June 2013 and T Lukic and S Allport of Ernst & Young LLP, No. 1 Colmore Square, Birmingham, B4 6HQ and Ernst & Young LLP, 100 Barbirolli Square, Manchester, M2 3EY respectively were appointed to act 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. Under the terms of the appointments, any act required or authorised to be done by the Joint Administrators can be done by either of them.

Overview

As detailed within the Proposals, 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"). Following unsuccessful attempts to sell the entire business on a solvent basis, the Joint Administrators did not consider rescuing EQL as a going concern a viable option and, as such, have sought to achieve a better result than if EQL was wound up, being option (b) of the prioritised Administration objectives.

The sale to Cabot Financial (Europe) Limited ("Cabot") of the DP Portfolio was finalised on 27 June 2013, for consideration totalling c £22.4m, subject to the transitional service agreement ("TSA"), which was concluded on 27 September 2013. Following conclusion of the TSA, on 18 October 2013, EQL ceased all activity and the associated wind down process was completed.

In addition to the above, immediately upon appointment, EQL ceased proactive collections on the DCA accounts. EQL continued to provide a period of support to 30 August 2013 to the DCA clients, returning all accounts to DCA clients by this date.

EQH was a non-trading holding company only and EQL was a wholly owned subsidiary of EQH

Summary of progress - EQL

DP Portfolio

As discussed previously, the sale of the DP Portfolio was finalised on 27 June 2013 for consideration totalling c £22.4m. It should be noted that accounts where debts had been written down to nil were excluded from this sale. During the Administration c £25,000 has been collected in respect of these nil balance accounts. No further receipts are anticipated in this regard.

Cabot continued to receive EQL's support in the period to 27 September 2013 including dealing with funds received into EQL's collections account, sorting and forwarding post and dealing with specific queries raised. We continue to provide ad hoc support to Cabot in respect of specific issues raised with us.

DCA

A buyer for the DCA business was not identified during the pre-appointment marketing process and the business was not considered viable on a standalone basis. As such EQL ceased to proactively collect on DCA accounts on the date of our appointment. All DCA accounts were subsequently returned to the DCA clients. However, EQL provided a support period to 30 August 2013 and continued to remit any cash receipts received over this period to the DCA clients net of commission.

Since my last report, EQL has received an additional c £350,000 of commission income. Therefore, commission income generated during the Administration period in respect of the DCA business totals c £465,000 with no further income from this source expected.

In addition, and as noted within the Proposals, at the date of our appointment there remained outstanding commission due from DCA clients totalling c £185,000. To date, the Joint Administrators have collected c £187,000 in respect of pre-appointment commission, following a reconciliation of the DCA commission accounts, c £24,000 has been collected since the date of the Proposals. We do not anticipate any further realisations in respect of the DCA business.

Cash on appointment

At the date of the Joint Administrators' appointment, cash held in EQL bank accounts totalled c £982,000, comprising both DP income and DCA commission. Following finalisation of the cash reconciliation process a further c £12,000 has been identified as relating to cash on appointment belonging to EQL. Cash on appointment includes suspense monies, which are discussed later in this report.

Chattel assets

The Joint Administrators engaged GVA, an independent agent, to market and dispose of a number of identified chattel assets primarily comprising office furniture and computer and IT related equipment. This disposal took place via an online auction with gross realisations totalling c £42,000.

Other income

EQL have received rates refunds in respect of prepayments made prior to our appointment totalling c £3,000 and additional interest income on cash balances totalling c £2,000.

Trust arrangement/Suspense monies

Prior to our appointment, EQL established a trust arrangement to ensure that amounts received by EQL after 1 March 2013 from debtors or former debtors remitted for the credit of EQL were held upon trust by EQL to the extent that those monies represented an overpayment by debtors. On the date of our appointment this trust arrangement was revoked, however, funds received in the Administration that relate to similar overpayments by debtors have been treated in the same manner as funds received under the trust arrangement.

Following our appointment, a reconciliation of the trust account was performed with the support of EQL's employees. Where funds were identified as being due to individuals or clients attempts have been made to contact the relevant party and return these funds. It should be noted however that not all funds received could be allocated to a specific individual or client and as such remain "unidentified".

Whilst we have successfully managed to return a proportion of suspense monies, there remains a balance, totalling c £169,000, that has yet to be returned due to us being unable to contact the individual concerned or, in certain circumstances, the individual refusing a refund due to the minimal overpayment made. As such, it is not anticipated that all funds received in the Administration held in suspense will be capable of being refunded.

In order to efficiently manage and account for the suspense monies, an application was made to Court to obtain directions on the appropriate course of action in circumstances where we have been unable to return suspense monies. Court directions were received on 3 October 2013 and provided that following the completion of certain steps designed to attempt to return suspense monies to identified individuals any outstanding suspense monies remaining, where these attempts had been unsuccessful, suspense monies could be remitted to Court. Therefore following the completion of these steps for all remaining suspense monies we will remit the residual balance of the suspense monies to Court.

As outlined in the Proposals, our solicitors, Eversheds LLP, have advised that suspense monies relating to overpayments received prior to the establishment of the trust arrangement are likely to represent an unsecured non-preferential claim against EQL.

Employees

EQL made redundancies during the Administration period as the wind down of the business progressed. All remaining employees were made redundant on 18 October 2013 immediately prior to the Administrators exiting EQL's main trading property in Wellesbourne. In total 107 employees were made redundant during the course of the Administration.

Employee costs since my last report total c £571,000, bringing total costs to c £769,000 across the Administration period. The only outstanding employee related costs are in respect of national insurance liabilities for benefits provided to employees during the Administration period which will be settled in due course.

Leasehold property

At the date of appointment, EQL operated from leasehold premises in Wellesbourne, the main trading premises, and Surbiton. EQL exited the Surbiton property on 20 June 2013 and subsequently exited the Wellesbourne premises on 18 October 2013, once all on-site activity had ceased. The Joint Administrators have formally requested surrender of both leases, however, neither landlord has accepted this request.

We have been advised by the respective landlords that they may seek to submit claims in the Administration of EQL in respect of lost rent, dilapidations and other relevant claims. Should such claims be proven to be valid these will be admitted as non-preferential claims, discussed later in this report.

Operational matters and wind down costs

Property

As detailed above, the Joint Administrators continued to occupy and operate from the leased premises at Wellesbourne up to, and including, 18 October 2013. Since my last report, an additional c £107,000 has been incurred in respect of property related costs including rent, rates and utilities.

To date property costs related to the period 17 June 2013 to 18 October 2013 total c £128,000, being rent (c £85,000), rates (c £36,000) and utilities (c £7,000). It is anticipated that further costs may be incurred in relation to utilities as the Joint Administrators finalise their Administration accounts with suppliers.

Other wind down costs

As highlighted within the Proposals, ransom payments were paid to suppliers in order to facilitate continued support for Cabot and DCA clients, totalling c £6,000.

The Joint Administrators have since incurred an additional c £24,000 of other wind down costs. These costs are in respect of commission charges relating to third parties who have collected debts in respect of DP Portfolio accounts on EQL's behalf. It is not anticipated that any further commission charges will be incurred in this regard.

Telephone and IT Services

In order to enable EQL to provide the relevant support to Cabot and DCA clients, the Joint Administrators had to ensure that EQL's IT and telephone systems were maintained.

Since my last report, an additional c £19,000 of costs have been incurred in this regard which has resulted in costs totalling c £44,000 to date. Further costs may be incurred as the Joint Administrators finalise their Administration accounts with the relevant suppliers.

Sundry expenses

As previously reported, sundry expenses totalled c £21,000 for the period 17 June 2013 to 22 July 2013. An additional c £24,000 has been incurred to 16 December 2013 in respect of confidential destruction of data, cleaning services, hire of equipment and security system maintenance.

It is anticipated that further costs may be incurred as the Joint Administrators finalise their Administration accounts with suppliers.

Other matters

Further to activation of the redirection of post facility for EQL, the Joint Administrators continue to receive a large volume of correspondence in relation to the DP and DCA accounts previously owned or managed by EQL. In addition, EQL continue to receive payments on account which can no longer be credited by EQL and require redirection to the relevant third parties. The process dealing with and responding to each matter can take significant time.

In addition, queries are still being received from Cabot and DCA clients in relation to the allocation of remitted funds by EQL. The Joint Administrators are seeking to support these matters where possible.

Finally, a high volume of account queries continue to be received from individuals whose debt was subject to the sale of the DP Portfolio or returned to DCA clients. The Joint Administrators are providing support where possible to ensure all parties receive the relevant information requested. Whilst the volume of such correspondence is diminishing with time it is anticipated that a level of support will continue to be required for the near future.

Retention of title

To date we have received information and retention of title claims from two suppliers who believe they may have a valid claim against stock supplied to EQL. The value of these claims is estimated at c £2,000. Both claims have now been finalised with the relevant stock being returned, subject to the claimants relinquishing their rights in each instance. It is not anticipated that any further retention of title claims will be received.

Summary of Progress - EQH

As previously detailed, EQH was a non-trading holding company only and the ultimate holding company of EQL.

Remaining assets

To date, no realisations have been made during the Administration of EQH. The only likely realisation in EQH is the intercompany balance due from EQL totalling c £189,000, as detailed within the Statement of Affairs. However, this is dependent on receiving a dividend by virtue of the Prescribed Part from EQL, as discussed later in this report.

Employees

EQH had no employees at the date of our appointment and as such no expenditure has been incurred, or is anticipated to be incurred, in this regard.

Receipts and payments account

I attach a receipts and payments account for EQL and EQH for the period 17 June 2013 to 16 December 2013 at Appendix 1a and 1b respectively. This does not reflect estimated future realisations or costs.

Company Directors Disqualification Act 1986

The Joint Administrators have submitted their confidential reports on the conduct of all persons who have been directors, shadow directors or defacto directors of the Companies during the three year period preceding the Administration appointment to the Insolvency Service, in accordance with the provisions of the Company Directors Disqualifications Act 1986.

Joint Administrators' remuneration and expenses

The Administrators' remuneration will be drawn in accordance with a fee structure as agreed by the Companies' secured creditors, being Lloyds TSB Bank plc, The Cooperative Bank plc, N M Rothschilds

and Sons Limited and KBC Bank NV (together "the Syndicate") and additionally the preferential creditors of EQL only

EQL

As reported within the Proposals, for the period 17 June 2013 to 26 July 2013, the Joint Administrators incurred time costs of £368,767 21. Time costs of £621,672 00 have been incurred subsequently in the period from 27 July 2013 to 16 December 2013, with total time costs for the six month period to 16 December 2013 in the sum of £990,439 21. On 9 December 2013, approval was obtained from both the Syndicate and the majority of the preferential creditors for the Joint Administrators to draw £450,000 00 in respect of remuneration. As at the 16 December 2013, this remuneration had not been drawn, however, the Joint Administrators have subsequently billed and paid these amounts. An analysis of the time spent is attached as Appendix 2a to this report. At Appendix 3 there is a statement of the Administrators' policy in relation to charging time and disbursements.

In the six month period to 16 December 2013, the sum of £14,212 02 has been incurred in respect of Category 1 and Category 2 disbursements. On 9 December 2013, approval was obtained from both the Syndicate and the majority of the preferential creditors for the Joint Administrators to draw £4,120 20 in respect of Category 2 disbursements. As at the 16 December 2013, these disbursements had not been drawn, however, the Joint Administrators have subsequently billed and paid all Category 1 and Category 2 disbursements. There is an analysis of Category 2 disbursements (i.e., those disbursements paid to the Joint Administrators' firm) at Appendix 2a.

In certain circumstances, creditors are entitled to request further information regarding the Administrators' remuneration or expenses, or to apply to Court on the grounds that the costs are considered to be excessive (Rules 2.48A and 2.109 of the Insolvency Rules 1986). Further information is provided at Appendix 4.

EQH

As reported within the Proposals, for the period 17 June 2013 to 26 July 2013, the Joint Administrators had incurred time costs of £4,437 50. Further time costs from 27 July 2013 to 16 December 2013 of £709 00 have been incurred, with total time costs for the six month period to 16 December 2013 in the sum of £5,146 50. To date, £nil has been billed and paid. An analysis of the time spent is attached as Appendix 2b. At Appendix 3 there is a statement of the Administrators' policy in relation to charging time and disbursements.

For the period 17 June 2013 to 16 December 2013, no disbursements have been incurred.

Pre-administration costs

The Proposals dated 2 August 2013 included a statement of pre-administration costs, which detailed costs of £64,431 34 plus VAT which were outstanding at the date on which EQL entered Administration. As at 16 December, the Joint Administrators had not drawn costs in this regard, however, after receiving approval via the deemed acceptance of the Proposals on 16 August 2013 and subsequent approval from the Syndicate and the majority of the preferential creditors on 9 December 2013, the Joint Administrators have subsequently billed and paid these amounts.

Payments to other professionals

As detailed within the Proposals, the following professionals were engaged to assist the Joint

Administrators in completing their duties on the basis of their experience on similar assignments and previous knowledge of the Companies

The Joint Administrators engaged GVA to facilitate the sale of EQL's chattel assets. Total agent fees of c £19,000 were incurred and relate to valuation services and GVA's costs and disbursements associated with the sale of EQL's chattel assets.

Additionally, Eversheds LLP, were engaged to provide assistance in relation to post appointment legal services. To date, time costs of c £28,000 have been billed, which have been settled in full. It is anticipated that further legal costs will be incurred in relation to a number of outstanding matters requiring attention and legal input prior to the conclusion of the Administration.

Furthermore, JLT Insurance continues to arrange insurance for both EQH and EQL. To date the insurance costs incurred and paid total c £ 21,000, with further expenditure anticipated as the Joint Administrators conclude the outstanding matters in the Administrations.

Secured creditors

The Syndicate had an estimated total indebtedness of c £34.7m at 17 June 2013. Distributions totalling c £20.56m have been made to date to the Syndicate, on account of its indebtedness, following the sale of the DP Portfolio. It is not anticipated that there will be sufficient realisations in the Administrations for the Syndicate's indebtedness to be repaid in full.

Preferential creditors

Preferential creditor claims in EQL total £24,000 and relate to employee claims for arrears of holiday pay. The notice of intended dividend to preferential creditors has been issued with a deadline for submitting claims of 31 January 2014, following which a first and final distribution to preferential creditors will be made. It is anticipated that the preferential creditors will be repaid in full.

EHL had no employees at the date of our appointment and, as such, had no preferential creditors.

Non-preferential creditors

It is currently estimated that non-preferential claims in EQL will total c £3.6m. However, this may be reduced based on the quantum of each landlord's claim in respect of the properties at Wellesbourne and Surbiton. Non-preferential creditors continue to submit their claims in the Administration.

It is currently estimated that non-preferential claims in EQH will total c £139,000, although we are yet to receive any claims in the Administration. As realisations in EQH are subject to any distribution of EQL, at this time it is unclear what quantum of distribution will be available to the non-preferential creditors in EQH by virtue of the Prescribed Part.

We do not currently estimate that there will be sufficient funds in either EQL or EQH to enable a distribution to the respective non-preferential creditors other than by virtue of the Prescribed Part.

The Prescribed Part

The Prescribed Part is a proportion of floating charge assets set aside for the 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 charge in respect of the Companies is dated 6 December 2007 and as such the provisions of the Prescribed Part will apply.

EQL

Following the sale of EQL's main asset, the DP Portfolio, generating floating charge realisations of £22.4 million, the value of the Prescribed Part will be the statutory maximum of £600,000, before costs of distribution.

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

EQH

As previously reported, 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 exact quantum of floating charge realisations remains uncertain until such a time as the level of the potential distribution from EQL to EQH has been determined.

Conclusion of the Administration

The primary areas of work that remain outstanding prior to the conclusion of the Administrations include:

EQL

- ▶ Finalise and deal with remaining suspense monies, remitting any un-refunded monies to Court,
- ▶ Continuing to manage the ongoing correspondence in relation to both DP Portfolio accounts and DCA accounts,
- ▶ Completion of statutory returns to HM Revenue and Customs including those in relation to Corporation Tax, VAT and PAYE/NIC,
- ▶ Agreement and settlement of all Administration liabilities,
- ▶ Satisfying statutory obligations during the Administrations, including ongoing six monthly reporting to the Companies' creditors, and
- ▶ Finalising distributions to creditors.

EQH

- ▶ Realise the intercompany balance to the extent that a distribution from the Prescribed Part in EQL allows,
- ▶ Satisfying statutory obligations during the Administrations, including ongoing six monthly reporting to the Companies' creditors, and
- ▶ Finalising distributions to creditors.

The end of the Administrations

As detailed within the Proposals, 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 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

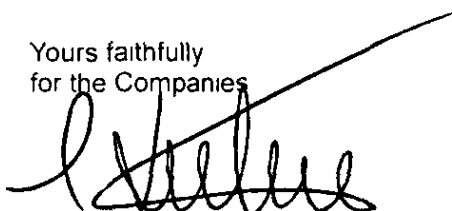
It is proposed that, if at the end of the Administrations, either or both of the Companies have no property which might permit a distribution to its creditors, the Joint Administrators will send a notice to that effect to the Registrar of Companies. On registration of the notice the Joint Administrators'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

Following the finalisation of all Administration matters, and once the quantum of the distribution to non-preferential creditors has been finalised, an assessment of the respective costs and viability of the above options will be made. If the Prescribed Part is distributed 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

Furthermore, the Joint Administrators continue to periodically assess whether there is the requirement to extend the Administrations for a subsequent time frame, following the automatic expiry of the Administration Orders on 16 June 2014. It is anticipated that the Joint Administrators will file with Court the required documents to extend the Administrations for a period of 12 months in due course

I will report to you again at the conclusion of the Administration or in six months' time, whichever is the sooner

Yours faithfully
for the Companies



T Lukic
Joint Administrator

| | |
|------------|---|
| Appendix 1 | Joint Administrators' Receipts and Payments Accounts |
| Appendix 2 | Summary of Joint Administrators' Time-Costs and Category 2 Disbursements |
| Appendix 3 | Joint Administrators' Policy on Fees and Disbursements |
| Appendix 4 | Creditors' request for further information regarding an administrators' remuneration or expenses – Rule 2 48A, Insolvency Rules 1986 Form 2 24B |

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 Companies are being managed by the Joint Administrators, T Lukic and S Allport, who act as agents of the Companies 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

Appendix 1a

Equidebt Limited (In Administration) ("EQL")

Joint Administrators' Abstract of Receipts and Payments from 17 June 2013 to 16 December 2013

| | Statement of Affairs Estimated to Realise Values | 17 June 2013 to 22 July 2013 | 23 July 2013 to 16 December 2013 | 17 June 2013 to 16 December 2013 |
|---|---|---------------------------------|-------------------------------------|-------------------------------------|
| £000 | | | | |
| Receipts | | | | |
| DP book sale | 22,300 | 22,394 | | 22,394 |
| DP income | | 25 | - | 25 |
| DCA commission | | 115 | 350 | 465 |
| Pre-appointment book debt | 65 | 163 | 24 | 187 |
| Cash on appointment | 1,050 | 982 | 12 | 994 |
| Interest income floating | | 2 | 2 | 4 |
| Chattel assets | 360 | - | 42 | 42 |
| Other income | | | 3 | 3 |
| Total receipts | 23,775 | 23,681 | 433 | 24,114 |
| Payments | | | | |
| Employment costs | | (198) | (571) | (769) |
| Property costs | | (21) | (107) | (128) |
| Insurance | | | (21) | (21) |
| Legal fees | | | (28) | (28) |
| Agents' fees | | | (19) | (19) |
| Telephone & IT services | | (25) | (19) | (44) |
| Other wind down costs | | (6) | (24) | (29) |
| Sundry expenses | | (21) | (24) | (44) |
| Bank charges And interest | | (2) | (7) | (9) |
| Distributions to floating charge creditors | | | (20,560) | (20,560) |
| Total payments | | (272) | (21,379) | (21,652) |
| Funds attributable to floating charge assets | | 23,409 | (20,946) | 2,462 |
| Represented by | | | | |
| Joint Administrators' accounts | | 22,811 | (20,174) | 2,637 |
| Pre appointment accounts | | 1,615 | (1,615) | - |
| DCA client monies held | | (579) | 579 | - |
| DP monies held owed to buyer | | (105) | 105 | - |
| Suspense | | (317) | 280 | (37) |
| Post appt suspense | | | (127) | (127) |
| Net VAT payable | | (8) | (42) | (50) |
| Export VAT | | | 3 | 3 |
| Trade retention | | - | 39 | 39 |
| PAYE/NIC | | (8) | 8 | - |
| Cheques & postal order control account | | | (1) | (1) |
| Total available cash at bank | | 23,409 | (20,946) | 2,462 |

Notes

1 Receipts and payments are stated net of VAT



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Appendix 1b

Equidebt Holdings Limited (In Administration) ("EQH")

Joint Administrators' Abstract of Receipts and Payments from 17 June 2013 to 16 December 2013

| £000 | Statement of Affairs Estimated to Realise Values | 17 June 2013 to 22 July 2013 | 23 July 2013 to 16 December 2013 | 17 June 2013 to 16 December 2013 |
|---|---|---------------------------------|-------------------------------------|-------------------------------------|
| Receipts | | | | |
| Intercompany debt due from EQL | 80 | - | - | - |
| Total receipts | 80 | - | - | - |
| Payments | | | | |
| | | - | - | - |
| Total payments | | | - | - |
| Funds attributable to floating charge assets | | | - | - |

Notes

- 1 EQH is the non-trading holding company of EQL. Therefore no payments have been made in the six months to 16 December 2013.
- 2 The Prescribed Part distribution from EQL to EQH has not been made as at the date of this report and, as such, no realisations have been made by EQH from 17 June 2013 to 16 December 2013.



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Appendix 2a

Equidebt Limited (In Administration) ("EQL")

Summary of Joint Administrators' Time-Costs and Category 2 Disbursements from 17 June 2013 to 16 December 2013

| Classification of work function | Hours | | | | Total hours | Total time costs (£) | Total average rate (£) |
|---------------------------------|-------------------|-------------------|----------------------------|----------------------|-------------------|----------------------|------------------------|
| | Partner/Director | Manager | Other senior professionals | Assistants & support | | | |
| Accounting & administration | 42.6 | 94.9 | 98.0 | 551.1 | 786.6 | 143,028.98 | 181.83 |
| Bank & statutory reporting | 42.6 | 49.6 | 79.0 | 43.5 | 214.7 | 63,078.50 | 293.80 |
| Creditors | 45.9 | 70.3 | 78.6 | 117.8 | 312.6 | 80,986.44 | 259.07 |
| Debtors | 12.3 | - | - | 78.1 | 90.4 | 16,671.50 | 184.42 |
| Employee matters | 27.4 | 76.6 | 101.2 | - | 205.2 | 68,304.00 | 332.87 |
| Immediate tasks | 2.0 | - | 30.5 | 34.5 | 67.0 | 12,805.00 | 191.12 |
| Investigations and CDDA | 22.8 | 23.6 | 11.7 | 80.5 | 138.6 | 33,513.50 | 241.80 |
| Job acceptance & strategy | 8.5 | - | 2.0 | - | 10.5 | 4,842.50 | 461.19 |
| Legal issues | 4.0 | 2.0 | - | - | 6.0 | 3,070.00 | 511.67 |
| Other assets | 38.0 | - | 44.8 | 18.3 | 101.1 | 31,429.00 | 310.87 |
| Other matters | 4.8 | 93.4 | 16.8 | 8.5 | 123.5 | 38,579.50 | 312.38 |
| Property | 6.0 | 14.4 | 31.5 | 0.3 | 52.2 | 15,887.50 | 304.36 |
| Public relations issues | 0.5 | - | - | - | 0.5 | 232.50 | 465.00 |
| Retention of title | - | 2.5 | 1.0 | 3.7 | 7.2 | 1,587.00 | 220.42 |
| Statutory duties | 19.0 | 17.2 | 16.4 | - | 52.6 | 19,515.00 | 371.01 |
| Trading | 102.1 | 584.9 | 420.8 | 748.9 | 1,856.7 | 446,602.29 | 240.54 |
| VAT & taxation | 0.3 | 10.6 | 13.0 | 4.5 | 28.4 | 10,306.00 | 362.89 |
| Total | 378.8 | 1,040.0 | 945.3 | 1,689.7 | 4,053.8 | 990,439.21 | 244.32 |
| Total cost incurred (£) | 190,784.00 | 355,542.00 | 224,936.50 | 219,176.71 | 990,439.21 | | |
| Average hourly rate (£) | 503.65 | 341.87 | 237.95 | 129.71 | | | |

| Expenses (£) | |
|--------------|------------------|
| Category 1 | 8,472.02 |
| Category 2 | 5,740.00 |
| Total | 14,212.02 |

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 3 | 175 | 195 |
| | Analyst 2 | 140 | 145 |
| | Analyst 1 | 130 | 135 |
| | Analyst - Tax | 100 | 105 |
| | Cashier | 115 | 120 |
| | Assistant | 110 | 115 |



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Category 2 Disbursements

To date, no Category 2 disbursements have been drawn, although it should be noted that approval to draw £4,120 00 has been obtained from the Syndicate and the majority of preferential creditors. The Category 2 disbursements totaling £5,740 00 detailed above are analysed as follows:

| Nature of expense | Amount (£) | Basis of charge |
|-------------------|------------|--------------------------------------|
| Mileage | 5,361 10 | 45p per mile |
| Photocopying | 378 90 | 2 8p per sheet for bulk copying only |



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Appendix 2b

Equidebt Holdings Limited (In Administration) ("EQH")

Summary of Joint Administrators' Time-Costs and Category 2 Disbursements from 17 June 2013 to 16 December 2013

| Classification of work function | Hours | | | | Total Hours | Total Time Costs (£) | Total Average Rate (£) |
|---------------------------------|----------------------|-----------------|-------------------------------|-------------------------|-----------------|----------------------|------------------------|
| | Partner/ Director | Manager | Other Senior Professionals | Assistants & Support | | | |
| Accounting & administration | | 2.8 | 3.0 | 5.7 | 11.5 | 2,314.00 | 201.22 |
| Bank & statutory reporting | | | 1.7 | | 1.7 | 408.00 | 240.00 |
| Creditors | | | | | | | |
| Debtors | | | | | | | |
| Employee matters | | | | | | | |
| Immediate tasks | - | | 4.0 | | 4.0 | 920.00 | 230.00 |
| Investigations and CDDA | | | | 5.7 | 5.7 | 769.50 | 135.00 |
| Job acceptance & strategy | | | | | | | |
| Legal issues | | | | | | | |
| Other assets | | | - | | | | - |
| Other matters | | | | | | | |
| Property | | | | | | | |
| Public relations issues | | | - | | | | |
| Retention of title | - | | | | | | |
| Statutory duties | | 2.1 | | | 2.1 | 672.00 | 320.00 |
| Trading | - | | | | | | |
| VAT & taxation | - | 0.1 | | | 0.1 | 63.00 | 630.00 |
| Total | - | 5.0 | 8.7 | 11.4 | 25.1 | 5,146.50 | 205.04 |
| Total cost incurred (£) | - | 1,646.00 | 2,018.00 | 1,482.50 | 5,146.50 | | |
| Average hourly rate (£) | | 329.20 | 231.95 | 130.04 | | | |

| | |
|---------------------|---|
| Expenses (£) | |
| Category 1 | |
| Category 2 | - |
| Total | |

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 3 | 175 | 195 |
| | Analyst 2 | 140 | 145 |
| | Analyst 1 | 130 | 135 |
| | Analyst - Tax | 100 | 105 |
| | Cashier | 115 | 120 |
| | Assistant | 110 | 115 |

Category 2 Disbursements

The Joint Administrators have incurred no disbursements in relation to EQH, therefore, there are no Category 2 disbursements to detail



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Appendix 3

Equidebt Limited and Equidebt Holdings Limited (Both in Administration) (together “the Companies”)

Office Holders' charging policy for fees

The Administrators' remuneration will be drawn in accordance with a fee structure which will be agreed with the Companies' secured creditors and preferential creditors

The Administrators have engaged managers and other staff to work on the Administration. 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 company's bank accounts and statutory compliance diaries. Work carried out by all staff is subject to the overall supervision of the Administrators.

All time spent by staff working directly on case-related matters is charged to a separate 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 in Appendix 2, as are the current hourly rates used. The current hourly rates may be higher than the average rates, if hourly rates have increased over the period covered by this report.

Office Holders' charging policy for disbursements

Statement of Insolvency Practice No. 9 (“SIP 9”) published by R3 (The Association of Business Recovery Professionals) divides disbursements into two categories.

Category 1 disbursements comprise payments made by the office holders' firm, which comprise specific expenditure relating to the Administration of the insolvent's affairs and referable to payment to an independent third party. These disbursements can be paid from the insolvent's assets without approval from the Committee. In line with SIP 9, it is our policy to disclose such disbursements drawn but not to seek approval for their payment.

Category 2 disbursements comprise payments made by the office holders' firm which include elements of shared or overhead costs. Such disbursements are subject to approval from us as if they were remuneration. It is our policy, in line with SIP 9, to seek approval for this category of disbursement before they are drawn.



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Appendix 4

Creditors' request for further information regarding an administrators' remuneration or expenses – Rule 2 48A, Insolvency Rules 1986

- 1) If-
 - (a) within 21 days of receipt of a progress report under Rule 2 47-
 - (i) a secured creditor, or
 - (ii) an unsecured creditor with the concurrence of at least 5% in value of the unsecured creditors (including the creditor in question), or
 - (b) with the permission of the Court upon an application made within that period of 21 days, any unsecured creditor,
makes a request in writing to the administrator for further information about remuneration or expenses (other than pre-administration costs) set out in a statement required by Rule 2 47(1)(db) or (dc), the administrator must, within 14 days of receipt of the request, comply with paragraph (2)
- (2) The administrator complies with this paragraph by either-
 - (a) providing all of the information asked for, or
 - (b) so far as the administrator considers that-
 - (i) the time or cost of preparation of the information would be excessive, or
 - (ii) disclosure of the information would be prejudicial to the conduct of the administration or might reasonably be expected to lead to violence against any person, or
 - (iii) the administrator is subject to an obligation of confidentiality in respect of the information,giving reasons for not providing all of the information
- (3) Any creditor, who need not be the same as the creditor who requested further information under paragraph (1), may apply to the Court within 21 days of-
 - (a) the giving by the administrator of reasons for not providing all of the information asked for, or
 - (b) the expiry of the 14 days provided for in paragraph (1),and the Court may make such order as it thinks just
- (4) Without prejudice to the generality of paragraph (3), the order of the Court under that paragraph may extend the period of 8 weeks provided for in Rule 2 109(1B) by such further period as the Court thinks just "

Creditors' claim that remuneration is excessive – extract from Rule 2.109 of the Insolvency Rules 1986

- "(1) Any secured creditor, or any unsecured creditor with either the concurrence of at least 10% in value of the unsecured creditors (including that creditor) or the permission of the Court, may apply to the Court for one or more of the orders in paragraph (4)
- (1A) Application may be made on the grounds that—
 - (a) the remuneration charged by the administrator,



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- (b) the basis fixed for the administrator's remuneration under Rule 2 106, or
 - (c) expenses incurred by the administrator,
- is or are, in all the circumstances, excessive or, in the case of an application under sub-paragraph (b), inappropriate
- (1B) The application must, subject to any order of the Court under Rule 2 48A(4), be made no later than 8 weeks after receipt by the applicant of the progress report which first reports the charging of the remuneration or the incurring of the expenses in question ("the relevant report") "