

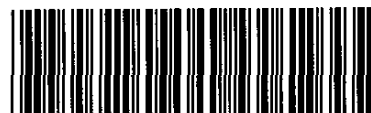
AM03

Notice of administrator's proposals



Companies House

FRIDAY



A15 *A7HEWBGA* #8
26/10/2018
COMPANIES HOUSE

1 Company details

Company number 06374235

Company name in full WDFC UK Limited

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

2 Administrator's name

Full forename(s) Chris M

Surname Laverty

3 Administrator's address

Building name/number 30 Finsbury Square

Street

Post town London

County/Region

Postcode EC2P 2YU

Country

4 Administrator's name ①

Full forename(s) Daniel R W

Surname Smith

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

5 Administrator's address ②

Building name/number 30 Finsbury Square

Street

Post town London


County/Region

Postcode EC2P 2YU

Country

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

AM03
Notice of Administrator's Proposals

6		Statement of proposals	
		<input checked="" type="checkbox"/> I attach a copy of the statement of proposals	
7		Sign and date	
Administrator's Signature	Signature ✕  ✕		
Signature date	^d 2 ^d 4	^m 1 ^m 0	^y 2 ^y 0 ^y 1 ^y 8

Our ref: CML/PAM/KLM/JET/W30201513/gen3003

To the creditors

Recovery and Reorganisation

Grant Thornton UK LLP
4 Hardman Square
Spinningfields
Manchester
M3 3EB

T +44 (0)161 953 6900

F +44 (0)161 953 6317

24 October 2018

Dear Sirs

WDFC UK Limited - In Administration

Following my appointment as Joint Administrator on 31 August 2018 please note under paragraphs 57 and 51 of Schedule B1 of the Insolvency Act 1986 and rule 18.18 of the Insolvency (England and Wales) Rules 2016, decisions of the creditors are sought as follows:

- 1 A creditors' committee be formed. Information concerning creditors' committees can be found in Liquidation / Creditors' Committees and Commissioners: A Guide for Creditors published by the Association of Business Recovery Professionals. This can be read at or downloaded from <https://www.r3.org.uk/media/documents/publications/professional/R3-Guide-to-Creditors-Committees.pdf>
- 2 The approval of the Joint Administrators' proposals
- 3 That the remuneration of the Joint Administrators be fixed according to the time properly spent by the Joint Administrators and their staff
- 4 That the Joint Administrators out of pocket expenses at cost; mileage is charged at 45p per mile, be approved.

In relation to Resolution 3, a fees estimate of £1,773,707 + VAT for the first 12 months of the Administration is attached as Appendix C to the Joint Administrators' Proposals.

Please find attached notice of a vote by correspondence and a proof of debt form. You do not need to complete the proof of debt form if you have previously submitted one.

Please read the notice carefully as it specifies important procedural details, including the ability of the creditors to request the convening of a physical meeting.

Information concerning committees can be found in Liquidation / Creditors' Committees and Commissioners : A Guide for Creditors published by the Association of Business Recovery Professionals. This can be read at or downloaded from <https://www.r3.org.uk/media/documents/publications/professional/R3-Guide-to-Creditors-Committees.pdf>

Please note that once cast, you cannot change your vote. If you have any questions please contact Becky Axon of this office on 0161 953 6427 or email CMU@uk.gt.com.

Yours faithfully
for and on behalf of WDFC UK Limited

A handwritten signature in black ink, appearing to be 'CM', with a long horizontal stroke extending to the right.

Chris M Lavery
Joint Administrator

The affairs, business and property of WDFC UK Limited are being managed by Chris M Lavery, Daniel R W Smith and Andrew Charters appointed as Joint Administrators on 31 August 2018.

Enc

WDFC UK Limited - In Administration

Notice of vote by correspondence

Company name	WDFC UK Limited
Company number	06374235
Court name and number	Business and Property Courts of England and Wales 7286 of 2018
Decision date	9 November 2018

NOTICE IS HEREBY GIVEN that under paragraphs 57 and 51 of Schedule B1 of the Insolvency Act 1986 and rule 18.18 of the Insolvency (England and Wales) Rules 2016, decisions of the creditors are sought as follows:

- 1 A creditors' committee be formed. Information concerning creditors' committees can be found in Liquidation / Creditors' Committees and Commissioners: A Guide for Creditors published by the Association of Business Recovery Professionals. This can be read at or downloaded from <https://www.r3.org.uk/media/documents/publications/professional/R3-Guide-to-Creditors-Committees.pdf>
- 2 The approval of the Joint Administrators' proposals
- 3 That the remuneration of the Joint Administrators be fixed according to the time properly spent by the Joint Administrators and their staff
- 4 That the Joint Administrators out of pocket expenses at cost; mileage is charged at 45p per mile, be approved.

A creditor who is entitled to vote should return the voting form provided with this notice to Chris M Lavery at 4 Hardman Square, Spinningfields, Manchester, M3 3EB or as an attachment to an email to CMU@uk.gt.com no later than 23:59 on the decision date.

In order for a creditor's vote to be valid a proof of debt must be received no later than the decision date, failing which the creditor's vote will be disregarded. A proof of debt should be delivered to Chris M Lavery at 4 Hardman Square, Spinningfields, Manchester, M3 3EB or as an attachment to an email to CMU@uk.gt.com. A new proof of debt is not required if the creditor has previously proved in the proceedings. A proof of debt form is enclosed for completion if required.

A creditor whose debt is treated as a small debt in accordance with rule 14.31(1) of the Insolvency (England and Wales) Rules 2016 must deliver a proof of debt if they wish to vote unless a proof of debt has previously been submitted, failing which the vote will be disregarded.

A creditor who has opted out from receiving notices may nevertheless vote if a proof of debt is delivered unless a proof of debt has previously been submitted, failing which the vote will be disregarded.

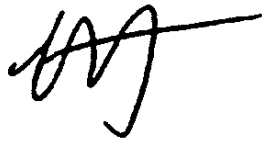
A vote cast in a decision procedure which is not a meeting may not be changed.

A decision of the convenor is subject to appeal to the court by any creditor in accordance with rule 15.35 of the Insolvency (England and Wales) Rules 2016. An appeal under this rule may not be made later than 21 days after the decision date.

A physical meeting will be held to replace this vote by correspondence if requested not later than five business days after the date of delivery of this notice by not less than one of the following:

- 10% in value of the creditors;
- 10% in number of the creditors;
- 10 creditors

DATED THIS 24th day of October 2018

A handwritten signature in black ink, appearing to be 'CL' with a long horizontal stroke extending to the right.

Chris M Lavery
Joint Administrator

VOTING FORM

Company name

WDFC UK Limited

Please indicate below whether you are in favour of or against the resolution.

This form must be received at 30 Finsbury Square, London, EC2P 2YU or as an attachment to an email to CMU@uk.gt.com by 23.59 on 9 November 2018 order to be counted. It must be accompanied by a proof of debt, unless you have previously submitted a proof of debt, failing which your vote will be disregarded.

Resolutions

- | | | |
|---|---|----------|
| 1 | Do you want a creditors' committee to be formed? | Yes / No |
| | If a creditors' committee is formed I/we
nominate the following creditors to serve as members of such committee: | |
| | 1 | |
| | 2 | |
| | 3 | |
| | 4 | |
| | 5 | |
| 2 | The approval of the Joint Administrators' proposals | Yes / No |
| 3 | That the remuneration of the Joint Administrators be fixed according to the time properly spent by the Joint Administrators and their staff | Yes / No |
| 4 | That the Joint Administrators out of pocket expenses at cost; mileage is charged at 45p per mile, be approved. | Yes / No |

A creditor is eligible to be a member of such a committee if, the person has proved for a debt; the debt is not fully secured; and neither of the following apply: the proof has been wholly disallowed for voting purposes, or the proof has been wholly rejected for the purpose of distribution or dividend. No person can be a member as both a creditor and a contributory. A body corporate may be a member of a creditors' committee, but it cannot act otherwise than by a representative appointed under rule 17.17 of the Insolvency (England and Wales) Rules 2016.

TO BE COMPLETED BY CREDITOR WHEN RETURNING FORM:

Name of Creditor: _____

Signature: _____

Date (D.MM.YYYY) _____

(If signing on behalf of the creditor, state capacity e.g. director/solicitor)

If you require any further details or clarification prior to returning your vote, please contact Paula Martin at the address above. Please note that once cast, a vote cannot be changed or withdrawn

Office use only:

Date Completed form received
(D.MM.YYYY) _____

Initial _____

Proof of debt

Our ref: W30201513/CML/PAM/KLM/JET/J/gen2002

WDFC UK Limited - In Administration

Date of administration 31 August 2018.		
1	Name of creditor (If a company please also give company registration number)	
2	Address of creditor for correspondence:	
3	Email address:	
4	Telephone number:	
5	Total amount of claim, including any Value Added Tax and outstanding uncapitalised interest as at the date of insolvency.	£
6	If amount in 3 above includes outstanding uncapitalised interest please state amount	£
7	Particulars of how and when debt incurred (If you need more space append a continuation sheet to this form).	
8	Particulars of any security held, the value of the security, and the date it was given.	
9	Particulars of any reservation of title claimed in respect of goods supplied to which the claim relates.	
10	Details of any documents by reference to which the debt can be substantiated.	
11	Signature of creditor or person authorised to act on his behalf _____	
	Name in BLOCK LETTERS _____	
	Position with or in relation to creditor _____	
	Address of person signing (if different from 2 above) _____	

WDFC UK Limited – In Administration (the Company)

Joint Administrators' proposals

Appointed in the Royal Courts of Justice, Chancery Division, case number 7286 of 2018

Prepared by: Chris Lavery, Joint Administrator

Contact details: Should you wish to discuss any matters in this report, please do not hesitate to contact Becky Axon on +44 (0)161 953 6427 or CMU@uk.gt.com

If your query relates to your loan or if you have made a complaint, or believe you have grounds to make a complaint, arising out of your current or past loans you should contact Wonga's customer services on 0207 138 8330, by email to customercare@wonga.com or visit the website Wonga.com

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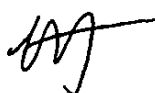
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1 Executive Summary

- The objective of the administration is to achieve a better result for the Company's creditors as a whole than would be likely if the Company were wound up
- The strategy of the administration is to undertake an orderly wind down of the activities of the Company and the wider Wonga Group. The Administrators aim to achieve this by:
 - *Interim preservation of IT infrastructure to support loan collection or a loan book sale in the UK and operations of overseas subsidiaries*
 - Retention of staff both in the UK and South Africa to support loan collection in the UK and to assist with management of redress claims from borrowers
 - Realisation of loan book (either by collection or a combination of collection and sale) and sale of other assets
 - Providing separation of loan management and credit risk activities for other Group companies operating in overseas jurisdictions
 - Communicating the strategy for continued operations and the arrangements for the submission and processing of redress claims to the regulatory authorities in the UK
- Secured and Preferential creditors are estimated to recover their debts in full
- The Administrators are setting up an automated process to enable former borrowers of Wonga UK to register claims, if they believe that they have a claim for redress. All claims will be subject to adjudication and we are working to ensure that the adjudication process is fair and cost effective for the claims received. Accepted claims will rank as unsecured creditors and there will, in due course, be a dividend payment to such creditors. This dividend will not be the full value of the accepted claim but will be significantly less
- Based upon the Directors' Statement of Affairs the funds available to unsecured creditors could exceed £30 million before costs of realisation. This remains subject to several variables including the final level of realisations from the loan book, recovery of inter-company balances from other Group companies, the costs associated with processing redress claims and dealing with the administration process
- The Administrators will seek permission to distribute funds to unsecured creditors. This is because we anticipate funds will be available to unsecured creditors other than the Prescribed Part
- The administration is currently due to end on 30 August 2019. Due to the time required to realise the assets and due to the complexity and volume of claims we expect to adjudicate, the administration is likely to take more than 12 months and the Administrators will seek the approval of the Court for an extension of the administration period
- The administration will end either by conversion to creditors voluntary liquidation or if all matters are resolved, dissolution
- A decision of creditors is being sought within this report. Please see Section 11 for further detail



Chris Lavery
Joint Administrator

24 October 2018

2 Background to the appointment of Administrators

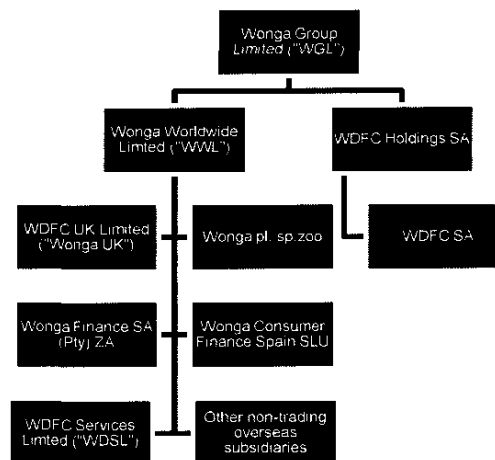
Background

Wonga Group Limited (formerly Quickbridge (UK) Limited) (WGL) was incorporated on 4 August 2006 and its UK trading subsidiary company WDFC UK Limited (formerly Wonga.com Limited) was incorporated on 18 September 2007. The activity of the Group carried out through Wonga UK, which commenced trading in 2008, was the provision short term loans that borrowers applied for via the company's website or by mobile phone with automated lending decisions utilising loan approval technology developed by the Group. Initially the Group operated only in the UK, through Wonga UK but by 2011 it had established a number of operations overseas, including a customer services support centre in South Africa.

The UK business grew rapidly supported by extensive advertising and sponsorship campaigns, and by 2012 Wonga UK was providing 3.9 million loans and advancing funds totalling £1.17 billion during the year.

The wider Group also continued to expand, establishing consumer loan businesses in Poland, Canada, South Africa and Spain, a technology support operation in Ireland and investments in India and Norway. The Group also acquired an online payment platform in Germany, BillPayment GmbH.

In 2016, the Irish operations were transferred in to WDFC UK Limited and the Irish and Canadian companies were wound up and placed into liquidation. In early 2017 the Group sold its German subsidiary BillPayment GmbH. At the date of our appointment WWL held investments in Poland, South Africa, Spain and India and a minority investment in Norway remains to be realised by WGL. At the time of the appointment of Administrators the Group structure can be summarised as follows:



Change in regulation in UK

Following an earlier UK Government announcement, in April 2014 regulation of consumer credit firms transferred from the Office for Fair Trading (OFT) to the Financial Conduct Authority (FCA). This decision was driven by the view that the FCA would be more effective in tackling consumer detriment and malpractice in the industry and promote effective competition. In November 2014 the FCA introduced new regulations which placed a cap on the total fees and charges and total repayments which could be charged on high cost short term loans. These rules came into effect in January 2015.

Whilst some of Wonga UK's competitors ceased trading at this time, the directors and shareholders opted to remodel the business and continue UK operations in compliance with the new regulatory regime.

In anticipation of the increased compliance requirements arising from the change in regulation, during 2014 WGL and Wonga UK recruited a new senior management team and implemented significant changes to its UK operations. These changes included submission and subsequent agreement of a Voluntary Application for Imposition of Requirements (VREQ) with the FCA with effect from 1 October 2014. The agreement required Wonga UK to improve its affordability assessments in accordance with regulatory requirements and to introduce a forbearance programme for borrowers outstanding at the time. In February 2015 the Company formally applied for a full FCA licence and following the FCA's assessment process this was granted on 18 January 2016.

Recent Group Strategy

During the subsequent trading periods, the overall strategy of the Group was to resolve any legacy borrower complaints in the UK whilst investing in all of its businesses to secure sustainable profitability. In the UK this involved the development of a wider range of short-term loan products. Wonga UK initially introduced a 3-month loan product in 2016 and then 6-month loan and Wonga Personal Loan products in 2017. It was also decided to divest certain overseas investments to provide growth funds for the core lending business, as evidenced by the sale of BillPayment in 2017.

In early 2018, WGL commenced a process to secure debt funding to support a 5-year growth plan both for Wonga UK and the overseas subsidiaries. By March 2018 the Group had identified 3 potential funding partners and at that stage there was a clear expectation that the funding could be secured, subject to appropriate due diligence and negotiations..

Developments in 2018 leading to Administration

During 2018 two factors changed the outlook for the both the UK business and the wider Group:

- An interim determination from FOS
- An increase in the level of complaints

FOS Interim Determination

FCA Handbook Dispute Resolution: Complaints (DISP) indicates that borrower complaints cannot be considered more than:

- Six years after the event complained of (6 year-rule); or (if later)
- Three years from the date on which the complainant became aware (or ought reasonably to have become aware) that he had cause for complaint (3-year rule)

Wonga UK's assessment of its potential redress liability in relation to borrower complaints and subsequent cash outflow was based on a time limit of 6 years.

In late March 2018, Wonga UK received an update on the likely outcome of an interim determination by FOS that a borrower complaint that was older than 6 years may be considered within the time limits for a valid complaint. In this individual case FOS applied an interpretation of the 3-year rule that extended the time limits in a manner that was not reflected in Wonga UK's assessment.

If the interim determination was upheld, it would result in a significantly higher level of potential redress liability than was originally forecast. This would have a negative unquantified impact on redress provisioning and consequential impact on the forecast cashflow prepared by Wonga UK and therefore a negative impact on the wider Group.

The directors of Wonga UK, and subsequently the directors of WGL, promptly sought professional advice on the solvency position of the Group and the options available to the UK business and the wider Group. The advice initially focused on the availability of adequate cash flow in each entity within the Group and the ability to continue to trade whilst the directors assessed the medium-term options for the Group.

Advice was also sought on ensuring that the creditors within each entity were treated fairly whilst the strategic options were being assessed. Additionally, the directors of Wonga UK and WGL took steps to preserve cash in the Group including lower risk lending through more stringent underwriting and limiting spend across the business. The directors also regularly reviewed creditors to ensure that liabilities were met in line with the usual terms and that their actions were not having a detrimental impact on creditors.

The strategic options that were explored by WGL and Wonga UK included funding options (either debt and /or equity), non-core disposals, potential options to ring-fence borrower compensation claims and solvent wind down of the Group.

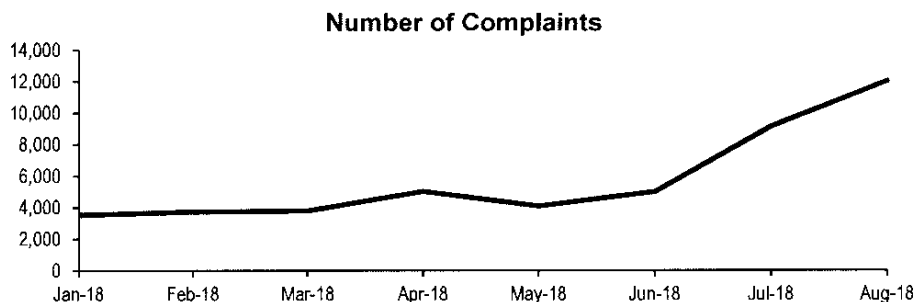
Seeking to secure additional time to implement appropriate options to resolve the long-term financial position of the Group, the directors sought an injection of funds from shareholders and expected to realise additional cash from the sale of WWL's Polish subsidiary, Wonga Poland. Considering the trading position and cashflow forecasts, the Group's assessment was that the combination of equity injection and cash from the sale of Wonga Poland would provide funding to allow consideration of additional options for the Group to meet the potential increase in redress claims if the final decision was in line with interim determination by FOS.

Accordingly following an approach to shareholders, on 17 July 2018 the Group raised c.£11 million from an equity placement with certain existing shareholders. In advance of the equity investment, the Group had engaged corporate finance advisors to commence and manage the sale of Wonga Poland on behalf of WWL.

On 28 August 2018, FOS confirmed its final decision on the borrower complaint on the same terms as the interim determination.

Increase in Complaints

The second event to impact on the Group was a significant uplift in claims from UK borrowers during July and August 2018 compared to recent historical experience.



Shortly following completion of the equity raise, it was found that the July 2018 complaints level had increased to around double the historic run-rate. This increase arose primarily from submissions from Claims Management Companies (CMCs) in late July however there was also a significant increase in direct complaints from borrowers. The Group engaged with the relevant CMCs, to understand the medium term expectation for increased claims, who indicated they expected to submit similar levels of claims in future periods.

The Group immediately commenced a review of the existing options in light of the update provided by the CMCs and the consequential impact on the cash flow forecasts.

In August 2018 complaints continued to increase and had risen three times higher than the level received earlier in 2018. The Group assessed that the cashflow impact of this level of increased claims would be beyond the resources of the Group, even with the sale of Wonga Poland. It was also concluded that the available cash flow taking into account the updated claims would not provide a period long enough to achieve other possible solvent outcomes.

Given that the Group had completed an equity raise in July 2018 and new complaints data was detrimental to the long term viability of the business, the shareholders indicated that they were not in a position to provide any additional funds. The directors concluded that the administration of Wonga UK was unavoidable.

In an attempt to preserve the UK business and maximise the recovery to all creditors, including redress creditors, the Wonga UK directors considered the viability of commencing a process for the accelerated sale of the UK business and assets through the administration process.

However, following constructive dialogue with FCA, on 29 August 2018 the directors resolved that they would need to cease lending activities in the UK with immediate effect. The only option available was a wind-down of the business and collect-out of the loan book following the appointment of administrators.

3 Objective of the administration

Initial introduction to the Company

The financial restructuring team of Grant Thornton UK LLP (the firm) were introduced to the Company on 4 April 2018, with a view to providing advice to the Company about its financial position and forecast cash flow.

Initially Grant Thornton was engaged by the Company under the terms of an engagement letter dated 4 April 2018. This engagement was subsequently replaced by an engagement with WGL under a letter of engagement dated 11 April 2018. Further details of this engagement are referred to in Appendix C.

It was identified that prior to this engagement, the firm, and certain Grant Thornton International member firms, were engaged to provide internal audit services to Wonga Group Limited and its subsidiaries (the Group) under the terms of a letter of engagement dated 17 December 2014.

It was also identified that the firm had been asked to provide advice to the Group in respect of the implementation of IFRS 9 per a letter of engagement dated 22 March 2018. Grant Thornton's advice on this project was not finalised and we were not involved with implementation of IFRS 9.

As the rules governing our profession may restrict the extent to which we can deal with companies if they or any of their directors have been our clients at any time in the last three years we assessed whether it was appropriate to undertake the assignment where one of the potential outcomes could be the insolvency of the Group. We are required to comply with the Code of Ethics issued by our licensing body, the Insolvency Practitioners Association. Having reviewed each of the fundamental principles set out in the Code of Ethics, we did not consider there was a threat to our ability to comply with those principles in any potential role as an insolvency practitioner, if there should be the need for such an appointment. The Administrators carefully re-examined the position in August 2018 prior to accepting the appointment to the Company and considered that there were no circumstances preventing them from being Administrators of the Company and its associated companies, WGL, WWL and WDSL (the Companies).

Appointment of Administrators

Having considered all the options, the boards of directors of the Companies concluded that the best option was for the Companies to be placed into administration and subsequently on 30 August 2018 issued a notice of intention to appoint Administrators. This was served on the holder of a qualifying floating charge, Kreos Capital V (UK) Limited, on 30 August 2018 seeking consent to the appointment of Administrators.

Additionally, on 30 August 2018 pursuant to Section 362A of the Financial Services and Markets Act 2000 consent was also sought from the FCA in relation to Wonga UK's proposed entry into administration.

Upon consent being received from Kreos and the FCA as required, the boards of directors filed the notices of appointment of Administrators in court in accordance with paragraph 22 of Schedule B1 to the Insolvency Act 1986. The appointments are effective from 31 August 2018.

This Statement of Proposals relates only to WDFC UK Limited. A separate Statement of Proposals is being issued in relation to the other three companies.

Objective of the Administration

The Administrators must perform their functions with the objective of:

- Rescuing the Company as a going concern, or
- Achieving a better result for the Company's creditors as a whole than would be likely if the Company were wound up (without first being in administration), or
- Realising property in order to make a distribution to one or more secured or preferential creditors.

In this instance, as the Company had ceased lending on 29 August 2018 and had an unquantified liability to redress creditors it was not possible to achieve the first objective.

The second objective will be pursued through collection of the outstanding loan book and orderly wind down of operations.

4 The assets and liabilities of the Company

Statement of Affairs

On 4 September 2018 the directors of the Company were issued with a notice to provide a Statement of Affairs to the Administrators. The Statement of Affairs details all of the assets and liabilities of the Company as at the date of the appointment of Administrators.

The directors have prepared a statement of affairs for the Company and this is attached at Appendix H. To date the Statement has been signed by Thomas Jordan, former Chief Executive and Statements of Concurrence are being obtained from other directors.

The Administrators do not have any comments on the Statement of Affairs other than that the realisable values do not reflect the costs of realisation and the administration process.

5 Conduct of the administration

Strategy

Following the Company's decision to cease new lending prior to the Administrators' appointment, the business was no longer a going concern and the only strategy for the administration was the orderly wind down of the business. This will be achieved by retaining key systems and staff to support collection and realisation of the Company's main asset, the borrower loan book. Given the short-term nature of the loan book, the initial strategy is to collect loans as normal whilst the Administrators investigate the opportunity for a sale of the residual loan book, and any other assets of the UK trading business. The Administrators have kept the FCA abreast of this strategy and developments thereon.

Cash balances held at the date of appointment have been transferred to the accounts held by the Administrators. The other assets of the Company namely office equipment and inter-company debtors will be realised during the period of the administration.

The Administrators will also re-assess the level of potential redress creditors and the best process to enable claimants to submit claims for assessment by the Administrators. Further details are in Section 6 and additional information will be available on the Wonga.com website once arrangements have been finalised.

Business operations during wind down of operations

To achieve the orderly realisation of the loan book it has been necessary to continue to operate certain aspects of the Company on a 'business as usual' basis. This is necessary to facilitate repayment of loans, protect borrower data and to enable the Company to continue to respond to other queries arising from borrowers, changes to borrower's details, monitoring collections and dealing with redress claims.

Therefore, we have arranged for the continuation of services across all aspects of the Company's activity, including where necessary settling arrears or making 'ransom' payments to secure essential services. The requirement for all services is under frequent review and a plan for the wind down of IT services is being implemented as appropriate.

The Company did not employ any UK staff and all its 146 employees are based in its customer service call centre located in South Africa. At the current date 144 staff remain employed in South Africa to continue to provide borrower support.

As all the UK employees providing support to Wonga UK are employees of WGL, the arrangements for continued employment are the responsibility of WGL. As at 30 September, WGL continues to employ 102 staff however WGL is also undertaking an orderly wind down of its activities. The Company will be recharged the cost of the relevant employees and this will be reflected in future Receipts and Payments accounts.

Approach to interested parties

To date there have been c.60 expressions of interest arising from the insolvency appointment and press coverage of the appointment of Administrators. These interests range across the Group's assets including the loan book, IT platform, brand name and borrower database. Non-Disclosure Agreements have been signed with 27 parties wishing to obtain further information. These interests continue to be pursued, and, with reference to Wonga UK, to establish if a sale of the loan book, IT platform and / or other intellectual property assets would deliver the best value for creditors as whole.

Realisation of assets

Fixed Assets

These comprise of office equipment and fixtures and fittings located in the Company's offices. These will be sold following the end of the wind down of operations.

Loan Book Collections

The outstanding loan book at the date of appointment representing 206,000 borrowers is summarised below.

Summary of Outstanding Loans at 31 August 2018

£ M	Current	Arrears	Book Value
Short Term Loan	6.3	32.3	38.6
3 Month Loan	3.6	16.4	20.0
6 Month Loan	10.6	7.8	18.4
Wonga Personal Loans	0.3		0.3
Gross Book Value	20.8	56.5	77.3

The loan book at 31 August 2018 comprises both current loans and historical arrears. Loans classified as 'Current' represent loans that continue to be paid back in accordance with normal terms. Loans showing as 'Arrears' represent loans that have not been repaid in accordance with normal terms and are in arrears, in many cases by 180 days or more. These balances continue to be pursued – see below.

As part of its routine accounting provisioning the directors of Wonga UK have discounted the net book value of the loan book to £15.1 million in the Statement of Affairs. This reflects its provisions on a 'business as usual' basis and prudence required by financial accounting policies. They do not reflect the circumstances of the administration and therefore we would expect the that the loan book realisations will exceed the directors' book value.

Realisation Strategy

Due to the short-term nature of the loan book, the initial strategy has been to maintain the existing collections systems whilst we considered all options for maximising value for this asset. Collections to 12 October are as follows.

Summary of Loan book at 12 October 2018

£ M	Collected to 12 October 2018	Outstanding at 12 October 2018	Total
Short Term Loan	3.4	35.2	38.6
3 Month Loan	2.3	17.7	20.0
6 Month Loan	3.7	14.7	18.4
Wonga Personal Loans	0.0	0.3	0.3
Total	9.4	67.9	77.3

Short Term Loans

As the maximum loan term is 35 days all outstanding balances for this loan product were due for repayment by 5 October 2018. Of the outstanding balance of £35.2 million, £29.8 million is over 6 months old.

3 Month Loan

The maximum loan term is 90 days and all current balances will fall due for payment by 30 November 2018. Of the outstanding balance of £17.7 million, £14.9 million is over 6 months old.

6 Month Loan

The maximum loan term is 180 days and all current balances will fall due for payment by 28 February 2019. Of the outstanding balance of £14.7 million, £3.2 million is over 6 months old.

Wonga Personal Loan

These loans are for periods greater than 180 days. At 30 September 2018 outstanding balances total £322,000.

Collection of Arrears

At the date of appointment, total loan book balances of £56.4 million were in arrears. The Company's arrears management comprises both internal and external collection processes, involving the following:

- Contacting borrowers both digitally and directly to prompt payment of sums due
- Assessing borrower vulnerability and affordability to determine appropriate repayment arrangements
- Ensuring collection processes comply with FCA guidelines and agreed procedures
- Monitoring conduct of external agencies appointed to assist with loan collection
- Supervising existing repayment arrangements with borrowers
- Monitoring recoveries from bankruptcies or other formal arrangements
- Reporting and responding to the FCA on the conduct of the collection process

As a significant number of borrowers have entered into repayment arrangements which extend for more than 12 months, the collection process may remain ongoing for the full period of the administration.

The Administrators are also determining the level of future placements with the existing debt collection meta-broker or other agency as appropriate.

A further report on recoveries will be provided in our next report.

Sale of Loan Book

The alternative to collection of the loan book remains the possibility of a sale of the residual loan book and this option continues to be investigated as an alternative to a full collect out. Given the short-term nature of the loan book any sale or sales will represent a sale of accounts in arrears.

A number of parties have expressed an interest in acquiring some or all of the borrower database. We continue to assess the feasibility of undertaking this type of sale.

Cash

At the date of appointment, the Company had cash balances totalling £12,191,152 (net of finance charges and fees). These funds have now been transferred to bank accounts under the control of the Administrators.

Inter-company Debtors

The Company is owed £25.5 million by its associated entity Wonga Worldwide Limited. The principal assets of WWL are its interest in subsidiary companies in Poland, Spain and South Africa. These businesses are currently undergoing a sale process. The level of recovery on the inter-company lending is dependent on the sale prices achieved for these businesses.

Additional assets

We are not aware of any other potential assets that could be recovered for the benefit of creditors.

Receipts and Payments account

Our receipts and payments account covering the period 31 August 2018 to 12 October 2018 is enclosed at Appendix A. Please note that 12 October 2018 is the latest practicable date for preparation of the receipts and payments account prior to preparation of this proposal document.

Creditors should also note that the activity of the Company, financial services, is exempt from VAT and it is not able to recover VAT on expenditure.

6 Creditors

Secured creditors

Kreos Capital V (UK) Limited was granted a fixed and floating charge debenture over the assets of the Company on 7 April 2016. The Company's liability arises as a guarantor of the indebtedness of WGL to Kreos. Kreos have submitted a claim for €6,427,408.75. Slaughter and May acting for the Administrators provided advice to confirm the validity of the security. The final value of the claim will be assessed at the time of repayment following a review of the components of the claim.

WGL, WWL and WDSL have also granted fixed and floating charge debentures over their assets to Kreos. In relation to WWL and WDSL, they act as guarantors for the debt due by WGL. Kreos also holds security over the assets of Wonga Poland and Wonga South Africa

We anticipate that the liability to Kreos will be paid in full.

Preferential creditors

Preferential creditor claims consist of employee claims for wages and holiday pay, up to certain statutory limits. As there were no arrears of wages, the only claim is for holiday pay totalling £66,765.

There are currently 144 employees working at the Company, all located in South Africa. We estimate that holiday pay will be met in full either by the employees taking holiday during the administration period or payment of outstanding balances when the South African branch closes, as part of the structured process of formally winding down the local registered entity that acts to 'house' the local branch.

Prescribed part – unsecured creditors

In accordance with Section 176A of the Insolvency Act 1986, a prescribed part is to be set aside from the floating charge assets and made available to the unsecured creditors of the Company. The prescribed part calculation is applied to the net property available and is calculated at 50% of the first £10,000 of net realisations and 20% of all further amounts, up to a maximum prescribed part of £600,000.

As preferential creditors and secured creditors will be paid in full and the funds available to unsecured creditors will be greater than £600,000 there is no purpose to setting aside a prescribed part.

Non-preferential unsecured creditors

The statement of affairs details unsecured creditors totalling £82,275,552.

Summary of Unsecured creditors as per Statement of Affairs

£M	
Trade Creditors & Accruals	5.7
Inter-company creditors	32.6
Provision for redress creditors	45.0
Total	83.3

Trade creditors

The Company's trade creditors were largely current at the date of appointment and claims comprise one month's outstanding invoices and one month's accrued charges. The balance also includes a liability of £3.3 million for unallocated receipt balances that have accumulated over the lifetime of the business. The Administrators continue to investigate the composition of this balance, to establish if borrower or other claims need to be reflected in any future distribution to creditors.

Intercompany creditors

The principal balance of £28.7 million is due to WGL with smaller balances due to WDSL and WWL's subsidiaries in Spain and South Africa.

Redress creditors

Redress creditors comprise current and former Wonga borrowers who believe that they were mis-sold a loan, typically because the borrower believes the loan(s) were unaffordable. As a result, these borrowers claim for a refund in respect of the interest and expenses incurred on those loans, and statutory interest on this amount up until the date of administration.

As explained earlier in this report, the level of redress claims has been increasing since 2016, particularly due to the increased activity of CMC's. At the date of the Administrators' appointment, the Company had c.11,500 claims that they had acknowledged but not yet adjudicated and a further c.12,500 claims that they had not yet acknowledged. These claims are from both borrowers and CMCs on behalf of borrowers. Since our appointment, the Company has continued to receive and acknowledge these claims at a rate of approximately 200 to 500 claims per day. In addition to these there are an additional 9,500 complaints currently with the FOS.

The borrowers of the Company with redress complaints, subject to acceptance, will rank as unsecured creditors of the Company. The Administrators are unable at this time to forecast the likely volume of redress creditors and the total estimated value of these claims, albeit we expect that redress creditors will be the majority unsecured creditors in the Company.

Claim adjudication methodology

Given the large population of potential redress claimants, the Administrators are developing an adjudication methodology via a substantially automated process to minimise costs of the process thereby maximising the return to creditors. Work is continuing to finalise this methodology.

The Administrators are in the process of defining and building an adjudication tool based entirely on data points within the Company's possession. The FCA and the FOS have been consulted during the development of this tool to ensure that they are aware of the Administrators' intended process. The Administrators' intention is for the adjudication tool to automatically adjudicate claims, aligned as closely as possible to the current FOS methodology. The costs of the Administrators undertaking a wholly manual review of each claim would likely result in little to no funds being available for distribution to any unsecured creditors of the administration.

We are aware that there are redress claimants who submitted a redress claim prior to the administration. These redress claimants will be adjudicated through the methodology explained above and will be provided further detail on this in the coming months. For those claimants who were given final response letters by the Company prior to the administration, the Administrators will adjudicate these claims as being accepted and as unsecured creditors.

Communications with redress creditors

Although the Administrators are making good progress, the work in relation to methodology, the collation of claims, adjudication and the distribution process is complex. This is unlikely to be finalised until later in 2019. As such, the Administrators acknowledge that timely and clear communication with potential redress claimants is vital to ensure claimants understand how their claim is being progressed and the status of claims from time to time.

We are liaising with the FCA and the FOS in respect of our intended communication plan. The intention is for claimants to submit claims easily via the administration portal and notify the Administrators of the borrower account details if the borrower believes they have a claim. This will allow the Administrators to assess all the claims arising from the borrower's loan history. There should be no need for claimants to use CMC's and the Administrators aim to provide a straightforward route for claim submission and determination. We will be

communicating with potential redress claimants in the coming months to explain how they are able to submit claims and will be regularly updating the Company's website (www.wonga.com/help) with further information.

The Administrators will also undertake a national advertising campaign to alert all possible redress creditors who may have changed contact details since they last engaged with the Company.

Dividend to creditors

Based upon the anticipated realisations there will be funds available to unsecured creditors more than the maximum Prescribed Part of £600,000. As the level of redress claims is uncertain we are currently unable to indicate the level of dividend available to unsecured creditors.

7 Investigations into the affairs of the Company

Statutory investigations

Within three months of our appointment as Administrators, as required by the Companies Directors Disqualification Act 1986, we will report to the Secretary of State the required facts about the Company's business and the conduct of its directors (including those acting within the past three years).

We would be pleased to receive from any creditor any useful information concerning the Company, its dealing or conduct which may assist us.

8 Proposals for achieving the objective of the administration

Objective of the administration

The Administrators will pursue the objective of achieving a better result for the Company's creditors than would be likely if the Company were wound up.

This objective will be achieved by the Administrators conducting an orderly wind down of business as the loan book is collected or realised. The operations and systems of the business will continue to be maintained for as long as they believe it appropriate in attempting a more advantageous realisation of assets.

For clarification, if there is a debt sale of the outstanding loan book, it is not envisaged that any purchaser will assume any of the existing liabilities (including redress claims) of Wonga UK except to the extent that by law they are compelled to do so.

Additionally, the Administrators will seek recovery of inter-company balances primarily from repayment of inter-company loans from the insolvency of associated companies, via the sale of overseas businesses and piecemeal sale of office equipment following cessation of operations.

It is proposed that the Administrators will seek permission of the Court to distribute funds to unsecured creditors. It is likely this will also require an application for extension of the administration period beyond 12 months.

Thereafter it is proposed that the administration will end by the Company either going into creditors' voluntary liquidation or by dissolution, if there are no further matters to be resolved. If the Company is placed into creditors' voluntary liquidation, it is proposed that the Administrators in office at that date will be appointed liquidators, with any act in the liquidation able to be done by any one or more of the liquidators. However, creditors may nominate a different liquidator or liquidators if nomination to that effect is received before the approval of these proposals.

9 Administrators' remuneration and disbursements

Administrators' remuneration

The basis of the Administrators' remuneration is to be fixed by the creditors. If a creditors committee is appointed, then this is a matter for the committee. If no committee is appointed, a decision of the creditors will be required. Please see the attached Decision Notice.

The total fees estimate for the first twelve months of administration is £1,773,707+VAT. Please see Appendix C for details of our remuneration, expenses and payments made to associates in accordance with Statement of Insolvency Practice 9, which includes details of our proposed fee basis and a breakdown of the Fee Estimate. If the administration is extended beyond twelve months, we will revert to creditors for approval of any additional costs once the scope of activity and period are known.

Pre-administration costs unpaid at the date of appointment of the Administrators may also be approved as above under Rule 3.52 of the Insolvency (England and Wales) Rules 2016 to rank as an expense of the administration. It is not intended to claim pre-administration costs from the Company.

Approval of the statement of proposals does not constitute approval either of the Administrators' remuneration or of unpaid pre-administration costs.

Further information for creditors

Background information regarding the fees of Administrators can be found at https://www.r3.org.uk/media/documents/publications/professional/Guide_to_Administrators_fees_April_2017.pdf. Alternatively, we will supply this information by post on request free of charge. Time is charged in 6 minute units.

10 Administrators' expenses

Agents and Advisors

We have engaged (or anticipate engaging) the following professionals to assist in the administration:

Name	Nature of service provider	Basis of fees	Estimated cost
Slaughter and May	<ul style="list-style-type: none"> Legal advice in relation to a range of issues in connection with the administration 	Time costs incurred	£1,000,000 - £1,300,000
TDX	<ul style="list-style-type: none"> Meta-broker assisting with collection of arrears 	% of funds collected	Dependent upon collections
Camarco	<ul style="list-style-type: none"> Public relations 	Time costs incurred	£60,000
Chattel agents	<ul style="list-style-type: none"> Valuation and sale of the chattel assets 	10% of realisations	Not material
JLT Speciality Limited	<ul style="list-style-type: none"> Providing and sourcing appropriate insurance cover for the assets 	Dependent on quote from third parties	Est. £150,000 p a
Storage	<ul style="list-style-type: none"> Storage of documentation 	Dependent on quote from third parties to be obtained in due course	Not material

We have considered the relationships held with the above professionals and have determined that there are no relationships which would constitute a conflict of interest.

We have sub-contracted out to third parties in line with pre-appointment practices work in respect of:

- Supervision of collection of loan book arrears

This is the system operated by the Company prior to our appointment and it was also considered cost efficient in the circumstances to outsource this work. This continues to be appraised and if appropriate the Company will seek alternative partners to assist with collection of arrears.

11 Decision of the creditors

Decision of creditors

We attach a notice for decisions of the creditors as follows:

- 1 A creditors' committee be formed. Information concerning creditors' committees can be found in Liquidation / Creditors' Committees and Commissioners: A Guide for Creditors published by the Association of Business Recovery Professionals. This can be read at or downloaded from <https://www.r3.org.uk/media/documents/publications/professional/R3-Guide-to-Creditors-Committees.pdf>
- 2 The approval of the Administrators' proposals
- 3 That the remuneration of the Administrators be fixed according to the time properly spent by the *Administrators and their staff*
- 4 That the Administrators out of pocket expenses be charged at cost; mileage is charged at 45p per mile, be approved

In relation to Resolution 3, a fees estimate of £1,773,707 + VAT for the first 12 months of the Administration is attached as Appendix C to the Joint Administrators' Proposals.

Creditors' committee

The Insolvency (England and Wales) Rules 2016 require that wherever a decision is sought in an administration the creditors must be invited to decide whether a creditors' committee should be established.

The function of a committee is to:

- assist the office holders in discharging the office holders' functions; and
- act in relation to the office holders in such manner as may from time to time be agreed

Information concerning creditors' committees can be found in Liquidation / Creditors' Committees and Commissioners: A Guide for Creditors published by the Association of Business Recovery Professionals. This can be read at or downloaded from <https://www.r3.org.uk/media/documents/publications/professional/R3%20Guide%20to%20Creditors%20Committees.pdf>.

Future reporting

Our next report to creditors will be a progress report for the period 31 August 2018 to 28 February 2019, to be delivered within one month of the end of the period.

A Abstract of the Administrators' receipts and payments

Joint Administrators Summary of Receipts and Payments
From 31 August 2018 to 12 October 2018

	£
Asset realisations	
Cash at Bank (net of accrued charges)	12,270,286.04
Cash in transit	4,272,370.76
Loan collections	9,392,999.92
Other receipts	210.00
Payment platform retention	(150,000.00)
	<u>25,785,866.72</u>
Cost of Realisations	
Payroll	390,230.34
Purchases	68,629.29
Bank charges	11,220.86
Irrecoverable VAT	15,731.12
Ransom payments	193,781.17
Public Relations Costs	30,000.00
Statutory Advertising	142.30
	<u>709,735.08</u>
	<u>25,076,131.64</u>
Represented by	
Cash at Bank	<u>25,076,131.64</u>

B Statutory information

Company Information

Company name	WDFC UK Limited
Date of incorporation	18 September 2007
Company registration number	06374235
Former trading address	The Harlequin Building 65 Southwark Street London, SE1 0HR
Former registered office	88 Crawford Street London W1H 2EJ
Present registered office	c/o Grant Thornton UK LLP 4 Hardman Square Spinningfields Manchester M3 3EB
Authorised share capital	No maximum limit
Issued share capital	1 Ordinary Shares @ £1
Directors' and Officers' shareholdings	NameShareholding
	Simon AllenNil
	Neil MacMillanNil
	Graham LindsayNil
	Thomas JordanNil
	Joanne Baker (Resigned 11 May 2018) Nil

Administration information

Administration appointment	The administration appointment filed in the Royal Courts of Justice, Chancery Division, case number 7286 of 2018
Appointor	The Directors of the Company
Date of appointment	31 August 2018
Joint Administrators' names	Christine M Lavery Daniel R W Smith Andrew Charters
Joint Administrators' address	30 Finsbury Square, London, EC2P 2YU
Purpose of the administration	Achieving a better result for the Company's creditors as whole than would be likely if the Company were wound up
Estimated values of the Net Property and Prescribed Part	It is estimated that the Floating Charge and preferential creditors will be paid in full and the funds available to unsecured creditors will exceed the maximum Prescribed Part of £600,000
Functions	In accordance with paragraph 100(2) of Schedule B1 to the Insolvency Act 1986, the functions of the Administrators are to be exercised by any or all of them
EU Regulation	The administration constitutes "main proceedings" under the EU Regulation on Insolvency Proceedings (article 3(1)) as the company's registered office is and always has been in England and its management and principal trading activities are conducted in the United Kingdom
Current administration expiry date	31 August 2019

Appendix C

Payments, remuneration and expenses to the Administrators or their associates

Statement of Insolvency Practice 9 disclosure

This appendix has been prepared in conjunction with the requirements of the Insolvency Act 1986, the Insolvency (England & Wales) Rules 2016 (the Rules) and Statement of Insolvency Practice 9 (SIP9). In summary, it covers:

- pre-appointment costs
- fee basis
- work done by the Administrator and their team during the period
- hourly charge out rates
- disbursements and expenses
- sub-contracted out work
- payments to associates
- relationships requiring disclosure
- information for creditors (rights, fees, committees)

Pre-appointment administration costs are fees charged and expenses incurred by administrators or other qualified insolvency practitioners, before the Company entered administration but with a view to it doing so.

Cost	Work done	Why the work was necessary pre-appointment and how it furthered the achievement of an objective of administration	Grade	Hours	£	£	Payer	Pre / post	Unpaid
Grant Thornton UK LLP fees	<ul style="list-style-type: none"> Review of revolving cash flow forecast 	<ul style="list-style-type: none"> To enable senior management of the Company to assess the cash resources available to the Company whilst they assessed the impact of potential changes in the level of future redress claims 	Partner / Director	56.5	31,717	30,000	WDFC UK	Pre	

Details of the pre-appointment costs are provided below:

Cost	Work done	Why the work was necessary pre-appointment and how it furthered the achievement of an objective of administration	Grade	Hours	£	£	Payer	Pre / post	Unpaid	
Grant Thornton UK LLP fees	<ul style="list-style-type: none">Review of revolving cash flow forecast and assessment of impact of potential redress creditorsBalance Sheet analysis and advice on solvency of the GroupAssessment of the Group's wind-down planContingency planning and options reviewInitial actions to achieve an accelerated sale of Wonga UK	<ul style="list-style-type: none">To assess, with senior management, the options, and associated risks available to the business and monitor the impact of changes in the position of the GroupPreparation of Entity Priority Model to enable the Group to assess the impact of options on each Group entity and inter-company balancesAttendance as observers at meetings of directorsUndertake contingency planning for an administration if the directors were unable to achieve a solvent solution for the GroupTo confirm that an objective of administration could be achieved and that administration, therefore, was an option for the Company	Partner / Director	432	306,880					
			Manager	742	348,391					
			Executive	249	84,649					
			Administrator	-						
			Total	1,445	739,920	475,607	WGL	Pre		
			Costs written off against fees	40705						
			Unbilled time to be recovered as post administration expense in the administration of Wonga Group Limited, subject to creditor approval							228,737

- To assist management with gathering and preparing information, for a potential accelerated disposal of business as a going concern; identification of potential acquirers
- The above works streams were focused on seeking to objective of rescuing the Company as a going concern

Notes:

- Partner includes director
- Manager includes associate directors and managers
- Executive includes assistant managers and executives

The above is provided for information only. The Administrators are not intending to claim pre-administration costs from WDFC UK Limited.

Post-appointment costs

Fee basis of the Administrator

Proposed fee basis

We propose that the remuneration of the Administrator be fixed on the basis of time charged for the work undertaken.

As time costs form the proposed fee basis we provide a fees estimate and details of the expenses that will be, or are likely to be, incurred - please see the 'fees estimate' section below.

Likely return to creditors

It is anticipated there will be a dividend to creditors. For further information on the timing and quantum of future dividends will be available in future reports once further information is available on the quantum of redress creditors.

Fees estimate

The fees estimate is based on all of the information available to us as at 30 September 2018. We have considered and accounted for the different levels of expertise that we anticipate will be required to do the work we anticipate necessary to progress the first twelve months of the administration to 31 August 2019 in calculating the time and cost included in the fees estimate table provided below. We anticipate that if there is either an extension to the administration or conversion to a creditors voluntary liquidation that there will be further costs but at this time the nature and extent of continuing work streams, and related costs, cannot be readily identified. A further fee estimate will be provided for any workstreams that are unresolved at 31 August 2019.

The Fee Estimate is net of VAT.

We also include details of time incurred to date on those work streams that have already commenced. Work streams that have not yet started are shown in *italics*

Please see the 'Hourly charge out rates' section for the rates applied to the fees estimate.

Area of work	Anticipated work	Why the work is necessary	Financial benefit to creditors	Fees estimate
Continuation of operations to support asset realisation and customer redress				
			Cost to 30 September 2018	764 hrs £336,160 £440/hr
			214 hrs £91,089 £426/hr	
Supplier contact and continuation of operations	<ul style="list-style-type: none"> Initiating contact with suppliers by telephone, email and letter Establishing arrangements for continued supplies of services and systems 	<ul style="list-style-type: none"> To secure continuity of supplies and maintenance of key systems necessary to support asset realisations 	<ul style="list-style-type: none"> Orderly realisation of assets to enable a distribution Enabling customers to register potential claims 	Costs associated with continuation of operations Employee costs - UK £'000 4,490 Employee costs - S. Africa 2,229 Supplier payments for goods, services, licences & IT support, utilities, rent etc 4,711 Ransom payments 300 Legal costs 150 <u>11,880</u>
Ongoing supplier management	<ul style="list-style-type: none"> Maintaining contact with suppliers to support orderly wind down of services 	<ul style="list-style-type: none"> Orderly wind down of operations and minimisation of operating costs 	<ul style="list-style-type: none"> Orderly realisation of assets to enable a distribution 	
Employees	<ul style="list-style-type: none"> Communicating with all employees, supervising payroll and arranging phased redundancy programme in line with wind down of operations and attending to other ad hoc employee issues Holding regular update meetings with continuing staff 	<ul style="list-style-type: none"> Retention of employees is essential to maintain the operations and systems necessary to allow support the assets of the Group To support loan collection To maintain customer services to address customer queries including redress inquiries 	<ul style="list-style-type: none"> Orderly realisation of assets to enable a distribution Enabling customers to register potential claims 	
Pensions	<ul style="list-style-type: none"> Initial actions and notifications to Pensions Regulator Maintenance of employee contributions 	<ul style="list-style-type: none"> Statutory and employment obligations 	<ul style="list-style-type: none"> Orderly realisation of assets to enable a distribution 	
Closure of sites	<ul style="list-style-type: none"> Supervising the closure of operational/locations in both UK and overseas 	<ul style="list-style-type: none"> The Group's operations are supported by activities in a number of locations and structured closure is required to reduce costs 	<ul style="list-style-type: none"> Reduction in ongoing operational costs and mitigation of potential creditor claims 	
Assets			Cost to 30 September 2018	1023 hrs £453,189 £443/hr
			555 hrs £263,383 £475 /hr	
IT platform, database	<ul style="list-style-type: none"> Investigating opportunity for disposal of IT platform and know how Obtaining advice on legal status of database Considering the options for sale of Company's database Approaching potential interested parties Agreeing non-disclosure agreements with interested parties 	<ul style="list-style-type: none"> To secure realisation of the best value from the Company's IT assets 	<ul style="list-style-type: none"> Orderly realisation of assets to enable a distribution to creditors 	Costs associated with realisation of assets Legal costs £'000 350 Collection Agents 900 Finance charges 500 <u>1,750</u>

Area of work	Anticipated work	Why the work is necessary	Financial benefit to creditors	Fees estimate
	<ul style="list-style-type: none"> • Providing information and responding to queries with interested parties • <i>Considering any offers received</i> • <i>Negotiating sale of IT assets</i> 			
Loan Book – Initial set up and weekly reporting	<ul style="list-style-type: none"> • Establishing the status of the Company's Loan Portfolio and overseeing communication with customers and monitoring collections 	<ul style="list-style-type: none"> • To secure collection of the loan book asset 	<ul style="list-style-type: none"> • Orderly realisation of assets to enable a distribution to creditors 	
Loan Book - Realisation strategy and oversight	<ul style="list-style-type: none"> • Review of loan book recoveries and consideration of options to enhance recoveries including collection arrangements or the alternative of a sale of the loan book • Daily monitoring of collections and borrower performance information • Initiating contact with potential interested parties • Agreeing non-disclosure agreements with interested parties • Providing information and responding to queries with interested parties • <i>Considering any offers received</i> • <i>Negotiating sale of loan book or sections of the loan book</i> 	<ul style="list-style-type: none"> • To secure realisation of the best value from the loan book asset 	<ul style="list-style-type: none"> • Orderly realisation of assets to enable a distribution to creditors 	
Loan Book - Arrears management	<ul style="list-style-type: none"> • Reviewing existing strategy for management accounts in arrears and ensuring ongoing regulatory compliance • Monitoring collections of arrears and liaising with meta-broker regarding collection performance • Assessing the arrangements for placements with either the meta-broker of collection agencies 	<ul style="list-style-type: none"> • To secure collection of the loan book asset 	<ul style="list-style-type: none"> • Orderly realisation of assets to enable a distribution to creditors 	
Cash	<ul style="list-style-type: none"> • Arranging for transfer of cash balances held by pre-appointment banks or payment 	<ul style="list-style-type: none"> • To secure a significant asset of the Company 	<ul style="list-style-type: none"> • Orderly realisation of assets to enable a distribution to creditors 	

Area of work	Anticipated work	Why the work is necessary	Financial benefit to creditors	Fees estimate
	processing agencies to the account of the Joint Administrators			
Insurance	<ul style="list-style-type: none"> Ensuring appropriate ongoing insurance arrangements 	<ul style="list-style-type: none"> To ensure statutory compliance and to preserve the value of the Company's assets 	<ul style="list-style-type: none"> Protection of value for creditors 	
Investigations				
			167 hrs	£67,748
			2 hrs	£331
			Cost to 30 September 2018	£405/hr
Director/ senior employees	<ul style="list-style-type: none"> Obtain commentary on background of events leading to administration and roles of management in this period 	<ul style="list-style-type: none"> Statutory requirement 	<ul style="list-style-type: none"> Ensuring that all potential assets are investigated / identified 	£195 /hr
Books & records	<ul style="list-style-type: none"> Securing books and records 	<ul style="list-style-type: none"> Statutory requirement to maintain records 		
IT support	<ul style="list-style-type: none"> Obtaining back-up copies of data 	<ul style="list-style-type: none"> Statutory requirement to maintain records 		
Data Review	<ul style="list-style-type: none"> Review of recent transactions / financial information to ensure all assets are identified 	<ul style="list-style-type: none"> Statutory requirement to investigate the affairs of the business 	<ul style="list-style-type: none"> Ensuring that all potential assets are investigated / identified 	
Creditors				
			1767 hrs	£742,140
			Cost to 30 September 2018	£455/hr
Secured	<ul style="list-style-type: none"> Quantification and agreement of the claim of secured creditor 	<ul style="list-style-type: none"> To enable settlement of prior ranking creditors 	<ul style="list-style-type: none"> Enable payment of a dividend 	Costs associated with dealing with creditors and their claims
Employees & pensions	<ul style="list-style-type: none"> Quantification and agreement of the claims of employees 	<ul style="list-style-type: none"> To enable settlement of any preferential claims Establishment of any unsecured claims from employees arising from termination of their employment 	<ul style="list-style-type: none"> Enable payment of a dividend 	£ '000 500
Unsecured	<ul style="list-style-type: none"> Quantification and agreement of the claims of trade creditors and suppliers Adjudication of claims and notifying creditors of their claim Responding to queries in relation to adjudication of claims 	<ul style="list-style-type: none"> To establish the quantum of creditor claims 	<ul style="list-style-type: none"> Enable payment of a dividend 	
Redress Creditors - Initial assessment	<ul style="list-style-type: none"> Obtaining information from the Company on the level and nature of potential claims from customers 	<ul style="list-style-type: none"> To quantify the claims of unsecured creditors 	<ul style="list-style-type: none"> Enable payment of a dividend 	

Area of work	Anticipated work	Why the work is necessary	Financial benefit to creditors	Fees estimate
	<ul style="list-style-type: none"> Obtaining and assessing legal advice on the complaints process and time limits for submission of potential claims 			
Redress Creditors – Regulatory meetings	<ul style="list-style-type: none"> Meeting and corresponding with FOS to discuss potential claims already lodged with the FOS Meeting with FCA to discuss arrangements for and identification of potential redress complaints Consulting with FCA and the FOS on methodology for capture and adjudication of redress claims 	<ul style="list-style-type: none"> To ensure regulatory compliance To quantify the claims of unsecured creditors 	<ul style="list-style-type: none"> Enable payment of a dividend 	
Redress Creditors – ongoing monitoring	<ul style="list-style-type: none"> Establishing systems including updates to Wonga.com website to capture and process potential claims of any redress creditors including overseeing development of automated adjudication tool Providing updates to redress creditors <i>Adjudication of claims and notifying creditors of their claim</i> <i>Responding to queries in relation to adjudication of claims</i> 	<ul style="list-style-type: none"> To capture, adjudicate and quantify the claims of unsecured redress creditors 	<ul style="list-style-type: none"> Enable payment of a dividend 	
Dividends	<ul style="list-style-type: none"> <i>Processing of dividends to each class of creditor</i> 	<ul style="list-style-type: none"> To distribute funds to creditors 	<ul style="list-style-type: none"> Payment of a dividend 	
Unsecured	<ul style="list-style-type: none"> <i>Quantification and agreement of the claims of trade creditors and suppliers</i> 	<ul style="list-style-type: none"> To establish the quantum of creditor claims 	<ul style="list-style-type: none"> Enable payment of a dividend 	
Administration				267 hrs £113,904 £427/hr
			Cost to 30 September 2018	43 hrs £59,030 £426/hr
Take-on and case set up	<ul style="list-style-type: none"> Anti-Money laundering and other client take on protocols Creation of case specific files on Joint Administrators' case management systems 	<ul style="list-style-type: none"> To meet regulatory and professional guidelines 		

Area of work	Anticipated work	Why the work is necessary	Financial benefit to creditors	Fees estimate
Appointment formalities	<ul style="list-style-type: none"> Arranging notification of appointment to Companies House and other regulatory bodies 	<ul style="list-style-type: none"> Statutory requirement 		Costs associated with dealing with general administration of the case £'000
Case management	<ul style="list-style-type: none"> Ongoing general case management 	<ul style="list-style-type: none"> Day to day oversight of administration 	<ul style="list-style-type: none"> Effective and efficient management of the case 	Public Relations Website creation
Reports, circulars notices & decisions	<ul style="list-style-type: none"> Notification of appointment to creditors Preparation of proposal document for creditors Preparation of fee estimate and remuneration report for creditors Decision procedure by creditors for approval of proposals and basis of remuneration <i>If requested convening an arranging a meeting of creditors</i> <i>Preparation of 6 and 12 month reports to creditors</i> 	<ul style="list-style-type: none"> Statutory requirement 	<ul style="list-style-type: none"> Informing creditors of the initial appointment and providing additional information on the strategy and progress of the administration 	65 18 <u>83</u>
Communication / stakeholder management	<ul style="list-style-type: none"> Responding to press inquiries in arising from the appointment of Joint Administrators Updated web pages on both Wonga and Grant Thornton websites 	<ul style="list-style-type: none"> To address public interest in the administration To make information available to potential creditors 		
Compliance FCA / FOS	<ul style="list-style-type: none"> Regular communication and updates with FCA regarding progress of the administration Meetings and correspondence with FOS over redress claims management 	<ul style="list-style-type: none"> To maintain the compliance with regulatory requirements To ensure regulators were informed of the strategy for the administration and the 	<ul style="list-style-type: none"> Independent regulatory oversight of administration process 	
Treasury, billing & funding	<ul style="list-style-type: none"> Processing and recording transactions arising during the period of the administration 	<ul style="list-style-type: none"> To ensure proper recording of post administration activities 	<ul style="list-style-type: none"> Support the orderly realisation of assets for the benefit of creditors 	
Closure	<ul style="list-style-type: none"> <i>Finalisation of the administration process, including final reports and returns</i> 	<ul style="list-style-type: none"> Statutory requirement 		
Taxation				143 hrs £60,566 £424/hr
			Cost to 30 September 2018 28 hrs	£12,740 £455/hr
Tax – UK	<ul style="list-style-type: none"> Review of historical tax position of the Company 	<ul style="list-style-type: none"> Statutory compliance 	<ul style="list-style-type: none"> To agree taxation liabilities and obtain tax clearances necessary prior to making a distribution to creditors 	

Area of work	Anticipated work	Why the work is necessary	Financial benefit to creditors	Fees estimate
	<ul style="list-style-type: none"> Preparation and submission of final pre-appointment tax returns Preparation and submission of final post-appointment tax returns Liaison with HMRC 	<ul style="list-style-type: none"> To establish the level of any pre-appointment tax claims or any potential tax asset To meet all post administration tax liabilities To obtain tax clearance 		
Tax International	<ul style="list-style-type: none"> Reviewing requirements for remittance of funds from overseas inter-company debtors 	<ul style="list-style-type: none"> To facilitate recovery of inter-company balances 		
Total			4,131 hrs Cost to 30 September 2018 1,195 hrs	£1,773,707 £549,998 £423/hr £460/hr

Work done by the Joint Administrators and their time to 30 September 2018

We are required to detail costs of actual work done in the Period, including any expenses incurred in connection with it, as against any fees estimate provided. Our fees estimate is included in the narrative above and also contains details of costs to date. The following table provides a numerical analysis of time to 30 September 2018. Future reports will provide narrative on the work done in the period and, where applicable, an explanation of the impact and implications of any variances from the fees estimate and a numerical fee estimate variance analysis.

Area of work	Partner		Manager		Executive		Administrator		Period total		Fees estimate	
	Hrs	£	Hrs	£	Hrs	£	Hrs	£	Hrs	£	Hrs	£/hr
Continuation of operations	23.50	14,335.00	151.55	66,771.25	39.55	9,929.25	0.30	54.00	214.90	91,089.50	764	336,160
Realisation of assets	76.25	47,221.25	344.80	169,081.25	121.80	45,018.75	12.50	2,062.50	555.35	263,383.75	1,023	453,189
Investigations	-	-	-	-	1.70	331.50	-	-	1.70	331.50	167	67,748
Creditors	4.50	2,745.00	180.25	94,426.75	84.55	26,045.25	1.25	206.25	270.55	123,423.25	1,767	742,140
Administration	21.45	8,344.25	78.34	39,304.25	24.55	6,157.50	0.10	18.00	124.44	59,030.00	267	113,904
Tax	6.00	3,550.00	19.70	8,756.00	0.45	114.00	2.00	320.00	28.15	12,740.00	143	60,566
Total	131.70	81,401.50	774.64	378,339.50	272.60	87,596.25	16.15	2,660.75	1,195.09	549,998.00	4131	1,773,707

Hourly charge out rates

Time is charged in units of 6 minutes for each grade of staff used. The hourly charge out rates applied during the Period are as follows:

Grade	From 1 October 2017 to 31 December 2018
Partner	745
Director	595
Associate director	485
Manager	410
Assistant manager	340
Executive	315
Administrator	235
Treasury	170
Support	120

The current charge out rates apply for the 15 month period commencing 1 October 2017. We reserve the right to amend our charge out rates at the end of this period. Any amendments will be detailed within the next report following such an amendment.

Disbursements and expenses

Disbursements are expenses met by and reimbursed to an office holder in connection with an insolvency appointment and fall into two categories:

Category 1 disbursements

These are also known as 'out of pocket expenses' and are payments to independent third parties where there is specific expenditure directly referable to the insolvent estate; they can be drawn without prior approval and consist of the following categories:

- Travel and subsistence – these costs are incurred by staff in attending trading premises or meetings, for example
- Office costs – these are costs such as postage or courier charges which are incurred in managing the case
- Statutory costs – these are costs such as bonding and advertising relating specifically to the case, which are required by statute

They also include expenses which have been paid using a Grant Thornton Loan, the balance of which (if any) can be seen on the Administrator's receipts and payment account at Appendix A.

Category 2 disbursements

These are expenses that are directly referable to the insolvent estate but not a payment to an independent third party. They may include shared or allocated costs that may be incurred by an office holder or their firm, and that can be allocated to the appointment on a proper and reasonable basis. Category 2 disbursements require approval in the same manner as an office holder's remuneration. The Joint Administrators do not anticipate seeking payment of any Category 2 disbursements

Statement of disbursements and expenses incurred in the Period

Expenses properly incurred by the Administrator in the Period, which are not disbursements and have not been fully paid are disclosed in addition to disbursements incurred in the Period.

Category	Incurred in the Period (£)	Incurred as at Period end (£)	Of which paid by the estate as at Period end (£)
Category 1 disbursements			
Statutory Advertising	142	142	142
Bond	1,875	1,875	
Category 2 disbursements			
	None		
Expenses			
Legal costs – Slaughter and May From 31 August to 4 October 2018	233,000	233,000	Nil
Public relations - Camarco	30,000	30,000	30,000
For other expenses see Receipts and Payments account			

Sub-contracted out work

We confirm that, in the Period, we have not sub-contracted out any work that could otherwise have been carried out by us or our team. Wonga UK has an arrangement with TDX to undertake debt collection services and this arrangement has continued post- administration

Payments to associates

Where we have enlisted the services of others we have sought to obtain the best value and service. In the interest of transparency, we disclose below services we have sought from within our firm or from a party with whom (to the best of our knowledge) our firm, or an individual within our firm, has a business or personal relationship:

Service provider	Services enlisted	Cost of service
Grant Thornton UK LLP	<ul style="list-style-type: none">Tax work / advice (narrative is included within the above narrative of work done)Pensions work / advice (narrative is included within the above narrative of work done)	<ul style="list-style-type: none">Costs are included within the above S1P9 time cost analysis

Relationships requiring disclosure

We confirm that we are not aware of any business or personal relationships with any parties responsible for approving the Administrator's fee basis, or who provide services to us as Joint Administrators which may give rise to a potential conflict.

Information for creditors

Provided below is information to help creditors to understand their rights in insolvency and regarding officeholders' fees, and the roles and functions of committees.

R3 is the trade association for the UK's insolvency, restructuring, advisory and turnaround professionals. Amongst other things, R3 has made available written guidance for stakeholders affected by insolvency, in particular creditors, for some of which the weblinks are provided below.

Where weblinks are provided for the information, we will supply this information by post, free of charge on request.

'Office holder' means, for example, the appointed administrator(s), liquidator(s) or trustee(s) in bankruptcy.

R3 creditor guides

- Rights of creditors during an insolvency process guides: <https://www.r3.org.uk/what-we-do/publications/professional/creditors-guides>
- Background information regarding the fees of officeholders: <https://www.r3.org.uk/what-we-do/publications/professional/fees>
- Liquidation / Creditors' committees and commissioners: <https://www.r3.org.uk/media/documents/publications/professional/R3-Guide-to-Creditors-Committees.pdf>

Creditors' and members' rights to request information about remuneration or expenses under r18.9 of the Rules

(1) The following may make a written request to the office-holder for further information about remuneration or expenses (other than pre-administration costs in an administration) set out in a progress report under rule 18.4(1)(b), (c) or (d) or a final report under rule 18.14:

- (a) a secured creditor;
- (b) an unsecured creditor with the concurrence of at least 5% in value of the unsecured creditors (including the creditor in question);
- (c) members of the Company in a members' voluntary winding up with at least 5% of the total voting rights of all the members having the right to vote at general meetings of the Company;
- (d) any unsecured creditor with the permission of the court; or
- (e) any member of the Company in a members' voluntary winding up with the permission of the court.

(2) A request, or an application to the court for permission, by such a person or persons must be made or filed with the court (as applicable) within 21 days of receipt of the report by the person, or by the last of them in the case of an application by more than one member or creditor.

(3) The office-holder must, within 14 days of receipt of such a request respond to the person or persons who requested the information by:

- (a) providing all of the information requested;
- (b) providing some of the information requested; or
- (c) declining to provide the information requested.

(4) The office-holder may respond by providing only some of the information requested or decline to provide the information if:

- (a) the time or cost of preparation of the information would be excessive; or
- (b) disclosure of the information would be prejudicial to the conduct of the proceedings;

- (c) disclosure of the information might reasonably be expected to lead to violence against any person; or
 - (d) the office-holder is subject to an obligation of confidentiality in relation to the information.
- (5) An office-holder who does not provide all the information or declines to provide the information must inform the person or persons who requested the information of the reasons for so doing.
- (6) A creditor, and a member of the Company in a members' voluntary winding up, who need not be the same as the creditor or members who requested the information, may apply to the court within 21 days of:
- (a) the office-holder giving reasons for not providing all of the information requested; or
 - (b) the expiry of the 14 days within which an office-holder must respond to a request.
- (7) The court may make such order as it thinks just on an application under paragraph (6).

Creditors' and members' rights to challenge the office-holder's remuneration and expenses under r18.34 of the Rules

(1) This rule applies to an application in an administration, a winding-up or a bankruptcy made by a person mentioned in paragraph (2) on the grounds that:

- (a) the remuneration charged by the office-holder is in all the circumstances excessive;
- (b) the basis fixed for the office-holder's remuneration under rules 18.16, 18.18, 18.19, 18.20 and 18.21 (as applicable) is inappropriate; or
- (c) the expenses incurred by the office-holder are in all the circumstances excessive.

(2) The following may make such an application for one or more of the orders set out in rule 18.36 or 18.37 as applicable:

- (a) a secured creditor,
- (b) an unsecured creditor with either:
 - (i) the concurrence of at least 10% in value of the unsecured creditors (including that creditor), or
 - (ii) the permission of the court, or
- (c) in a members' voluntary winding up:
 - (i) members of the Company with at least 10% of the total voting rights of all the members having the right to vote at general meetings of the Company, or
 - (ii) a member of the Company with the permission of the court.

(3) The application by a creditor or member must be made no later than eight weeks after receipt by the applicant of the progress report under rule 18.3, or final report or account under rule 18.14 which first reports the charging of the remuneration or the incurring of the expenses in question (the relevant report).

D An extract from the Insolvency (England and Wales) Rules 2016 relating to creditors' rights to request additional information from the Administrator

Rule 18.9

- 7 The following may make a written request to the office-holder for further information about remuneration (other than pre-administration costs in an administration) set out in a progress report under rule 18.4(1)(b), (c) or (d) or a final report or account under rule 18.14 -
 - a a secured creditor;
 - b an unsecured creditor with the concurrence of at least 5% in value of the unsecured creditors (including the creditor in question);
 - c members of the company in a members' voluntary winding up with at least 5% of the total voting rights of all the members having the right to vote at general meetings of the company;
 - d any unsecured creditor with the permission of the court; or
 - e any member of the company in a members' voluntary winding up with the permission of the court.
 - 8 A request, or application to the court for permission, by such a person or persons must be made or filed with the court (as applicable) within 21 days of receipt of the report or account by the person, or by the last of them in the case of an application by more than one member or creditor.
 - 9 The office holder must, within 14 days of receipt of such a request respond to the person or persons who requested the information by-
 - a providing all of the information requested;
 - b providing some of the information requested;
 - c declining to provide the information requested.
 - 10 The office-holder may respond by providing only some of the information requested or decline to provide the information if-
 - a The time or cost of preparation of the information would be excessive; or
 - b disclosure of the information would be prejudicial to the conduct of the proceedings;
 - c disclosure of the information might reasonably be expected to lead to violence against any person; or
 - d the office-holder is subject to an obligation of confidentiality in relation to the information.
 - 11 An office-holder who does not provide all the information or declines to provide the information must inform the person or persons who requested the information of the reasons for so doing.
 - 12 A creditor, and a member of the company in a members' voluntary winding up, who need not be the same as the creditor or members who requested the information, may apply to the court within 21 days of -
 - a the office holder giving reasons for not providing all of the information requested; or
 - b the expiry of the 14 days within which an office-holder must respond to the request.
- The court may make such order as it thinks just on an application under paragraph (6).

E An extract from the Insolvency Rules 1986 relating to creditors' rights to challenge the Administrators' remuneration or expenses if excessive

Rule 18.34

30 This rule applies to an application in an administration, a winding up or a bankruptcy made by a person mentioned in paragraph (2) on the grounds that-

- a the remuneration charged by the office-holder is in all the circumstances excessive;
- b the basis fixed for the office-holders remuneration under rules 18.16, 18.18, 18.19, 18.20 and 18.21 (as applicable) is inappropriate; or
- c the expenses incurred by the office-holder are in all the circumstances excessive.

31 The following may make such an application for one or more of the orders set out in rule 18.36 or 18.37 as applicable-

- d a secured creditor
- e an unsecured creditor with either-
 - i the concurrence of at least 10% in value of the unsecured creditors (including that creditor), or
 - ii the permission of the court, or
- f in a members' voluntary winding up-
 - i members of the company with at least 10% of the total voting rights of all the members having the right to vote at general meetings of the company, or
 - ii a member of the company with the permission of the court.

The application by a creditor or member must be made no later than eight weeks after receipt by the applicant of the progress report under rule 18.3 or final report or account under rule 18.14 which first reports the charging of remuneration or the incurring of the expenses in question ("the relevant report").

F Definitions

Administration	The Administration of WDFC UK Limited
Administrators /our/us/we	Chris Lavery, Daniel Smith and Andrew Charters, acting as Joint Administrators
Court	The Courts of England & Wales
Creditors	Secured, Preferential and Unsecured creditors
FCA	Financial Conduct Authority
FOS	Financial Ombudsman Service
IA1986	Insolvency Act 1986
Kreos	Kreos Capital V (UK) Limited
Redress Creditors	Borrowers of Wonga UK who have potential claims for product mis-selling
The Company / Wonga UK	WDFC UK Limited - In Administration
The Group	WGL and its subsidiaries as a collective entity
The Rules	Insolvency (England & Wales) Rules 2016
VAT	Value Added Tax
WDSL	WDFC Services Limited - In Administration
WGL	Wonga Group Limited - In Administration
WWL	Wonga Worldwide Limited - In Administration

G Notice about this report

This report has been prepared by Chris Lavery, a Joint Administrator of WDFC UK Limited t/a Wonga – In Administration, solely to comply with the Administrators' statutory duty to submit proposals to creditors under the Insolvency Act 1986 and the Insolvency (England and Wales) Rules 2016 in relation to the administration, and for no other purpose. It is not suitable to be relied upon by any other person, or for any other purposes, or in any other context.

This report has not been prepared in contemplation of it being used, and is not suitable to be used, to inform any investment decision in relation to the debt of or any financial interest in the Company.

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

Any persons choosing to rely on this report for any purpose or in any context other than under the Insolvency Act 1986 and the Insolvency (England and Wales) Rules 2016 do so at their own risk. To the fullest extent permitted by law, the Joint Administrators do not assume any liability in respect of this report to any such person.

Chris Lavery, Daniel Smith and Andrew Charters are authorised to act as Insolvency Practitioners by the Insolvency Practitioners Association.

The Joint Administrators are bound by the Insolvency Code of Ethics.

The Joint Administrators act as agents for the Company and contract without personal liability. The appointment of the Joint Administrators is personal to them and to the fullest extent permitted by law, Grant Thornton UK LLP does not assume any responsibility and will not accept any liability to any person in respect of this report or the conduct of the administration.

Unless stated otherwise, all amounts in this progress report and appendices are stated net of VAT. For definitions of abbreviations please refer to Appendix F.

H Statement of Affairs

Statement of Affairs

Statement as to affairs of

WDFC UK Limited

On the 31 August 2018, the date of the joint administrators appointment

Statement of Truth

I believe that the facts stated in this statement of the affairs are true

Full name THOMAS PETER JORDAN

Signed T Jordan

Dated 23/10/2018

WDFC UK Limited - STATEMENT OF AFFAIRS

A - Summary of Assets

Assets	Book value	Estimated to realise
	£	£
Assets subject to fixed charge		
* Kreos	-	-
Assets subject to floating charge		
Total cash	16,935,912	16,597,193
Intangibles	990,696	-
Fixed assets	171,482	17,148
Other Receivables	15,234,261	14,124,392
Deposits	1,739	-
Prepayments	422,529	42,253
Intercompany receipts	28,362,266	10,792,236
Estimated total assets available for preferential creditors	62,118,885	41,873,222

* Kreos have fixed and floating charges over each Wonga group entity in administration. Realisations from WGI are assumed to satisfy Kreos' claim.

Signature:

TP Gordon

Date:

19/10/2018

WDFC UK Limited - STATEMENT OF AFFAIRS**A1 - Summary of Liabilities**

Estimated total assets available for preferential creditors	41,873,222
Liabilities	
Preference claims (employee costs)	(159,819)
Estimated surplus as regards preferential creditors	41,713,403
Estimated prescribed part of net property where applicable	-
Estimated total assets available for floating charge holders	41,713,403
Debts secured by floating charge*	-
Estimated surplus/(deficit) of assets after floating charges	41,713,403
Estimated prescribed part of net property brought down	-
Total assets available to unsecured creditors	41,713,403
Unsecured claims - general external	(5,667,588)
Unsecured claims - regulatory creditors	(45,046,343)
Unsecured claims - other Group company	(2,121,888)
Unsecured claims - other Group company (In administration)	(30,439,733)
Estimated surplus/(deficiency) as regards non preferential creditors	(41,562,149)
Floating charge creditors	-
Estimated surplus/(deficiency) as regards creditors	(41,562,149)
Issued and called up capital	(1)
Estimated surplus/(deficiency) as regards members before administration costs	(41,562,150)

Signature:

T. Adnan

Date:

19/10/2018

Schedule of creditors at 31 August 2018

NAME	ADDRESS 1	ADDRESS 2	ADDRESS 3	ADDRESS 4	ADDRESS 5	AMOUNT (£)
ANCHOR	1 CHESTNUT COURT	PARC MENAL	BANGOR	GWYNEDD	LL57 4FH	22,500
ARDANIS	Suite 301	48 Upper Mount Stre	DUBLIN D02 YY IRELAND			38,870
BBJ&K	Unit 10, Newhall Place	Newhall Hill	Jewellery Quart Birmingham	B1 3JH	-	145,000
BBJ&K Ltd	Unit 10, Newhall Place	Newhall Hill	Jewellery Quart Birmingham	B1 3JH		175,000
CALLCRED	One Park Lane	Leeds	LS3 1EP			240,000
CAMERON	88 Crawford Street	LONDON	W1H 2EJ			1,440
CEDAR COMMUNICATIONS LTD	85 STRAND	LONDON	WC2R 0DW			54,968
CLOUDFLARE	101 Townsend Street	San Francisco	USA			7,860
CRITIQOM	Document Outsourcing Limited	Document House	Phoenix Cresce	Strathclyde Busines	Bellshill ML4	2,467
CRITIQOM	Document Outsourcing Limited	Document House	Phoenix Cresce	Strathclyde Busines	Bellshill ML4	1,744
DAC BEACHCROFT	ADMINISTRATION CENTRE	PORTWALL PLACE	BRISTOL	BS1 9HS		41,163
DOCUMENTW	Document Park	Castle Road	Sittingbourne	KENT	ME10 3JP	174
EPIPHANY	The Small Mill	Chadwick Street	Leeds	West Yorkshire	LS10 1LJ	42,000
Epiphany Solutions Ltd	The Small Mill	Chadwick Street	Leeds	West Yorkshire	LS10 1LJ	65,436
EQUIFAX LTD	ACCOUNTS RECEIVABLE FIRST FL 6 WELLINGTON PLAC	LEEDS	LS1 4AP			42,000
EQUIFAX LTD(EQUIFAX LTD)-C8081447	ACCOUNTS RECEIVABLE FIRST FL 6 WELLINGTON PLAC	LEEDS	LS1 4AP			8,113
FASTSMS	ORCHARD HOUSE	VICTORIA SQUARE	DROITWICH	WR9 8QT		2,100
FCA	25 THE NORT COLONNADE	CANARY WHARF	LONDON	E14 5HS		64,662
FINANCIA	Credit Control Department	South Quay Plaza 11	183 Marsh Wal	London	E14 9SR	155,650
Financial Ombudsman Service	Credit Control Department	South Quay Plaza 11	183 Marsh Wal	London	E14 9SR	156,200
FOUNDATION F	8-11th Floor, Wade House	Merrion Centre	Leeds	West Yorkshire	LS2 8NG	11,527
GENESYS	Gooimeer 6-02	1411 DD Naarden	The Netherlands			33,360
Genesys Europe B.V	Gooimeer 6-02	1411 DD Naarden	The Netherlands			33,393
IMPACTRA	15 Rathbone Place	LONDON	W1T 1HU			20,628
ITFIX UK LTD	1-A Sinclair House	Thanet Street	Kings Cross	LONDON	WC1H 9PZ	379
J2 GLOBAL	UNIT 3 WOODFORD BUSINESS P	SANTRY	DUBLIN 17	IRELAND		308
MODULR	ONE HAMMERSMITH BROADWA	LONDON	W6 9DL		-	20,601
Modulr Finance Limited	ONE HAMMERSMITH BROADWA	LONDON	W6 9DL			52,710
PAY360 LTD	1 FINSBURY SQUARE	LONDON	EC2A 1AE			25,811
PAYMENT TRUS	6TH FLOOR	3 HARDMAN SQUARE	MANCHESTER	M3 3EB		7,400
PEXLIFY LTD	OFFICE 213 SMITHFIELD BUSINE	THE DISTILLERS BUILI	SMITHFIELD	DUBLIN 7	IRELAND	74,087
QGEN LTD	St Georges Building	Elia Zammit Street	St Julians STJ31	Malta		7,880
QGENLIMI	St George's Building	Elia Zammit Street	St Julians STJ31	Malta		10,690
RANDALLS	5 Hobart Place	LONDON	SW1W 0HU			1,650
SOFTWARE	2236 ALBERT HOY STREET	BELIZE CITY	BELIZE	LATVIA	-	45,287
SQL SENTRY	8936 NorthPointe Executive Park	Suite 200	Huntersville	NC 28078	USA	9,980
STEVENS DRAKE	117 - 119 High Street	Crawley	West Sussex	RH10 1DD		688
UNIFIED	Evolve Business Centre	Cygnat Way, Rainton	South Business	Houghton Le Spring	DH4 5QY	480
UNIFIED SOFTWARE LIMITED	Evolve Business Centre	Cygnat Way, Rainton	South Business	Houghton Le Spring	DH4 5QY	480
UNIQUE DIGITAL MARKETING LIMITED	The Johnson Building	77 Hatton Garden	LONDON	EC1N 8JS		3,240
WQMP	116 Putney Bridge Road	LONDON	SW15 2NQ			42,749
WORLDPAY	The Walbrook Building	25 Walbrook	LONDON	EC4N 8AF		95
YAKARA	Scottish Software Partner Centre	Station Road	South Queensfr	West Lothian	EH30 9TG	10,099
TOTAL						1,259,091
HMRC	Various departments					411,565
BDO Employee Benefits (Pty) Ltd	22 Wellington Road	Parktown	Johannesburg	2193	South Africa	15,333
Customer compensation (Return of interest and fees from voluntary requisition in 2015 - customers not replied)						2,752,426
Unallocated cash						936,696
General provision /accruals						292,477
TOTAL						5,667,588

Employee claimsEmployee claims

	ID	Severance (Local currency)	Severance (GBP estimate @ 19.70 ZAR:GBP)
32430	XXXXX	R 2,007.69	102
32433	XXXXX	R 2,007.69	102
32364	XXXXX	R 12,000.00	609
32386	XXXXX	R 6,427.38	326
32390	XXXXX	R 3,344.82	170
32406	XXXXX	R 14,776.62	750
32426	XXXXX	R 2,007.69	102
32431	XXXXX	R 2,007.69	102
32432	XXXXX	R 2,007.69	102
32434	XXXXX	R 2,007.69	102
32456	XXXXX	R 7,940.77	403
32381	XXXXX	R 2,943.28	149
32382	XXXXX	R 3,344.82	170
32383	XXXXX	R 4,015.38	204
32388	XXXXX	R 3,344.82	170
32391	XXXXX	R 2,140.20	109
32354	XXXXX	R 10,153.85	515
32004	XXXXX	R 47,548.90	2,414
1153	XXXXX	R 28,246.07	1,434
1154	XXXXX	R 26,706.58	1,356
1156	XXXXX	R 19,367.83	983
1164	XXXXX	R 24,391.37	1,238
1168	XXXXX	R 25,803.65	1,310
1179	XXXXX	R 15,422.01	783
1181	XXXXX	R 39,393.40	2,000
1194	XXXXX	R 24,414.54	1,239
1198	XXXXX	R 27,596.12	1,401
1205	XXXXX	R 32,462.70	1,648
1212	XXXXX	R 21,732.45	1,103
1214	XXXXX	R 18,189.87	923
1223	XXXXX	R 25,474.51	1,293
1226	XXXXX	R 20,510.79	1,041
1232	XXXXX	R 58,316.84	2,960
1241	XXXXX	R 27,758.43	1,409
1243	XXXXX	R 25,796.10	1,309
1253	XXXXX	R 26,421.99	1,341
1260	XXXXX	R 35,137.39	1,784
1494	XXXXX	R 17,720.96	900
1502	XXXXX	R 34,988.10	1,776
1570	XXXXX	R 35,230.60	1,788
1571	XXXXX	R 28,055.66	1,424
1572	XXXXX	R 31,310.78	1,589
1759	XXXXX	R 31,791.85	1,614
1770	XXXXX	R 34,468.03	1,750
1774	XXXXX	R 19,609.73	995
1779	XXXXX	R 20,281.27	1,030
1800	XXXXX	R 22,427.41	1,138
1859	XXXXX	R 17,276.00	877
1860	XXXXX	R 20,837.48	1,058
1865	XXXXX	R 17,183.76	872
1900	XXXXX	R 17,177.17	872
1904	XXXXX	R 15,120.49	768
1905	XXXXX	R 17,388.28	883
1916	XXXXX	R 18,568.97	943
1917	XXXXX	R 13,155.97	668
1923	XXXXX	R 11,538.48	586
1925	XXXXX	R 28,908.46	1,467
1966	XXXXX	R 10,984.67	558
1969	XXXXX	R 18,960.18	962
1970	XXXXX	R 17,790.36	903
1971	XXXXX	R 17,783.85	903
1972	XXXXX	R 20,286.34	1,030
2006	XXXXX	R 12,920.92	656
2008	XXXXX	R 17,344.10	880
2009	XXXXX	R 18,791.69	954
2011	XXXXX	R 18,830.08	956
2012	XXXXX	R 28,337.75	1,438
2038	XXXXX	R 16,457.67	835
2052	XXXXX	R 23,544.89	1,195
2054	XXXXX	R 74,383.51	3,776
2095	XXXXX	R 17,704.45	899
2150	XXXXX	R 20,217.84	1,026
2168	XXXXX	R 13,414.12	681

<u>Employee claims</u>	<u>Employee claims</u>		
	ID	Severance (Local currency)	Severance (GBP estimate @ 19.70 ZAR:GBP)
2170	XXXXX	R 15,572.31	790
2175	XXXXX	R 18,109.60	919
2176	XXXXX	R 103,222.27	5,240
2245	XXXXX	R 13,315.99	676
2251	XXXXX	R 13,125.64	666
2253	XXXXX	R 11,575.36	588
2256	XXXXX	R 9,362.14	475
2335	XXXXX	R 14,638.82	743
2340	XXXXX	R 14,501.09	736
2341	XXXXX	R 12,520.84	636
2711	XXXXX	R 14,240.96	723
2712	XXXXX	R 8,882.86	451
2736	XXXXX	R 41,753.67	2,119
636	XXXXX	R 44,527.22	2,260
647	XXXXX	R 38,229.59	1,941
651	XXXXX	R 20,093.30	1,020
656	XXXXX	R 36,099.34	1,832
657	XXXXX	R 46,485.93	2,360
667	XXXXX	R 75,271.56	3,821
674	XXXXX	R 26,980.42	1,370
676	XXXXX	R 28,549.51	1,449
690	XXXXX	R 21,404.85	1,087
699	XXXXX	R 60,249.99	3,058
700	XXXXX	R 19,810.59	1,006
705	XXXXX	R 18,520.89	940
724	XXXXX	R 35,305.88	1,792
744	XXXXX	R 32,720.69	1,661
796	XXXXX	R 29,006.88	1,472
805	XXXXX	R 14,037.58	713
806	XXXXX	R 22,240.54	1,129
807	XXXXX	R 38,426.92	1,951
809	XXXXX	R 18,813.20	955
818	XXXXX	R 24,701.02	1,254
839	XXXXX	R 31,295.48	1,589
851	XXXXX	R 34,213.63	1,737
852	XXXXX	R 46,071.34	2,339
31793	XXXXX	R 117,566.76	5,968
31818	XXXXX	R 53,868.83	2,734
31848	XXXXX	R 61,088.08	3,101
31914	XXXXX	R 23,040.94	1,170
31915	XXXXX	R 9,699.67	492
31918	XXXXX	R 66,206.26	3,361
31956	XXXXX	R 9,965.83	506
31957	XXXXX	R 6,500.60	330
31961	XXXXX	R 39,071.18	1,983
31976	XXXXX	R 13,998.44	711
31978	XXXXX	R 8,197.13	416
31979	XXXXX	R 8,714.75	442
32034	XXXXX	R 7,367.53	374
32035	XXXXX	R 7,133.44	362
32036	XXXXX	R 6,358.50	323
32037	XXXXX	R 5,551.26	282
32042	XXXXX	R 8,344.28	424
32043	XXXXX	R 8,344.28	424
32084	XXXXX	R 45,262.66	2,298
32101	XXXXX	R 6,981.62	354
32015	XXXXX	R 5,679.29	288
32141	XXXXX	R 34,712.12	1,762
32143	XXXXX	R 6,627.63	336
32144	XXXXX	R 6,224.01	316
32145	XXXXX	R 6,324.91	321
32190	XXXXX	R 4,300.82	218
32268	XXXXX	R 8,073.98	410
32269	XXXXX	R 9,284.83	471
32270	XXXXX	R 9,688.44	492
32271	XXXXX	R 5,248.67	266
32273	XXXXX	R 4,037.83	205
32274	XXXXX	R 9,688.44	492
32275	XXXXX	R 6,459.52	328
32276	XXXXX	R 4,441.44	225
32277	XXXXX	R 4,845.06	246
32427	XXXXX	R 2,007.69	102
Total	Total	R 3,148,746.10	159,835



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