

# LIQ03

## Notice of progress report in voluntary winding up



Companies House

For further information, please  
refer to our guidance at  
[www.gov.uk/companieshouse](http://www.gov.uk/companieshouse)

### 1 Company details

Company number 0 7 2 0 2 5 6 3

Company name in full Tough Mudder Ltd

#### → Filling in this form

Please complete in typescript or in  
bold black capitals.

### 2 Liquidator's name

Full forename(s) Michael

Surname Solomons

### 3 Liquidator's address

Building name/number 82 St John Street

Street

Post town London

County/Region

Postcode E C 1 M 4 J N

Country

### 4 Liquidator's name ①

Full forename(s) Andrew

Surname Pear

#### ① Other liquidator

Use this section to tell us about  
another liquidator.

### 5 Liquidator's address ②

Building name/number 82 St John Street

Street

Post town London

County/Region

Postcode E C 1 M 4 J N

Country

#### ② Other liquidator

Use this section to tell us about  
another liquidator.

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### 6 Period of progress report

From date	<sup>d</sup> 0	<sup>d</sup> 3	<sup>m</sup> 1	<sup>m</sup> 2	<sup>y</sup> 2	<sup>y</sup> 0	<sup>y</sup> 2	<sup>y</sup> 2
To date	<sup>d</sup> 0	<sup>d</sup> 2	<sup>m</sup> 1	<sup>m</sup> 2	<sup>y</sup> 2	<sup>y</sup> 0	<sup>y</sup> 2	<sup>y</sup> 3

### 7 Progress report

☒ The progress report is attached

### 8 Sign and date

Liquidator's signature

Signature

X



X

Signature date

<sup>d</sup> 2	<sup>d</sup> 9	<sup>m</sup> 0	<sup>m</sup> 1	<sup>y</sup> 2	<sup>y</sup> 0	<sup>y</sup> 2	<sup>y</sup> 4
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# LIQ03

## Notice of progress report in voluntary winding up



### Presenter information

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

Contact name Julie Thatcher

Company name Moorfields

Address 82 St John Street

Post town London

County/Region

Postcode EC1M 4JN

Country

DX

Telephone 020 7186 1144



### Checklist

We may return forms completed incorrectly or with information missing.

Please make sure you have remembered the following:

- ☐ The company name and number match the information held on the public Register.
- ☐ You have attached the required documents.
- ☐ You have signed the form.



### Important information

All information on this form will appear on the public record.



### Where to send

You may return this form to any Companies House address, however for expediency we advise you to return it to the address below:

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



### Further information

For further information please see the guidance notes on the website at [www.gov.uk/companieshouse](http://www.gov.uk/companieshouse) or email [enquiries@companieshouse.gov.uk](mailto:enquiries@companieshouse.gov.uk)

This form is available in an alternative format. Please visit the forms page on the website at [www.gov.uk/companieshouse](http://www.gov.uk/companieshouse)



TO ALL MEMBERS AND KNOWN CREDITORS

Our ref: JT/TOU003MS

29 January 2024

Dear Sirs

**Tough Mudder Ltd – In Creditors’ Voluntary Liquidation (“the Company”)**

As you are aware, Andrew Pear and I were appointed Joint Liquidators of the Company on 3 December 2020, following the Company’s conversion from Administration to Liquidation. I have prepared my third annual progress report on the Company for the period 3 December 2022 to 2 December 2023 (the reporting period). Statutory information regarding the Company is attached at Appendix I.

The Liquidators have acted jointly and severally in all matters relating to the Liquidation and there have been no changes in the office holders since my last report. This report should be read in conjunction with my previous reports, copies of which are available on request. Further information can also be found at [www.creditorinsolvencyguide.co.uk](http://www.creditorinsolvencyguide.co.uk) which is designed to provide creditors with a step by step guide to the insolvency process.

**CONDUCT OF LIQUIDATION**

Details of the events leading up to the appointment of Administrators and conversion to Liquidation can be found in previous reports to creditors.

During this reporting period, all statutory duties incumbent upon Liquidators have been attended to, including but not limited to, submitting necessary tax returns, dealing with all routine correspondence and reporting to creditors. Significant time has continued to be spent adjudicating a complex preference claim received from the US Trustee in Bankruptcy for the Company’s parent company, Tough Mudder Inc (“TM Inc”), together with investigating actions taken in the lead up to the Administration and working with UK and US solicitors regarding possible recovery actions, which is set out in detail later in this report.

It remains the case that the Liquidation will remain open until all remaining assets have been realised, including the pursuit of any recovery actions and surplus funds are distributed to unsecured creditors. The timing of such actions is very difficult to estimate at this time.

**RECEIPTS AND PAYMENTS ACCOUNT**

A receipts and payments account for the reporting period and the whole period of the Liquidation, is attached at Appendix II. This includes funds set aside for a catch up dividend that have since been released back into the pool of funds as detailed later in this report. Estate funds were banked into a designated non-interest-bearing estate account and the account has been reconciled to required financial records.

**Moorfields, 82 St John Street, London EC1M 4JN**

**+44 (0)20 71861144**

**moorfieldscr.com**

**info@moorfieldscr.com**

## ASSETS

For details of previous asset recoveries achieved, please refer to the report for the relevant period.

### Intercompany loans

The only intercompany loan with any prospect of recovery is from the Company's US parent, TM Inc, which is also in insolvency proceedings in the US. Dividend prospects are purely dependent on the outcome of the US Trustee's legal proceedings against some of the former directors/shareholders and whether there will be any surplus funds available to creditors after costs is yet to be determined.

A claim was submitted in the US proceedings on behalf of the Company. However, the US Trustee submitted details to the Liquidators setting out what the US considers preference payments made to the Company in the twelve months leading up to the US insolvency proceedings. This is a complex claim and required the assistance of US legal advice to guide the Liquidators through the US insolvency law and access to US records, which were subject to confidentiality agreements. This was required to determine the quantum of such payments, if they met the preference payment threshold and if the Company had any such defence to the claim under US law.

The Liquidator had initially set aside funds in the event a catch up dividend was due to the US Trustee based on the interim dividend already paid to unsecured creditors. During this reporting period, and whilst discussions and negotiations are still ongoing with the US Trustee as the extent of any preference claim and the amount for which the Company's claim would be admitted for in the US proceedings, the set aside funds have been released back into the general pool of funds. It has been established that any funds due to the US Trustee would be offset against any dividend paid to the Company from TM Inc. and therefore no physical payment would need to be made to the US Trustee.

## LIABILITIES

### Secured creditor

HSBC UK plc held a fixed charge over certain cash deposits relating to credit card payments. The bank has confirmed no monies are outstanding and all accounts have been closed.

### Preferential creditors

Under the terms of the sale agreement, all employees of the Company were transferred to the purchaser under the Transfer of Undertakings (Protection of Employment) Regulations 2006. Preferential claims totalling £1,777 were paid in full during a previous reporting period in relation to a former employee and outstanding pension contributions.

### Unsecured creditors

Unsecured claims received to date total £4.01m, following the reduction of HMRC's claim to nil. Included in this balance is the outstanding loan to the Company's wholly owned subsidiary, Tough Mudder GmbH – In Liquidation and the unsecured element of wages owed and outstanding pension contributions.

An initial dividend of £198,841 has been paid to unsecured creditors. A sum of £57,392 had been set aside in the event the US Trustee had an unsecured claim in the Liquidation in respect of preference payments made to the Company. During this reporting period, these funds have been released back into the general pool of funds for creditors for reasons set out above.

## DIVIDENDS

The following distributions were made to preferential and unsecured creditors:

Date	Amount of Distribution	Rate of Distribution
20 August 2021	£1,776.51	100 pence in the £ - preferential
7 February 2022	£198,841.29	5 pence in the £ - unsecured

Based on current information, it is anticipated that a further dividend will be available to unsecured creditors although

the timing and quantum is uncertain at this time whilst further recoveries may be possible.

#### **PRESCRIBED PART**

The Prescribed Part Fund is created out of the Company's net floating charge property pursuant to Section 176A of the Insolvency Act 1986, as long as the floating charge was registered later than 15 September 2003.

As previously advised, there is no floating charge registered after 15 September 2003 and therefore the prescribed part does not apply.

#### **JOINT LIQUIDATORS' INVESTIGATIONS**

Under the insolvency legislation, the Liquidators have a duty to consider the conduct of those persons who have been directors of the Company, shadow directors or de facto directors at any time within three years preceding the Liquidation and consider whether any civil proceedings should be taken. A confidential report was submitted to the Secretary of State in the Administration and a further report will be submitted in the Liquidation if further information comes to light.

The Administrators, now Liquidators were required to interrogate and investigate (together with both external US and UK lawyers) the very detailed books and records of the Company both to understand the Company's position as against TM Inc and to investigate any potential claims against the directors which might yield realisations into the Company for the benefit of its creditors. This was made more difficult given it involved the US Trustee. Furthermore, difficulties were encountered obtaining records from the US due to a number of reasons and ultimately required agreed confidentiality agreements to release some records. The work involved has required analysis and review of bank statements on a line-by-line basis, covering a significant period of time, in order to understand the business and finances of the Company. This work was also required to fully understand the lead up to the Administration and any potential claims against directors, for which work remains ongoing.

Given the length of time that it has taken to undertake these investigations and the costs involved the Liquidators have continued to seek legal advice that the course of action is in the best interest of creditors. The Liquidators have been advised specifically that they are under a professional duty to thoroughly investigate these matters, and to not would be inappropriate and a dereliction of their professional duties, given the significant value of the potential claims that may exist against the directors and/or any claim in the US Bankruptcy. Accordingly, these investigations have been carried out and continue to do so with the assistance of legal advice in the UK and US.

#### **PRE-APPOINTMENT REMUNERATION**

The Joint Liquidators were appointed following the Company's conversion from Administration to Liquidation. The Administrator's fees and expenses have been paid in full.

#### **JOINT LIQUIDATORS' REMUNERATION**

The work estimated to be undertaken in the Liquidation was included in the fee estimate produced in the Administration and as such the Joint Liquidators' remuneration is fixed on the same basis, being by reference to time properly spent by them and their staff in attending to matters arising from the Liquidation of the Company.

A total of 86.2 hours has been incurred in this reporting period at a cost of £47,752, resulting in an average hourly charge out rate of £554. For the whole period of the Liquidation, time costs amount to £130,278, representing 331 hours at an average rate of £394. This is compared to anticipated hours of 961 hours at an average hourly rate of £307 which was estimated at the outset of the Administration for the whole period of the Administration and Liquidation. The firm's fee policy is provided at Appendix III, together with a summary of the work undertaken in the reporting period and a comparison to the original fee estimate.

Fees of £25,940 plus VAT have been drawn in this reporting period up to the current fee cap in place. The remuneration drawn has been within the approved fee estimate approved but time costs have exceeded that estimate originally given to creditors at the outset of the Administration.

The Liquidation has remained open longer than originally could have been anticipated at the outset due to the ongoing investigations and significant time spent determining legal avenues that could be pursued for the benefit of creditors. Furthermore, it could not be anticipated that the US Trustee would submit what it considers to be a

preference claim against the Company that required investigation and continues to require ongoing negotiations to achieve the best outcome for creditors. Further time is going to be incurred to administer the Liquidation and the various statutory obligations required of Liquidators in general whilst the matter remains open to deal with the outstanding matters. Additionally, a further interim and/or final dividend will need to be processed to distribute surplus funds to unsecured creditors. Therefore, the Liquidators are seeking approval in this report to increase the current cap on their remuneration from £295,241.50 to £400,790.50 plus VAT, as set out in the revised fee estimate attached at Appendix V. Time costs of circa £36,000 have already been incurred at the date of this report that the Liquidators cannot draw until further creditor approval is sought.

This revised estimate is based on actual costs incurred to date at the time of this report (as detailed in Appendix III) under each task category and then what is expected to be incurred until the conclusion of the Liquidation. At this time, it is not known how long the US proceedings might take before any realisations could be achieved but could be estimated at a further two to three years, so the revised fee cap includes:

- an estimate of the future annual costs of administering the Liquidation to comply with all statutory and administrative obligations
- an estimate of the future time expected to be incurred to finalise negotiations with the US Trustee and potential claims that may exist for the benefit of creditors and achieve further asset realisations
- continue to deal with all ongoing creditor correspondence and pay a further interim and/or final distribution to unsecured creditors
- there are no further trading costs to be estimated as this only relates to the Administration period and actual costs incurred are in the revision.

This revised estimate will continue to act as a cap and only properly incurred time costs will be drawn such that they may not actually reach this revised estimate but only fees up to this revised limit will be drawn. If this revised estimate is approved, an interim and/or final dividend will still be available to unsecured creditors, however, the quantum will be significantly higher if a return can be achieved from the US proceedings for the benefit of creditors, which requires the Liquidation to remain open. Any further uplift after this revision will only be likely in the event that proceedings are substantially delayed in the US and the Liquidation is required to stay open for much longer than currently estimated and/or additional potential claims can be pursued for the benefit of creditors.

A guide to fees can be found at [www.r3.org.uk/technical-library/england-wales/technical-guidance/fees/](http://www.r3.org.uk/technical-library/england-wales/technical-guidance/fees/) and provides information relating to Liquidators' remuneration. A hard copy is available on request.

Please note that a secured creditor, or unsecured creditor with the permission of the Court or with the concurrence of 5% in value of the unsecured creditors (including the creditor in question), may request further details of the Joint Liquidators' remuneration and expenses, within 21 days of receipt of this report.

Furthermore, a secured creditor, or unsecured creditor with the permission of the Court or with the concurrence of 10% in value of the creditors (including the creditor in question), may apply to Court to challenge the amount and/or basis of the Joint Liquidators' fees and the amount of any proposed expenses or expenses already incurred, within eight weeks of receipt of this report.

## JOINT LIQUIDATORS' EXPENSES

The Joint Liquidators' expenses are fixed on the same basis as the preceding Joint Administrators. Accordingly, category 2 expenses were agreed by creditors and are as detailed in the firm's policy on fees. Category 1 expenses do not need approval and can be drawn at the Liquidators' discretion without authority.

Detailed below are the expenses I expected to incur during the Liquidation and what I have incurred in this reporting period and to date, together with details of what has been paid in this period and what remains unpaid. Of the total below £1,951 was incurred during the Administration.

		Estimated total cost £	Incurred in period £	Incurred to date £	Paid during period £	Remains unpaid £
Statutory advertising	Category 1	240.00	-	165.00	-	-
Printing	Category 2	123.00	-	9.00	-	-
Postage	Category 1	288.82	69.77	178.61	-	69.77
Subsistence and travel	Category 1	374.14	-	-	-	-
Conference call(s)	Category 1	20.00	-	4.12	-	-
Land Registry search	Category 1	3.00	-	-	-	-
Storage	Category 1	77.75	-	-	-	-
Taxis	Category 1	-	30.68	30.68	30.68	-
Insurance	Category 1	450.00	-	-	-	-
Bond	Category 1	900.00	-	-	-	-
<b>TOTAL</b>		<b>2,476.71</b>	<b>100.45</b>	<b>387.41</b>	<b>30.68</b>	<b>69.77</b>

During the Liquidation, Capcon Limited (tracing agent), Pennington Manches Cooper LLP (including Counsel) and Montgomery McCracken Walker & Rhoads LLP (solicitors) have been instructed to assist with investigating potential recovery actions regarding events in the lead up to the Administration. During this reporting period the US lawyer has moved firms to Womble Bond Dickinson (US) LLP and as such our instruction has moved to the new given the history and knowledge the lawyer has of the file.

Prism 339 Ltd was instructed during this reporting period to convert a large number of pdf UK and US bank statements into excel in order to assist the Liquidators with their ongoing investigations. No further services are expected in this regard, unless further records become available for review.

Detailed below are the fee arrangements agreed in each instance and the costs incurred in this period, together with fees paid in this period and what remains unpaid. The choice of professionals was based on my perception of their experience and ability to perform this type of work, the complexity and nature of this assignment and the basis of my fee arrangement with them. The fees charged have been reviewed and I am satisfied that they are reasonable in the circumstances.

	Fee arrangement	Est. total cost £	Incurred in period £	Incurred to date £	Paid during period £	Remains unpaid £
Capcon Limited	Fixed fee	-	-	2,500	-	-
Penningtons Manches Cooper LLP	Time costs	-	62,499	189,486	62,499	-
Montgomery McCracken Walker & Rhoads LLP	Time costs	-	9,118	18,061	9,118	-
Womble Bond Dickinson (US) LLP	Time costs	-	2,500 (est.)	2,500	-	2,500
Prism 339 Ltd	Fixed fee	-	800.00	800.00	800.00	-

The expenses incurred have not exceeded the estimate previously given to creditors. They may exceed the original estimate if the Liquidation remains open for another twelve months and the costs of issuing a final dividend to unsecured creditors.

All legal fees paid on account in previous reporting periods have now been utilised against incurred costs in this reporting period. Fees for professional services in relation to potential recovery actions were not anticipated at the outset of the appointment but costs are closely monitored and are considered in view of the benefit to creditors at each phase of the process. Legal fees to Penningtons Manches Cooper LLP and Womble Bond Dickinson (US) LLP are being incurred on an ongoing basis as legal assistance is required in both the UK and US and initial fee estimates are provided within ranges but final costs are subject to how much work is ultimately undertaken.

#### APPROVAL OF REMUNERATION

The Joint Liquidators hereby seek creditor approval to increase their original fee estimate from £295,241.50 to £400,790.50 plus VAT. A notice of the decision procedure, voting form and proof of debt form are attached in this respect, at Appendix VI.



If you wish to vote on the resolutions, please complete and return the voting form to this office, by no later than 11.59pm on 21 February 2024, together with a proof of debt form (if not already provided). Your vote on the resolutions will only count if you have completed and returned both forms by the deadline. You are not required to vote and if you do not then your rights against the Company will not be affected.

Creditors may request that I summon a physical creditors' meeting, if at least 10% of the creditors in value or number, measured against the Company's total debts, or at least ten creditors request a meeting and the request is made within five business days from the delivery of this notice.

Where a creditor is owed £1,000 or less, they must still deliver a proof if they wish to vote on the resolution. If a creditor has voted to opt out of receiving notices they may still vote if they provide proof of their claim by the closing date. Creditors have the right to appeal the decision made by applying to Court under Rule 15.35 within 21 days of the decision date.

#### SUMMARY

I shall report again on the next anniversary of the appointment, or the closure of the Liquidation, whichever is sooner.

To comply with the Provision of Services Regulations, some general information about Moorfields, including about our complaints policy and Professional Indemnity Insurance, can be found at [www.moorfieldscr.com/terms-and-conditions](http://www.moorfieldscr.com/terms-and-conditions).

In accordance with the provisions of the General Data Protection Regulations the lawful basis for processing personal data is in order to comply with my legal obligations set out in the Insolvency Legislation, the purpose of processing the data is to administer the insolvent estate. Personal data will be retained for 6 years and 3 months following vacation of office. Further details regarding how we process your personal data can be found in our Privacy policy at [www.moorfieldscr.com/privacy-policy](http://www.moorfieldscr.com/privacy-policy). If you have any queries regarding this report, please contact Julie Thatcher of this office on 020 7549 8007 or email [julie.thatcher@moorfieldscr.com](mailto:julie.thatcher@moorfieldscr.com).

Yours faithfully



Michael Solomons  
Joint Liquidator

## STATUTORY INFORMATION

Company name:	Tough Mudder Ltd
Registered office:	82 St John Street, London, EC1M 4JN
Former registered office:	125 Wood Street, London, EC2V 7AW
Former trading address:	Piano House, 9 Brixton Terrace, Brixton, London, SW9 8DJ
Registered number:	07202563
Joint Liquidators' names:	Michael Solomons and Andrew Pear
Joint Liquidators' address:	82 St John Street, London, EC1M 4JN
Liquidators' date of appointment:	3 December 2020 (Administrators appointed 24 January 2020)

**Tough Mudder Ltd**  
**(In Liquidation)**  
**Joint Liquidators' Summary of Receipts & Payments**

Statement of Affairs £		From 03/12/2022 To 02/12/2023 £	From 03/12/2020 To 02/12/2023 £
	<b>ASSET REALISATIONS</b>		
10,756.37	ADM VAT refund	NIL	10,756.37
738,582.68	Balance of funds from Administration	NIL	738,582.68
	Bank redress payments	NIL	200.93
Uncertain	Book debts	NIL	711.77
Uncertain	Intercompany loans	NIL	NIL
		NIL	750,251.75
	<b>COST OF REALISATIONS</b>		
	Agents' fees	NIL	2,500.00
	Bank charges	75.00	100.00
	Joint Administrators' expenses	NIL	11.56
	Joint Administrators' fees	NIL	629.00
	Joint Liquidators' expenses	30.68	152.64
	Joint Liquidators' fees	25,939.50	106,324.50
	Legal fees	117,567.78	207,546.78
	Legal fees (paid on account)	(45,950.94)	NIL
	Professional services	800.00	800.00
	Rates	NIL	41.27
	Statutory advertising	NIL	165.00
		(98,462.02)	(318,270.75)
	<b>PREFERENTIAL CREDITORS</b>		
(800.00)	Former employees	NIL	450.70
(2,627.00)	Pension scheme	NIL	1,325.81
		NIL	(1,776.51)
	<b>UNSECURED CREDITORS</b>		
	Dividends set aside	NIL	57,391.50
(21,460.00)	Former employees/pension	NIL	832.73
(101,433.00)	HMRC	NIL	NIL
(3,526,588.00)	Intercompany loan - TM GER	NIL	176,329.40
	Tax/NIC	NIL	322.81
(582,289.70)	Trade & expense creditors	NIL	21,356.35
		NIL	(256,232.79)
	<b>DISTRIBUTIONS</b>		
(100.00)	Ordinary shareholders	NIL	NIL
		NIL	NIL
<b>(3,485,958.65)</b>		<b>(98,462.02)</b>	<b>173,971.70</b>
	<b>REPRESENTED BY</b>		
	Estate account - non interest bearing		165,995.59
	VAT receivable		7,976.11
			<b>173,971.70</b>

**TOUGH MUDDER LTD - IN LIQUIDATION**  
**Summary of work undertaken during the period 3 December 2022 to 2 December 2023**

Task	ORIGINAL ESTIMATE			REPORTING PERIOD			WHOLE PERIOD OF LIQUIDATION			WHOLE PERIOD OF ADMINISTRATION & LIQUIDATION		
	Estimated hours hrs	Estimated cost £	Average charge out rate £							Actual hours in period hrs	Actual costs in period £	Average charge out rate £
Administration and planning (incl. statutory compliance from 2023)	88.50	18,122.50	204.77	17.00	8,204.50	482.62	53.50	18,640.00	348.41	119.10	30,399.00	235.43
Statutory compliance (incorporated into admin & planning from 2023)	423.70	130,812.50	306.74	-	-	-	43.90	12,610.00	287.24	198.90	50,205.50	259.40
Investigations	102.50	28,777.50	280.76	52.80	30,402.00	575.80	95.80	49,971.00	521.62	138.30	58,966.00	372.61
Asset realisations	107.30	39,603.00	369.09	1.30	805.00	619.23	7.00	4,069.50	581.36	161.00	55,999.50	354.16
Trading	136.50	50,035.00	366.56	-	-	-	-	-	-	144.40	51,539.50	356.92
Creditors	102.50	27,891.00	272.11	15.10	8,340.00	552.32	130.30	44,987.50	345.26	218.80	71,944.50	314.37
TOTAL	961.00	295,241.50	307.22	86.20	47,751.50	553.96	330.50	130,278.00	394.18	980.50	319,054.00	325.40

A summary of the work undertaken in this reporting period is detailed below and was required to be undertaken to deal with the specific circumstances of the case, as well as meet our statutory duties and obligations:

**ADMINISTRATION AND PLANNING**

Maintaining and managing the officeholders' cashbook.  
Maintaining and managing the officeholders' estate bank account.  
Undertaking regular reconciliations of the officeholders' estate bank accounts.  
Maintaining physical/electronic case files.  
Maintaining the case on insolvency practice case management software and inputting necessary data.  
Dealing with all correspondence and emails relating to the case.  
Reviewing the adequacy of the specific penalty bond on a quarterly basis.  
Undertaking periodic reviews of the progress of the case.  
Overseeing and controlling the work done.  
Preparing, reviewing and issuing progress reports to creditors and members.  
Filing returns at Companies House and/or Court (as applicable).  
Preparing and filing VAT returns.  
Preparing and filing Corporation Tax returns.

**INVESTIGATIONS**

Extensively working with UK and US solicitors and reviewing records to investigate certain actions taken in the lead up to the Administration and considering recovery options.

**ASSET REALISATIONS**

Correspondence regarding claim in US proceedings of Tough Mudder Inc.

**CREDITORS**

Dealing with all creditor correspondence, emails and telephone conversations regarding their claims.  
Maintaining up to date creditor information on the insolvency practice management system.  
Significant correspondence with UK and US solicitors regarding preference claim being asserted by US Trustee of Tough Mudder Inc. and potential offset to UK's claim in proceedings.

**Notes:**  
Please note that in 2023 the time recording system was changed and as such time that was previously recorded under the task 'Statutory Compliance' is now recorded under 'Administration and Planning'. This has had no impact on the time spent or recorded only in the way that it is presented.

**Notes:**  
- 'Administration and planning' represents the work involved in the routine administrative and statutory functions of the case, together with the necessary control and supervision by senior staff. It does not give direct financial benefit to the creditors, but has to be undertaken to meet our statutory requirements and obligations under the insolvency legislation and the Statements of Insolvency Practice.  
- 'Investigations' represents the work required to comply with our statutory obligations and has no direct financial benefit to creditors unless there are potential recovery actions identified. Details of the investigations undertaken and outcomes are set out in the report.  
- 'Asset realisation' represents the work required to be undertaken to realise the known assets in the case for the benefit of the creditors, details of which are set out in the report.  
- 'Creditors' represents the work required to deal with the various creditors of the Company and maintain records of each claim. All queries and correspondence are dealt with as part of our statutory obligations.

## MOORFIELDS

### POLICY ON CHARGING REMUNERATION AND EXPENSES

#### Remuneration and charge out rates

Work undertaken on the insolvency estate ("estate" or "case") will include statutory and professional best practice duties, case management and cashiering. It is the firm's policy to delegate work to the most appropriate level of staff taking account of the nature of the work and the individual's experience, including to a sub-contractor where engaged. The rate agreed with a sub-contractor may vary but is subject to commercial considerations. Work carried out by all staff and any sub-contractor is subject to the overall supervision of the Partners.

All time spent working directly on the estate is charged at the prevailing specific hourly charge out rate for the relevant Partner or member of staff to a time code established for the case. Time spent by a sub-contractor may also be charged to the time code at a charge out rate commensurate with the applicable staff grade. Time spent on case work is recorded directly to the relevant estate in units of six minutes.

The rates charged by Moorfields are reviewed periodically and may be adjusted from time to time. The current hourly rates of Partners and staff who may be involved in working on the estate are detailed below, together with prior rates:

Grade	Current hourly rate £	Hourly rate up to 31 Dec 2021 £
Partner	475-650	625
Director	400-550	550
Senior Manager	375-530	530
Manager	345-500	500
Assistant Manager	315-450	450
Senior Associate	265-375	375
Associate	205-250	250
Junior Associate	140-200	200
Cashier/Support	95-195	195

Where an office holder's remuneration is approved on a time cost basis the time invoiced to the case will be subject to VAT at the prevailing rate, where applicable. Information on the time incurred and remuneration drawn will be provided to any creditors' committee ("committee") appointed by the creditors or, in the absence of a committee, to the creditors.

#### Expenses and disbursements

Expenses and disbursements ("expenses") are any payments from the estate which are not office holder's remuneration nor a distribution to a creditor or member. Disbursements are payments which are first met by the office holder, or their firm, and then reimbursed from the estate. It should be noted that expense rates may increase periodically in line with increases from our suppliers.

Category 1 expenses: these are directly attributable to the estate and may include travelling, postage, photocopying (where external provider), statutory advertising, professional advisors and other expenses made on behalf of the estate. These are payments made to providers who are not an associate of the office holder or firm. Such expenses can be paid from the estate without approval from the committee or the creditors. We will provide such additional information as may reasonably be required to support the expenses paid.

Category 2 expenses: these are payments to associates or those which have an element of shared costs. Before being paid, they require approval from the committee or creditors in the same manner as an office holder's remuneration. Mileage is a Category 2 expense charged by this firm, which is paid at prevailing HM Revenue & Customs approved rates. For personnel using their own vehicles, these are currently 45 pence per mile for the first 10,000 miles and 25 pence per mile thereafter.

**TOUGH MUDDER LTD - IN LIQUIDATION****Revised fee estimate for further work to be undertaken during the Liquidation**

The Administrators are proposing a fee uplift and detailed below is an analysis of the work expected to be undertaken, the time expected to take and an estimate of the cost. The average charge out rate has been calculated for each task and the case as a whole, which takes into account the different grades of staff who will be carrying out each task. It is the firm's policy to use as junior grade of staff as compatible with the efficient conduct of the matter in order to ensure costs are kept to a minimum. Time is recorded in 6 minute units. The statement of policy on fees details our full policy on fees and our hourly rates by grade.

Task	Estimated hours hrs	Estimated cost £	Average charge out rate £			
<b>ADMINISTRATION AND PLANNING</b>						
Strategy & planning - devising an appropriate strategy for dealing with the case and giving instructions to staff						
Opening, maintaining and managing the officeholders' estate bank accounts						
Creating, maintaining and managing the officeholders' cashbooks						
Undertaking regular reconciliations of the officeholders' estate bank accounts						
Setting up physical/electronic case files						
Setting up the case on insolvency practice management software and inputting necessary data						
Dealing with all correspondence and emails relating to the case						
Delivering statutory notifications to creditors and others as required on appointment, including advertising the officeholders' appointment in the Gazette						
Conduct statutory searches to identify company pension schemes						
Deal with statutory obligations in relation to identified company pension schemes and submit necessary forms to the Redundancy Payments Service (as applicable)						
Obtaining a specific penalty bond						
Convening and holding general meetings of members, and enacting decision procedures of creditors (as applicable)						
Reviewing the adequacy of the specific penalty bond on a quarterly basis						
Undertaking periodic reviews of the progress of the case						
Overseeing and controlling the work done						
Preparing, reviewing and issuing progress reports to creditors and members						
Filing returns at Companies House and/or Court (as applicable)						
Preparing and filing VAT returns						
Preparing and filing Corporation Tax returns						
Seeking closure clearance from HMRC and other relevant parties						
Preparing, reviewing and issuing final accounts/reports to creditors and members						
Filing final accounts/reports at Companies House and/or Court (as applicable)						
Completing appropriate documentation to convert the Administration to Creditors' Voluntary Liquidation for the purposes of paying a dividend to unsecured creditors						
<b>Subtotal</b>	<b>512.20</b>	<b>148,935.00</b>	<b>290.78</b>	<b>510.70</b>	<b>134,116.00</b>	<b>262.61</b>
<b>INVESTIGATIONS</b>						
Recovering the Company's books and records						
Scheduling the Company's books and records						
Preparing a report on the conduct of the directors as required by the Company Directors Disqualification Act						
Conducting an initial investigation with a view to identifying potential asset recoveries by seeking and obtaining information from relevant third parties, such as the bank						
accountants, solicitors, etc						
Reviewing books and records to identify any suspicious transactions or actions the officeholder may take against a third party in order to recover funds for the benefit of creditors						
<b>Subtotal</b>	<b>102.50</b>	<b>28,777.50</b>	<b>280.76</b>	<b>138.30</b>	<b>58,966.00</b>	<b>426.36</b>
<b>ASSET REALISATIONS</b>						
Arranging suitable insurance over assets						
Regularly monitoring the suitability and appropriateness of the insurance cover in place						
Liaising with the bank to recover any credit balances and close the account(s)						
Liaising with agents to realise known assets. Meetings with interested parties. Valuation for the business and asset						
Instructing solicitors to assist in the realisation of assets, draft and negotiate sale documentation						
Liaising with third parties with regards to assets that are subject to a retention of title clause, hire or finance agreement						
Instructing specialised agents to review potential business rate refund						
Monitor payments due under the licence to occupy and payments to the landlord						
Negotiate and assign the lease to the purchaser and recover rent deposit						
Monitoring post trading sale receipts and arrange transfer of net revenue to purchaser as applicable						
Recovering any pre-appointment deposits						
<b>Subtotal</b>	<b>107.30</b>	<b>39,603.00</b>	<b>368.09</b>	<b>198.70</b>	<b>70,489.50</b>	<b>354.75</b>
<b>TRADING</b>						
Obtaining appropriate information about the business and preparing a business plan and cash flow forecast						
Setting up suitable systems and controls in respect of purchases and sales for the business						
Regularly liaising with staff						
Monitoring and controlling the day to day trading of the business, including authorisation and payment of all trading costs						
Ensuring appropriate ongoing disclosures on the company's website						
Appropriate ongoing disclosures for consumers who have prepaid tickets						
Setting up appropriate line of communication for ticketholders to contact Administrators' team and ongoing monitoring of correspondence						
<b>Subtotal</b>	<b>136.50</b>	<b>50,035.00</b>	<b>366.56</b>	<b>144.40</b>	<b>51,539.50</b>	<b>356.92</b>
<b>CREDITORS</b>						
Obtaining information from the case records about employee claims						
Completing documentation for submission to the Redundancy Payments Office						
Corresponding with employees regarding their claims						
Liaising with the Redundancy Payments Office regarding employee claims						
Issuing a notice of intended dividend to preferential creditors, and advertising notice of intention to pay a dividend to preferential creditors in the Gazette						
Reviewing proofs of debt received from preferential creditors, adjudicating on them and formally admitting them for the payment of a dividend						
Requesting additional information from preferential creditors in support of their proofs of debt in order to adjudicate on their claim						
Calculating and paying a dividend to preferential creditors, and issuing the notice of declaration of dividend						
Dealing with all creditor correspondence, emails and telephone conversations regarding their claim						
Maintaining up to date creditor information on the insolvency practice management system						
Issuing a notice of intended dividend to unsecured creditors, and advertising notice of intention to pay a dividend to unsecured creditors in the Gazette						
Reviewing proofs of debt received from unsecured creditors, adjudicating on them and formally admitting them for the payment of a dividend						
Requesting additional information from unsecured creditors in support of their proofs of debt in order to adjudicate on their claim						
Calculating and paying a dividend to unsecured creditors, and issuing the notice of declaration of dividend						
Paying tax deducted from employee dividends to HM Revenue & Customs						
<b>Subtotal</b>	<b>102.50</b>	<b>27,891.00</b>	<b>272.11</b>	<b>268.40</b>	<b>85,679.50</b>	<b>319.22</b>
<b>TOTAL</b>	<b>961.00</b>	<b>295,241.50</b>	<b>307.22</b>	<b>1,260.50</b>	<b>400,790.50</b>	<b>317.96</b>

**Notes:**

Please note that in 2023 the time recording system was changed and as such time that was previously recorded under the task 'Statutory Compliance' is now recorded under 'Administration and Planning'. This has had no impact on the time spent or recorded only in the way that it is presented.

**Notes:**

- 'Administration and planning' represents the work involved in the routine administrative and statutory functions of the case, together with the necessary control and supervision by senior staff. It does not give direct financial benefit to the creditors, but has to be undertaken to meet requirements and obligations under the insolvency legislation and the Statements of Insolvency Practice.
- 'Investigations' represents the work required to undertake an initial investigation to determine whether there are potential recovery actions for the benefit of creditors. If potential recoveries or matters are identified that require further investigation, additional time costs will be incurred to investigate them in detail and to bring recovery actions where necessary. If further fee approval is required, creditors will be provided with additional information as necessary and asked to approve the fee requested. The office holder is also required by legislation to report to the Insolvency Service on the conduct of the directors and the work to enable them to comply with this statutory obligation is of no direct benefit to the creditors, although it may identify potential recovery actions.
- 'Asset realisations' represents the work required to be undertaken to realise the known assets in the case, for the estimated realisable values provided to creditors.
- 'Trading' represents the work required where the decision has been made to trade the business of the company in order to achieve a sale of the business as a going concern, which will result in greater realisations for the benefit of the creditors as a whole. The tasks detailed are required in order to enable the office holder to monitor and control the trading of the business, including statutory functions as required when running the business.
- 'Creditors' represents the work required to deal with the various creditors of the Company. Former employees' claims must be processed appropriately by the Redundancy Payments Office, which involves dealing with all queries to facilitate the processing. The claims of trade and expense creditors need to be maintained and recorded, together with the amounts of the claims to ensure notices and reports can be issued. All queries and correspondence will be dealt with as part of our statutory obligations. In order to pay a dividend, all creditor claims must be adjudicated and agreed, which may involve additional work if further supporting information is required.

IN THE MATTER OF THE INSOLVENCY ACT 1986 (AS AMENDED)

TOUGH MUDDER LTD – IN LIQUIDATION  
COMPANY NUMBER: 07202563

NOTICE OF A **CREDITORS'** DECISION - TO APPROVE THE BASIS OF THE **LIQUIDATORS'** REMUNERATION

NOTICE IS GIVEN that a creditors' decision for the above named will be held by correspondence, to approve the basis of the Joint Liquidators' remuneration, under rule 18.16 of the Insolvency (England and Wales) Rules 2016. The decision will be made at 11.59pm on 21 February 2024 (the decision date) and the decisions to consider are set out below:

"For the appointment of a creditors' committee."

"The Joint Liquidators' fee estimate be increased from £295,241.50 to £400,790.50 and that they be and are hereby authorised to draw sums on account of their remuneration monthly or at such longer intervals as they may reasonably determine."

HOW TO VOTE

Creditors are asked to vote on the decisions and in order to do so they must have completed and returned the attached voting form by 11.59pm on 21 February 2024 to Moorfields, 82 St John Street, London EC1M 4JN and it is accompanied by a proof of debt form (if not already provided). A vote received without a proof of debt form will be disregarded. Creditors are not required to vote and if they do not then their rights against the Company will not be affected.

FURTHER INFORMATION

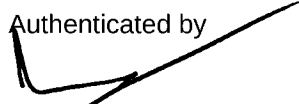
A guide to fees can be found at [www.r3.org.uk/technical-library/england-wales/technical-guidance/fees/](http://www.r3.org.uk/technical-library/england-wales/technical-guidance/fees/) and provides information relating to Liquidators' remuneration. A hard copy is available on request.

Where a creditor is owed £1,000 or less they must still deliver a proof if they wish to vote on the decision(s). If a creditor has voted to opt out of receiving notices they may still vote if they provide proof of their claim as set out above. Creditors have the right to appeal a decision made in respect of creditors' voting rights and majorities by applying to Court under Rule 15.35 within 21 days of the decision date.

Creditors may request that a physical creditors' meeting is summoned if at least 10% of the creditors in value or number, measured against the Company's total debts, or at least ten creditors request a meeting and the request is made within five business days from the delivery of this notice.

Creditors are invited to determine whether a committee should be established. A committee may be formed if between three and five creditors are willing to be members. Nominations for membership must be received at the offices of Moorfields by the decision date and nominations can only be accepted from creditors who have lodged a proof of debt and the convener is satisfied as to the creditor's eligibility under Rule 17.4. A guide for creditors to Liquidation/Creditors' Committees is available at [www.r3.org.uk/technical-library/england-wales/technical-guidance/creditor-guides/](http://www.r3.org.uk/technical-library/england-wales/technical-guidance/creditor-guides/). A hard copy is available free of charge on request.

Authenticated by



Michael Solomons  
Joint Liquidator

Dated: 29 January 2024

Contact details: Michael Solomons and Andrew Pear of Moorfields, 82 St John Street, London EC1M 4JN.  
Email: [info@moorfieldscr.com](mailto:info@moorfieldscr.com).

TOUGH MUDDER LTD (IN LIQUIDATION)

Voting by correspondence form

Name of Creditor \_\_\_\_\_

Address \_\_\_\_\_

Please indicate below whether you are for or against each resolution for work undertaken in the winding-up of the Company and as described in the accompanying report.

I vote as below: (\* Please tick box as appropriate)

1. For the appointment of a creditors' committee.

\* FOR

☐

AGAINST

☐

Nomination for committee member \_\_\_\_\_

2. The Joint Liquidators' fee estimate be increased from £295,241.50 to £400,790.50 and that they be and are hereby authorised to draw sums on account of their remuneration monthly or at such longer intervals as he may reasonably determine.

\* FOR

☐

AGAINST

☐

Information for  
creditors

1. In order for your vote to be counted, the Joint Liquidators must receive the completed voting form and a proof of debt by no later than 11.59pm on 21 February 2024. The voting form must be accompanied by a proof of debt form (unless one has already been provided) otherwise your vote will be disregarded.
2. Creditors may request a physical creditors' meeting if at least 10% of the creditors in value or number, measured against the Company's total debts, or at least 10 creditors request a meeting and the request is made within five business days of the date of this notice.

This form must  
be signed

Signature \_\_\_\_\_

Date \_\_\_\_\_

Name in CAPITAL LETTERS \_\_\_\_\_

Only to be  
completed if the  
creditor has not  
signed in person

Position with creditor or relationship to creditor or other authority for signature

\_\_\_\_\_  
\_\_\_\_\_



# PROOF OF DEBT - GENERAL FORM

**Tough Mudder Ltd - in Liquidation**  
**Company Number: 07202563**

This proof must be made out by, or under the direction of, the creditor and authorised by the creditor or a person with relevant authorisation as at the relevant date.

Relevant date: 24 January 2020

1.	Name of Creditor (If a company please also give company name and registration number)	
2.	Address of Creditor for correspondence (principal place of business)	
3.	Total amount of claim, including any Value Added Tax and outstanding uncapitalised interest as at the date the company went into Administration	£
4.	If amount in 3 above includes outstanding uncapitalised interest please state amount	£
5.	Particulars of how and when debt incurred.  If you need more space append a continuation sheet to this form.	
6.	Particulars of any security held, the value of the security, and the date it was given	
7.	Particulars of any reservation of title claimed in respect of goods supplied to which the claim relates	
8.	Details of any documents by reference to which the debt can be substantiated.  Note: there is no need to attach them now but the Administrator may call for any document or evidence to substantiate the claim at their discretion as may the chair or convenor of any meeting.	
9.	Signature of creditor or person authorised to act on their behalf	
	Name in BLOCK LETTERS	
	Date	
	Position with or in relation to creditor	
	Address of person signing (if different from 2 above)	
<b>FOR OFFICE USE ONLY</b>		
Admitted to vote for		Admitted for dividend for
£		£
Date		Date
Administrator		Administrator