

AM03

Notice of administrator's proposals



Companies House

WEDNESDAY



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13/11/2019

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COMPANIES HOUSE

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1 Company details

Company number 0 8 1 2 0 2 0 0

Company name in full FundingSecure Limited

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

2 Administrator's name

Full forename(s) Daniel

Surname Richardson

3 Administrator's address

Building name/number Greg's Building

Street 1 Booth Street

Post town Manchester

County/Region

Postcode M 2 4 D U

Country

4 Administrator's name ①

Full forename(s) Edward M

Surname Avery-Gee

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

5 Administrator's address ②

Building name/number Greg's Building

Street 1 Booth Street

Post town Manchester

County/Region

Postcode M 2 4 D U

Country

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

Continuation page

Name and address of insolvency practitioner

✓ **What this form is for**
Use this continuation page to tell us about another insolvency practitioner where more than 2 are already jointly appointed. Attach this to the relevant form. ①
Use extra copies to tell us of additional insolvency practitioners.

✗ **What this form is NOT for**
You can't use this continuation page to tell us about an appointment, resignation, removal or vacation of office.

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

All fields are mandatory unless specified or indicated by *

1 Appointment type

Tick to show the nature of the appointment:

- ☒ Administrator
- ☐ Administrative receiver
- ☐ Receiver
- ☐ Manager
- ☐ Nominee
- ☐ Supervisor
- ☐ Liquidator
- ☐ Provisional liquidator

① You can use this continuation page with the following forms:
- VAM1, VAM2, VAM3, VAM4, VAM6, VAM7
- CVA1, CVA3, CVA4
- AM02, AM03, AM04, AM05, AM06, AM07, AM08, AM09, AM10, AM12, AM13, AM14, AM19, AM20, AM21, AM22, AM23, AM24, AM25
- REC1, REC2, REC3
- LIQ2, LIQ3, LIQ05, LIQ13, LIQ14, WU07, WU15
- COM1, COM2, COM3, COM4
- NDISC

2 Insolvency practitioner's name

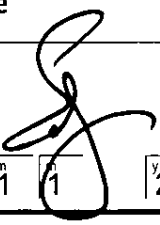
Full forename(s) Jonathan E
Surname Avery-Gee

3 Insolvency practitioner's address

Building name/number Greg's Building
Street 1 Booth Street
Post town Manchester
County/Region
Postcode M 2 4 D U
Country

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	<table border="1"><tr><td>d</td><td>1</td><td>d</td><td>2</td></tr></table>	d	1	d	2	<table border="1"><tr><td>m</td><td>1</td><td>d</td><td>1</td></tr></table>	m	1	d	1	<table border="1"><tr><td>y</td><td>2</td><td>y</td><td>0</td><td>y</td><td>1</td><td>y</td><td>9</td></tr></table>	y	2	y	0	y	1	y	9
d	1	d	2																
m	1	d	1																
y	2	y	0	y	1	y	9												

AM03

Notice of Administrator's Proposals



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 **Stephanie Adams**

Company name **CG&Co**

Address **Greg's Building**
1 Booth Street

Post town **Manchester**

County/Region

Postcode **M 2 4 D U**

Country

DX

Telephone **0161 358 0210**



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 and dated 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 or email 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

Joint Administrators' Report and Statement of Proposals Pursuant to Paragraph 49 of Schedule B1

FundingSecure Limited - in Administration

FUNDINGSECURE LIMITED - IN ADMINISTRATION

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- 8** Joint Administrators Remuneration
- 9** Estimated Outcome
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ANNEX 1 – Background to the Company and Circumstances Leading to the Administration

ANNEX 2 – Steps Taken by the Administrators since their Appointment

APPENDICES

- A** Statutory Information
- B** Receipts and Payments Account for the Period from 23 October 2019 to 6 November 2019
- C** Summary of the Director's Statement of Affairs of the Company
- D** Additional Information in Relation to the Administrators' Fees

The affairs, business and property of the Company are being managed by the Administrators. They act as agents of the Company and without personal liability. The Administrators are licensed as insolvency practitioners in the UK by the Institute of Chartered Accountants in England and Wales and the Insolvency Practitioners Association. FundingSecure Limited ('FSL') is incorporated in England and Wales under the Company Act 2006 with registered number 08120200. The Company is authorised and regulated by the Financial Conduct Authority with FRN 698305. Joint Administrators Report and Statement of Proposals

FUNDINGSECURE LIMITED - IN ADMINISTRATION

1 Introduction and Background

- 1.1 Funding Secure Limited ("FSL" or "the Company") was placed into administration on 23 October 2019 following a resolution of the board of the Company passed on the 15 October 2019 and after approval was received from the Financial Conduct Authority ("FCA").
- 1.2 Jonathan Avery-Gee, Daniel Richardson and Edward M Avery-Gee of CG&Co, Greg's Building, 1 Booth Street, Manchester, M2 4DU were appointed Joint Administrators of the Company ("the Administrators") by the the Director on 23 October 2019 in accordance with the provisions of the Insolvency Act 1986 ("the Act"). Jonathan Avery-Gee is licensed to act as an Insolvency Practitioner by the Institute of Chartered Accountants for England and Wales, Daniel Richardson and Edward M Avery-Gee are licensed to act as Insolvency Practitioners in the UK by the Insolvency Practitioners Association. The Administrators act jointly and severally in the conduct of the Administration.
- 1.3 At **Annex 1** there is a summary of the background to the Company and the circumstances leading to the Administration.
- 1.4 This firm's Privacy Notice about the way that we will use, and store personal data can be found at www.cg-recovery.com. If you are unable to download this, please contact us and a hard copy will be provided to you.
- 1.5 The EU Regulation on Insolvency Proceedings 2000 applies to the Administration. The proceedings are non-EC proceedings as defined by Article 3 of the Regulation. The Company is based in the United Kingdom.
- 1.6 This report incorporates the Administrator's statement of Proposals made under paragraph 49 of Schedule B1 to the Act, which will be treated as delivered to creditors on 13 November 2019
- 1.7 These Proposals have been prepared to comply with the statutory requirements of Para 49 of Schedule B1 of the Act and are not (and should not be used as) any form of investment advice in connection with any debt (secured or otherwise) which the Company has entered into for itself or for any investor via the Company's investment platform referred to below. Any estimated or indicative outcomes for creditors (directly or inferred) or statements of affairs are provided for illustrative purposes only and are subject to revision based on actual realisations and costs.
- 1.8 These Proposals are being made available to all known creditors of the Company and all those known investors in secured loans (on both property and chattel assets) facilitated via the Company's lending platform ("the Investors") who have investments which remain outstanding and/or monies held in Client Accounts operated by the Company. Details of the site are available within the letter sent to creditors and emailed to all Investors. The email addresses

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FUNDINGSECURE LIMITED - IN ADMINISTRATION

used to contact investors has been extracted from the Company's investment platform. Please note that Investors who receive these Proposals may not fall within the definition of "creditors" who are entitled under the Insolvency Act 1986 to vote in connection with the Proposals set out below. The entitlement of Investors to vote on these Proposals is subject to individual assessment of their investments and the Administrators do not wish to prejudice the position of Investors with valid security by categorising them as creditors for the purpose of voting at this stage.

- 1.9 The Proposals are being presented to creditors and Investors on an accelerated basis due to the legal advice received by the Administrators regarding the operation of the Company's lending platform (referred to below). In essence, there is a lack of clarity regarding the operation of Company's Lending Platform. Without the benefit of definitive legal advice from a specialist Leading Counsel, agreement of creditors and Investors and/or clear Directions from the Court regarding the proper application of post appointment loan receipts between creditors and Investors, the Administrators have been advised by their solicitors (based upon the current information available) that they cannot safely distribute the assets currently held by the Company or those realised from future redemptions.
- 1.10 In addition, without definitive legal opinion from specialist Leading Counsel, agreement from creditors and Investors and/or an appropriate Direction from the court, the Administrators have been advised that the allocation of any fees, costs of realisations and expenses to those assets subject to valid trust arrangements held by the Company may be the subject of legal challenge. The position is explained in greater detail in Annex 2.
- 1.11 The Administrators are anxious to facilitate early distributions to those properly entitled to such funds as quickly as possible and at minimum cost and therefore they are seeking approval of the Proposals set out below as soon as practically possible. The Administrators have convened a meeting of creditors and Investors to approve these Proposals accordingly. Details of this creditors meeting (and how to participate) are contained in the letter to creditors and Investors sent by post and email respectively.
- 1.12 The Proposals envisage a legal review by Queen's Counsel who will either provide a definitive legal opinion on the operation of the Company's Lending Platform, who is entitled to the proceeds of the Company's Client Account and future redemptions of secured assets and confirm the payment of the Administrators costs of realisations and expenses from such assets ("the Advice"); or a recommendation for an application to court for Directions to address these fundamental points of entitlement and costs allocation ("the Directions Application"). In any Advice or Directions Application, the application of the relevant CASS rules under the appropriate FCA Handbook and Guidelines will be taken into account.

FUNDINGSECURE LIMITED - IN ADMINISTRATION

- 1.13 If the Advice provided is sufficiently clear, this Advice will be submitted to the Creditors Committee (made up of Investors as well as creditors) proposed below and they will have the opportunity to approve the Advice (and recommendations therein) as a mechanism for early distribution of assets and the appropriate allocation of funds and costs by the Administrators without the necessity of the Directions Application. If the Advice obtained is not sufficiently clear and/or the Creditors Committee is unwilling to accept the Advice, the Directions Application will be made as soon as possible following the Creditors Committee meeting and this will form the basis of the distribution of assets and appropriate allocation.
- 1.14 Without a resolution of the Creditors Committee to accept the Advice as the basis of distribution of the assets and allocations of fees/costs and/or Directions Application being made, there may be a significant delay to the process of distribution which is not in the interests of Investors or creditors of the Company. It is proposed that the Administrators will rely on the Advice, the resolution of the Creditors Committee, or the outcome of the Directions Application to facilitate a distribution as quickly as possible after receiving either, as appropriate and that creditors and Investors will agree to that process accordingly.

2 Administration Strategy and Objective

- 2.1 The Administrators must perform their functions with the purpose of achieving one of the following objectives:
- *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.*
- 2.2 The Administrators are unable to rescue the Company as a going concern as there is little realistic prospect that the Company will be able to meet the FCA's threshold conditions, nor have there been any expressions of interest.
- 2.3 The Administrators consider that 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) is achievable. The Administration allows for a continued operation of the business which will greatly enhance asset realisations for the benefit of Investors and creditors than would have been achieved in liquidation.

FUNDINGSECURE LIMITED - IN ADMINISTRATION

Consideration of Proposals by Creditors

2.4 Under Para 52(1) of Schedule B1 to the Insolvency Act 1986, where an Administrator thinks that:

- (a) The Company has sufficient property to enable each creditor of the Company to be paid in full,
- (b) The Company has insufficient property to enable a distribution to be made to the unsecured creditors other than from the Prescribed Part, or
- (c) The Company cannot be rescued as a going concern, or a better result as a whole than would be likely if the Company were wound up (without first being in Administration) cannot be achieved

Then the Administrator is not required to seek a decision from the Company's creditors as to whether they approve these Proposals.

2.5 It is considered that none of the above provisions apply. Due to the correspondence received to date from Investors and in light of the discussions held with Investors and other stakeholders, the Administrators are seeking agreement to the Proposals via a physical meeting as quickly as possible.

Progress Since Appointment

2.6 Attached at **Annex 2** is summary of the actions taken and work undertaken by the Administrators since their appointment. The Administrators have consulted with a number of Investors and creditors in order to explain the issues being addressed in the conduct of the Administration and the attached summary at Annex 2 contains details of the matters discussed. Since those discussions the frequently asked questions ("FAQs") have been updated to reflect the issues raised by Investors and creditors to date. These can be found at www.fundingsecure.com and will continue to be updated from time to time to address any specific questions raised by Investors and creditors of the Company and to update stakeholders generally during the progress of the Administration.

2.7 Redemptions of secured loans placed via the Company's Platform continue to take place post the appointment of Administrators and all proceeds are held in a separate Client Account operated by the Administrators to safeguard and ring-fence all post Administration realisation of assets. This is to ensure the Administrators' compliance with the FCA Rules relating to Client Account Monies ("CASS Rules") and in particular to take account of any "pooling event" under the CASS Rules brought about by the Administration in respect of the Company.

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FUNDINGSECURE LIMITED - IN ADMINISTRATION

- 2.8 All monies recovered are being ring-fenced as detailed above pending the Administrators receiving the Advice and/or the outcome of the Directions Application detailed in the Proposals below. As a result, there are currently no funds available to the Company to meet any expenses of the Administration (including the ongoing payment of essential staff and the costs of the Company's premises and IT systems). These costs are currently being met by CG&Co pending reimbursement from Company and/or trust assets following the Advice and/or the Directions Application. The purpose of so doing is to ensure that the interests of Investors and creditors are protected pending approval of the Proposals and the appropriate decision on the allocation of funds anticipated by those Proposals.
- 2.9 If and when the Proposals are approved it is envisaged that the costs of the future conduct of the Administration of the Company will be funded by the percentage fees to which the Company is entitled to recover on all redeeming loans and/or the appropriate allocation of the costs of redemption to each individual secured loan.

Administration (including statutory compliance and reporting)

- 2.10 Following our appointment, the strategy for the Administration was carefully assessed to ensure that a coherent planned process for the case could be achieved. This work will, where appropriate, have included liaison with solicitors to deal with any legal considerations surrounding the Company's insolvency and liaising with valuation agents about the most appropriate means of realising the value in the Company's business and assets.
- 2.11 The main issue to address is the entitlement to the redemptions from security taken over assets held by third party borrowers and to create a transparent and fair process to ensure the proper allocation of those funds as between Investors and as between Investors and creditors of the Company. The Proposals below are intended to facilitate this goal by seeking appropriate Advice, resolution from the proposed Creditors Committee and/or by the Directions Application dealing with the proper allocation of funds and the payment of appropriate fees/costs.
- 2.12 The Administrators have also dealt with a number of statutory formalities which are required of them under related legislation. Typically, this includes issuing and filing all appointment notices with creditors and the Registrar of Companies and also advertising the Administrators' appointment in the London Gazette.
- 2.13 Other statutory duties performed are outlined in further detail in the fees information which can be found at Appendix D. Please note that much of this work will have been performed to comply with statutory requirements and as such may not necessarily add any value to the insolvent estate.

FUNDINGSECURE LIMITED - IN ADMINISTRATION

Trading and Realisation of assets

- 2.14 The Company is not continuing to trade (by taking any new investor loans via the Lending Platform) but is continuing to facilitate redemptions of existing loans in circumstances where this is for the benefit of creditors and Investors.
- 2.15 The Administrators and their staff have reviewed all 470 loans (which are spread over 242 assets), of which 379 are "performing loans" and 91 are "defaulted loans". Creditors and Investors should be aware that the definitions of "performing loans" and "defaulted loans" used in this paragraph are those of the Company, and the Administrators are currently reviewing the accuracy of these statements, as in many cases "performing loans" include those that have the benefit of informal extensions which should therefore be properly defined as "defaulted loans". An appropriate strategy has been identified for managing and/or effecting recovery of the amounts due to the Company from third party Borrowers. Notification has been sent to appropriate Borrowers of the appointment of Administrators and we will continue to actively engage in the management and recovery of these loans.
- 2.16 It is not appropriate at this stage to detail at an individual loan/Investor level the likely outcome in respect of the recovery from such loans and/or litigation. Investors will be updated individually on the process of redemption in respect of loans where they have a potential interest either via the updating of the Company's Lending Platform or directly by the Administrators.
- 2.17 The work undertaken by the Administrators and their staff to date in realising the Company's assets has been necessary in order to maximise the likelihood of a return to creditors being made. Where assets remain to be realised, these will be dealt with as the Administration progresses and further updates will be provided to creditors in the progress reports.
- 2.18 In light of the short period of time that the Company has been in Administration, it is not considered practicable to provide an estimated outcome statement as this is wholly dependent on unquantifiable future realisations.

Creditors

- 2.19 There are a number of unsecured trade creditors which are primarily professional services firms who provided advice and assistance to the Company in connection with the creation and/or recovery of loans entered into via the Company's Lending Platform. All these creditors have been contacted directly as they may have information and/or documentation relevant to the ongoing recovery and realisation of assets.
- 2.20 There are two secured creditors both of which hold fixed and floating charges over the Company. These are Rajinder Kumar who holds a charge dated 12 October 2018 and EZ

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Invest Limited (a company owned and controlled by Vijay Gandhi) which holds a charge dated 15 May 2019. Both these securities are currently being reviewed by the solicitors for the Administrators. Rajinder Kumar and Vijay Gandhi were both directors of the Company prior to their resignation on the 15 October 2019.

- 2.21 There is a further creditor who claims to have security by way of direct legal charges for which he provided funding. The status of this creditor is being reviewed by the solicitors instructed by the Administrators. The Director has noted this creditor as unsecured.

Investigations

- 2.22 The Administrators are aware of litigation involving a former director of the Company (who resigned as a director of the Company on 31 January 2019) in which freezing orders have been obtained. There is clearly an issue for the Administrators to investigate in relation to these specific matters which are currently the subject of ongoing litigation by the Company.
- 2.23 The actions and activities of the director and former directors will be reviewed in accordance with their statutory obligations and in accordance with the CDDA. This investigation is ongoing and further reports will be provided to the Creditors Committee in due course.

3 Joint Administrators' Receipts and Payments

- 3.1 A summary of receipts and payments for the Administration period from the date of the Administrators' appointment to 6 November 2019 is attached at Appendix B.
- 3.2 These payments have been made as they are considered vital to the ongoing operation of the Company to enhance asset realisations.

4 Financial Position

- 4.1 Attached at Appendix C is a summary of the Director's Estimated Statement of Affairs of the Company as at the date of the appointment of the Administrators. This was verified by a statement of truth by the director on 8 November 2019 and is stated before the costs of the Administration procedure are considered.

Assets subject to fixed charge

- 4.2 The director has noted the estimated to realise value of the work in progress as uncertain.
- 4.3 The director has noted the estimated to realise value of his and the former directors loan account as uncertain, as he is unaware of the personal asset position of the former directors.

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FUNDINGSECURE LIMITED - IN ADMINISTRATION

Assets subject to floating charge

- 4.4 The value noted for the physical assets is an estimate provided by the director.
- 4.5 The director has noted the software development as uncertain.

Preferential creditors

- 4.6 As at the date of appointment the employees of the Company were owed funds in respect of wages and accrued holiday pay.

Floating charge creditors

- 4.7 As advised at 2.20, the Director has noted the charge holders, as having floating charge security.

Unsecured creditors

- 4.8 Total unsecured creditors amount to £937,011.87.

5 Proposals

- 5.1 It is proposed that the Administrators will continue to manage the affairs of the Company in order to achieve the objective of the Administration and in particular will continue to effect redemptions and/or extensions of secured loans placed via the Company's Lending Platform (at their discretion) as and when this is in the interests of creditors and Investors so to do.
- 5.2 It is proposed that a committee made up of creditors and Investors is formed to assist the Administrators with the ongoing Administration ("the Creditors Committee"). The Creditors Committee will be formed by nominations based on value of outstanding investment and/or the value of claim (or potential claim) and will be formed of a maximum of 5 members with at least one creditor and one Investor member. We invite nominations for the Committee members to be made prior to the creditors meeting convened for the purpose of agreeing the Proposals to streamline the process.
- 5.3 Following approval of the Proposals and the formation of the Creditors Committee, it is proposed that the Administrators request their solicitors to instruct Leading Counsel to provide the Advice (including recommendations for the distribution of all realised assets for the benefit of Investors and creditors as appropriate and the allocation of fees and costs across all assets realised).

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FUNDINGSECURE LIMITED - IN ADMINISTRATION

- 5.4 Upon receipt of the Advice it is proposed that the Administrators convene a Creditors Committee meeting to consider the contents of the Advice.
- 5.5 If the Advice is sufficiently clear regarding the entitlement of Investors and creditors to the distributions from assets, the Creditors Committee will be asked to pass a Resolution acting by majority in number ("the Resolution") authorising the Administrators to rely upon the Advice for the purpose of effecting an immediate and ongoing distribution of the Client Account and monies received from redemptions. The Resolution will contain a binding "*hold harmless*" in favour of the Administrators by which creditors (acting by the Creditors Committee) will agree that the Administrators will not have any liability for the distributions made by them in accordance with the terms of the Advice.
- 5.6 If the Advice is not sufficiently clear on the issues of distribution and/or fees/costs or is not acceptable to the Creditors Committee (acting by majority in number) the Administrators will instruct their solicitors to make the Directions Application (or such other applications as the Administrators are advised by their solicitors to make in the circumstances of the case) as soon as possible.
- 5.7 Upon the receipt of the Court Order in respect of the Directions Application (or any other Order of the court is made upon any other appropriate application the Administrators are advised by their solicitors to make) the Administrators will make the distribution of the realised assets for the benefit of creditors and Investors as soon as possible and in accordance with the direction of the court or such other legal advice as they receive regarding the appropriate application of funds held or realised by the Company on behalf of creditors and/or Investors.
- 5.8 It is proposed that the Administrators instruct solicitors and Leading and Junior Counsel as necessary for the Direction Application and such applications as they are advised to make and that the costs of so doing are an expense in the Administration and/or a cost in the Administration of the trust of secured assets held by the Company for the benefit of Investors as appropriate.
- 5.9 If, having realised the assets of the Company, the Administrators think that a distribution will be made to the unsecured creditors from the fund created out of the Company's net floating charge property (known as the **Prescribed Part**) by virtue of section 176A(2)(a), this will be distributed by the Administrators in the Administration and the Company will thereafter proceed to dissolution.
- 5.10 If, however, having realised the assets of the Company the Administrators think that a distribution will be made to the unsecured creditors other than by virtue of section 176A(2)(a) as noted above, they propose filing a notice with the Registrar of Companies which will have the effect of bringing the appointment of the Administrators to an end and will move the

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FUNDINGSECURE LIMITED - IN ADMINISTRATION

Company automatically into Creditors' Voluntary Liquidation (**CVL**) in order that the distribution can be made. In these circumstances, it is proposed that the Administrators in office at the date of conversion to CVL will become the Joint Liquidators in the CVL. The acts of the Joint Liquidators may be undertaken by any or all of them.

- 5.11 Court approval is not required to enable the Administrators to make a distribution to the unsecured creditors of the Prescribed Part. If, however, a distribution to unsecured creditors not limited to the Prescribed Part is anticipated, the Administrators may, as an alternative to the actions detailed in 5.10 above consider making an application to Court to seek permission to distribute funds to unsecured creditors in the Administration. If permission is granted, the Company will exit into dissolution once the distribution has been made and the Administration is concluded.
- 5.12 If the Administrators think that the Company has no property which might permit a distribution to its creditors, they will file a notice with the Court and the Registrar of Companies for the dissolution of the Company.
- 5.13 See Section 6 below on **Exit Routes** for further information on the exit routes available from Administration.
- 5.14 The Administrators shall do all such other things and generally exercise all of their powers as contained in Schedule 1 of the Insolvency Act 1986, as they consider desirable or expedient to achieve the statutory purpose of the Administration.
- 5.15 If the Administrators consider it necessary to extend the period of the Administration, they will seek the consent of the creditors (via the Creditors Committee if one is formed) or the approval of the Court to the extension. Creditors may consent to an extension for a period of up to one year and the Court can order that the Administrators' term of office be extended for a specified period determined by it.
- 5.16 The basis of the Administrators' remuneration may be fixed as one or more of the following bases and different bases may be fixed in respect of different things done by them:
- As a percentage of the value of the assets they have to deal with,
 - A fixed fee; or
 - By reference to time properly spent by the Administrators and their staff managing the Administration
- 5.17 In this case, the Administrators are seeking the approval of the basis of their remuneration from creditors (via the Creditors Committee) as follows:-

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- As an agreed percentage of realisations of the value of the assets with which the Administrators have to deal with and a fixed fee of £25,000 plus VAT for dealing with statutory matters.

Further details about the proposed fee basis can be found in Section 8 below and Appendix D.

- 5.18 The Administrators will be discharged from liability under Paragraph 98 of Schedule B1 to the Insolvency Act 1986 immediately upon their appointment as Administrators ceasing to have effect, subject to the agreement of this action by the Creditors Committee.

6 Exit Routes

- 6.1 All Administrations automatically come to an end after the period of one year, unless the Company's creditors agree to extend this period, or the Court orders the Administrator's term of office be extended for a specified period of time.
- 6.2 At the time of drafting these Proposals the Administrators believe that an extension to the period of Administration will be necessary, however the Administrators will confirm the position to creditors in a subsequent progress report in due course.
- 6.3 Based on information currently available, the information on the exit route(s) we believe may be appropriate in this Administration is/are set out below.

Creditors Voluntary Liquidation

- 6.4 Based on present information, the Administrators think a dividend will be paid to the unsecured creditors other than by virtue of the Prescribed Part. As a result, the Administrators will either make an application to Court to enable them to make a distribution to unsecured creditors in the Administration or they will file a notice with the Registrar of Companies in order that the Administration will cease and the Company will move automatically into Creditors' Voluntary Liquidation (CVL) to facilitate this distribution. It is proposed that the Administrators in office at the date of conversion to CVL will become the Joint Liquidators of the CVL.
- 6.5 It is proposed that the Joint Liquidators will be authorised to act jointly and severally in the subsequent liquidation.
- 6.6 Creditors have the right to nominate an alternative liquidator of their choice. To do this, creditors must make their nomination in writing to the Administrators prior to these proposals being approved. Where this occurs, the Administrators will advise creditors and provide the opportunity to vote. In the absence of a nomination, the Administrators will automatically become the Joint Liquidators of the subsequent CVL.

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Dissolution of the Company

- 6.7 If the Administrators think that a distribution will be available to the unsecured creditors from the Prescribed Part by virtue of section 176A(2)(a). This will be distributed in due course within the Administration and a notice will thereafter be filed at Court and with the Registrar of Companies with the Administrators' final report, for the dissolution of the Company.
- 6.8 If the Administrators think that the Company has insufficient property to permit a distribution to the unsecured creditors and that there may only be a distribution available to the secured and/or preferential creditors of the Company, once these distributions have been made, a notice will be filed at Court and with the Registrar of Companies with the Administrators' final report, for the dissolution of the Company.
- 6.9 The Administrators' appointment will end following the registration of the notice by the Registrar of Companies.

Compulsory Liquidation

- 6.10 If a move to Creditors' Voluntary Liquidation is not possible because a dividend to the unsecured creditors (other than by virtue of the Prescribed Part) is not anticipated, but the Administrators conclude that an exit into liquidation is appropriate so that further investigations into the Company's affairs may be carried out for example, an application to Court may be made to exit into Compulsory Liquidation instead. If this exit route is appropriate, at this stage it is anticipated (but is not mandatory) that the Administrators will become the Joint Liquidators in the subsequent liquidation.

7 Pre-administration Costs

- 7.1 Pre-administration costs are defined as:

- (i) Fees charged, and
- (ii) Expenses incurred

by the Administrators, or another person qualified to act as an insolvency practitioner before the company entered Administration (but with a view to its doing so), and "unpaid pre-administration costs" are pre-administration costs which had not been paid when the company entered Administration.

- 7.2 Below is information on the pre-administration costs incurred in this case, together with details of any amounts which remain unpaid, where applicable.

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7.3 The pre appointment costs were confirmed in the letter of engagement dated 15 October 2019. The engagement letter was signed by the Director of the Company on the same day. In addition to the proposed Administrators fees, the pre appointment costs and expenses of the solicitor instructed were agreed.

7.4 Pre-appointment fees charged and expenses incurred by the Administrators are as follows:

Charged by	Brief description of services provided	Total amount charged £	Amount paid £	Who payments made by	Amount unpaid £
CG&Co	Advice in respect of the insolvency of the Company	£9,000	£0	N/A	£9,000
drydenfairfax Solicitors	Advice in respect of the insolvency of the Company	£4,320	£0	N/A	£4,320

7.5 The payment of the unpaid pre-administration costs set out above as an expense of the Administration is subject to the approval of creditors, separately to the approval of the Administrators' proposals. This approval will be the responsibility of the Creditors' Committee.

8 Joint Administrators' Remuneration

8.1 As Joint Administrators, we are required to provide creditors with details of the work we propose to undertake in the Administration and the expenses we consider will be, or is likely to be, incurred in dealing with the Company's affairs, prior to determining the basis upon which our remuneration will be fixed.

8.2 In addition to this, where Administrators seek agreement to the basis of their remuneration by reference to time properly spent by them and their staff in attending to matters arising in the Administration, a fees estimate outlining the time and estimated cost of the work to be done must also be provided.

8.3 In this case, we are seeking to agree that our remuneration by reference to the Creditors Committee be based on the agreed percentage of the realisations of all assets achieved in the Administration and a set amount of £25,000 plus VAT in respect of statutory formalities. The details of the work we propose to undertake in the Administration can be found at Appendix D and further information on the work done since my appointment to the date of this report can be found in section 2.

8.4 Whilst the Administrators recognise that it is usual for them to seek approval of their remuneration on the basis of time spent as approved by the Creditors' Committee (or in default

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by application to the court), it is submitted that in the case of the Company this is not appropriate for the following reasons:-

- As all of the work carried out and to be carried out by the Administrators in respect of the Company will be for the joint benefit of all the creditors and all the Investors of the Company in realising assets subject to security, it appears fair and appropriate for such costs to be allocated on a pro rata basis based upon the value of assets realised as to do otherwise will be both impractical and potentially unfair. By allocating fees, costs and expenses as a percentage of the assets realised on a pro rata basis, each Investor (insofar as they have a valid trust in respect of assets secured) and each creditor bears an equal and proportionate amount of the costs of dealing with the conduct of the Administration;
- The allocation of fees as between the different trust assets make it impractical to allocate time costs at each trust level, as to do so would necessitate a costly forensic analysis of historic and future work and there would inevitably be significant overlap of activity in any event; and
- It is possible that there will be a potential conflict as between the Administrators and those Investors who are claiming to be the beneficiaries of individual trusts in respect of individual assets held by the Company for their benefit and may not therefore be willing to approve the necessary resolutions in respect of the Administrators' remuneration. This would lead to an unnecessary and expensive application to court and the practical difficulties of quantification and allocation of time costs raised above.

8.5 In these circumstances the remuneration for the Administrators is proposed to be based on 2.5% of the "defaulted" assets realised (those loans where the term has expired) and 0.125% of the "in term" assets realised (those loans where the term has not expired) during the conduct of the Administration (exclusive of VAT and disbursements) and the allocation of those fees, costs and expenses on pro rata basis amongst all creditors and Investors of the Company is considered the most appropriate method of addressing this issue on a fair and transparent basis.

8.6 Please note that where appropriate, the fees estimate may be to a particular stage of the case only and if we consider the estimate will be exceeded during the Administration, we are obliged to seek further approval for any increase in our remuneration. The fees narrative provides details of these matters where relevant and appropriate approval to the basis of our remuneration will be sought as outlined in section 5 of this report.

8.7 In circumstances where the Administrators initial investigations reveal matters for further detailed investigation or previously unknown assets to be realised, the Administrators reserve

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the right to refer back to creditors to establish how they are to be remunerated for such additional work, which may be proposed on a time cost basis. If such work proves necessary, we will revert to creditors with our fees estimate for approval.

- 8.8 The Administrators will provide updates on the expenses they consider will be, or are likely to be, incurred during this case with our progress reports in due course.
- 8.9 A copy of "A Creditors' Guide to Administrators' Fees" is available on request or can be downloaded from https://www.r3.org.uk/.../Guide_to_Administrators_fees_April_2017.pdf. If you would prefer this to be sent to you in hard copy please contact Stephanie Adams of this office on 0161 358 0210.

9 Estimated Outcome

- 9.1 As specified at 2.18 it is not considered appropriate at this juncture to provide an estimated outcome statement. (Repeat – In light of the short period of time that the Company has been in Administration, it is not considered practicable to provide an estimated outcome statement as this is wholly dependent on unquantifiable future realisations.)
- 9.2 Based on the director's Estimated Statement of Affairs attached to this report, the estimated value of the preferential creditors as noted by the Director is £22,081. It should be noted that with the exception of four members of staff, the contracts of employment of the employees have been adopted and payments in respect of outstanding wages have been paid.
- 9.3 The Company granted the floating charges as noted at 2.18 and accordingly, we are required to create a fund out of the Company's net floating charge property for the benefit of unsecured creditors (known as the **Prescribed Part**).
- 9.4 As the Director has noted an uncertain estimated to realise position in respect of the main asset of the Company, it is not possible to give an indication in respect of the Prescribed Part element due to unsecured creditors.
- 9.5 It should be noted that the Company is not registered for Value Added Tax ("VAT") and therefore all costs and expenses are noted within the Proposals at a gross amount.

10 Proposals approval and next report

- 10.1 The Administrators are seeking a decision of creditors and Investors on the approval of their proposals at a physical meeting. The letter issued to creditors with this report (or the link to this report) contains further information about this decision process.

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- 10.2 The Administrators are required to provide a progress report within one month of the end of the first six months of the Administration and we will report to you again at this time.

For and on behalf of
FundingSecure Limited



Edward Avery-Gee
Joint Administrator

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ANNEX 1

Background and Circumstances leading up to the Administration

The following background information is based upon information and documentation provided by the Director of the Company and management. The Administrators have not verified the factual accuracy of this information and therefore do not accept any responsibility or liability.

1. The Company was formed under the name of "P2P Pawnbroker Limited" on 26 June 2012 specialising in the short-term financing of loans secured on chattel assets. The founding directors were Richard Luxmore and Norman Akram who grew the business and expanded the operation of the Company to incorporate short term secured lending on property.
2. The Company obtained FCA authorisation (FRN 698305) in March 2017 to conduct "crowd funding" capital raising to facilitate "peer to peer" lending via the dedicated Company Lending Platform by which Investors placed monies with the Company to fund secured loans to third party borrowers.
3. In October 2018 a top tier business advisory firm conducted a review of the Company's operation which identified deficiencies in the Company's Client Accounts operated for the benefit of Investors. In addition, issues were highlighted in respect of the Company's compliance with its FCA CASS obligations for dealing with Client Monies, together with money laundering ("AML") and Customer Due Diligence failings within the Regulated business of the Company. There were concerns expressed regarding the failings in the experience and capability of the management carrying out the controlled functions within the Company.
4. New management were introduced into the business in October 2018 and injected significant loan capital into the Company to make good the shortfall in Client Account 1.
5. Richard Luxmore left the business in January 2019.
6. Litigation was commenced against various parties who had received the benefit of inappropriate allocations of Investors monies in respect of loans which were not properly approved in accordance with the terms and conditions of the Lending Platform. This litigation necessitated the engagement of solicitors at significant costs to the Company.

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7. In October 2019 the directors concluded that the Company could no longer support the costs of ongoing litigation and consulted CG&Co regarding the financial position of the Company. Rajinder Kumar, Carl Davies and Vijay Gandhi resigned as directors on the 15 October 2019.
8. Following advice from CG&Co a resolution was passed by the Company on the 15 October 2019 to place the Company into Administration and appoint the Administrators subject to the approval of the FCA. The FCA consented to the appointment of the Administrators on 19 October 2019.
9. The Notice of Appointment of Administrators was filed in the High Court in Manchester on 23 October 2019 and the Administrators were appointed on a joint and several basis.

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ANNEX 2

Summary of Action Taken by the Administrators Since Their appointment

1. All statutory notifications to third parties, stakeholders and Companies House have been filed and reported as appropriate in accordance with the Insolvency Act. The Administrators have contacted all known creditors and notified them of their appointment.
2. The Administrators and/or their staff have been “onsite” at the Company’s premises in Buckinghamshire since appointment and have taken control of:
 - a. The Company’s bank accounts both Client and Office accounts;
 - b. The Company’s IT systems;
 - c. The operation of the staff employed by the Company;
 - d. The Company’s IT platform and “e-wallet” system for Investors;
 - e. The physical assets of the Company (such as they are);
 - f. The property assets held by the Company as Security and Trust Deed Trustee; and
 - g. The chattel assets held by the Company as Security and Trust Deed Trustee
3. The property assets (chattels and properties over which the Company has security) which are controlled by the Company are primarily in the hands of third parties – solicitors and storage agents. These have been brought under the direct control and management of the Administrators. All interested parties have been formally notified of our appointment and acknowledge they hold these assets to our order pending further notification/engagement by the Administrators and/or their appointed agents.
4. In order to safeguard Client Account monies and to apply the “CASS *Client Account Pool Rules*” under the FCA Handbook, the Administrators have established separate Client Accounts at the Royal Bank of Scotland to segregate all redemption monies received post our appointment pending resolution of the Investor issues identified below. There is a section

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below dealing with the application of the CASS Client Account Rules in relation to the ongoing management of Client Account monies handled by the Administrators.

5. One of the key issues addressed upon appointment is the lack of effective and comprehensive insurance cover for all assets in which the Company (and/or Investors) have an interest. All assets and potential assets held by the Company for itself or as Security and Trust Deed Trustee are now insured on a comprehensive basis which will protect both Investors and creditors going forward.
6. Our appointed solicitors are in the process of reviewing all litigation undertaken by the Company in connection with a number of claims issued by and against the Company. We have engaged directly with the relevant Defendants to ascertain the value of the claims and the benefit for creditors (and Investors) of the Company participating in this litigation.
7. The Administrators have continued to facilitate redemptions of secured loans by the Company where such redemptions are in the interests of Investors and/or creditors of the Company. These assets are held separately from all assets realised by redemptions prior to our appointment as detailed below
8. Since our appointment we have updated the FAQs based upon initial feedback from Investors and creditors notified to us via the dedicated email address and website established upon our appointment.
9. The Administrators have held a series of conference calls with the FCA and have submitted a formal report to the FCA in order to update them on the progress with the Administration and the issues identified affecting Client/Investor monies detailed below. The Administrators will continue to update the FCA as appropriate.

Issues identified since appointment

10. Following appointment, the Administrators undertook an immediate review of the property loan book held by the Company as Security and Trust Deed Trustee and the operation of the Investor lending platform to facilitate the acquisition of those assets. We also undertook a review of the FCA findings in respect of the management of the Client Accounts operated by the Company. Based upon our initial review and following advice received from our solicitors it is clear that: -

- a. The management and operation of the Client Account function does not accord with the stated Terms and Conditions (Version 2.4) published on the Company's website;

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- b. There was a significant failure by the Company to properly manage all Client Account funds;
 - c. Loans to Borrowers funded by the Company with monies received via the Company Investment Platform were (from time to time) a mixture of Client and Company monies; and
 - d. The status of some of the assets held by the Company is lacking in clarity in terms of defining “*who owns what*”.
- 11. The lack of clarity in the Company’s books and records and Client Account records of part funded loans to Borrowers, creates a potential uncertainty in some instances regarding the issue of who is properly entitled to receive the benefit of loans which are intended to be “peer to peer” loans facilitated by the Company in circumstances where it is unclear: -
 - a. Whether an effective trust for these assets has been established; and
 - b. Who is properly entitled to the realisations from such assets.
- 12. These findings are consistent with the outcome of the review conducted by the top tier business advisory firm in October 2018 which uncovered the lack of compliance within a number of areas in the Company’s operation and regulated activities. Following that review, a number of new measures were introduced and new loan/security documentation introduced intended to address these findings. The new procedures were not introduced until 1 September 2019 and the Administrators are advised that only 5 loans were completed incorporating the newly revised documentation in favour of Investors.

Engagement with Investors

- 13. On 31 October 2019 and 4 November 2019 we held a series of conference calls with Investors who represent 25% of the investment in the Company’s platform and a total of £20million from the total loan book of circa £80million held by the Company.
- 14. The Administrators addressed the Investors as follows: -
 - a. **Update on activities since appointment:** Updated Investors on the statutory actions taken since appointment (notifications given, communication with creditors and investors and the Administrators are attempting keep all parties updated on the current

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status of the Administration and how that will affect them). The Administrators explained that they are very conscious that a lot of Investors have invested monies with FSL and their job is to protect the position of all parties and ensure that the “*right thing*” is done by all those stakeholders.

- b. **Operational suspension of Company Platform:** The Administrators explained that as they cannot allow the continued operation of the Platform until such time as they have had sign off on a legal and regulatory basis that the operation of the Platform accords with stated T&Cs and the law relating to trusts. The Administrators explained that they are protecting all interested stakeholders but cannot legitimately facilitate the ongoing operation of the Platform pending legal and regulatory review and confirmation.
- c. **Steps taken to safeguard investor assets:** All post appointment redemptions will be held in a separate trust account pending resolution of the issue of the effective operation of the trust mechanism for the benefit of Investors. No party will suffer losses on anything to which they are properly entitled and which comes under the control of the Administrators. A new trust account has been established which accords with the FCA rules on CASS Pooling to ensure the proper protection of Investors’ monies pending resolution of legal entitlement. These funds will be separated from any possible creditors’ funds and will not be (further) mingled in any way.
- d. **Redemptions and ongoing management of funds:** The Administrators advised that redemptions will continue to take place as long as they are in the interests of Investors and Creditors. The redemption of security cannot now take place without sign off from the Administrators and this is being managed centrally to ensure the best possible “deal” is achieved for all stakeholders in the Company. Funds realised from redemptions will be protected as detailed at 14 c above.
- e. **Position of Investors based on current findings by Administrators:** The Administrators explained that the current legal advice is that the position is unclear. The T&Cs of the Company’s Platform make clear that all loans are “*for the benefit and in the names of the Investors*” with the Company acting as Security and Trust Deed Trustee. The actual operation of the Company’s business in taking the loans for the benefit of Investors is less clear. That is why the Administrators are now looking to seek Directions as detailed below.
- f. **Interaction with FCA to date:** The Administrators explained that the FCA have been involved prior to and since appointment and the FCA have received updates on a

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regular basis. The FCA are very concerned to ensure the “right” outcome for all stakeholders in the Company and the Administrators are working closely with them to ensure the proper results for Investors and creditors.

- g. **Issues affecting Client monies:** The Administrators explained that the position is unclear which is both unsatisfactory and frustrating for all concerned. The way to resolve this issue is by applying to Court and the purpose of the call today is to be open and frank with Investors so we can move on with the Proposals below.
- h. **Current thinking/Proposals of the Administrators to resolve client account, CASS and remuneration issues:** The Administrators explained that their legal advice is that the only fair and proper way to address this issue is to seek clear definitive legal advice from a leading Queen's Counsel in this area and (if necessary and so advised) to then apply to Court for Directions and seek clarity on the position from a legal trust basis – ie who as between the Investors and creditors of the Company are entitled to which assets and on what basis. This will also allow the Administrators to seek a “*Berkeley Applegate*” type order to take their remuneration from the entire class of assets (including Trust assets) to ensure that they are paid for the work they are carrying out. Without such an application (or agreement from creditors) the progress of the Administration will be stalled and the Administrators risk not being remunerated or paying anyone (Investor or creditor) due to the lack of clarity regarding entitlement to the funds held in Client accounts and those resulting from future redemptions. In the absence of clear advice from Leading Counsel, the agreement of Investors and creditors and/or Directions from the Court no one can move forward safely.
- i. **Next steps in the administration process:** The Administrators advised Investors that they would update the FCA on 1 November and will then prepare and submit their Statutory Proposals to creditors and also serve Investors (even though they are technically not entitled to vote or participate). The reason for so doing is to be fair, transparent and open about what the Administrators are doing and what the Administrators are trying to achieve. The Administrators made it clear that they would treat Investors “*like*” creditors but with a value limited to the contingent nature of their potential claim. The Administrators explained that they would need the support of Investors to ensure the Administrators get the right outcome and maximise the returns to all stakeholders.
- j. **Ongoing updates to Investors:** The Administrators advised that the next stage will be the delivery of Proposals setting out the process for approval of the Statutory Proposals going forward. The Proposals would contain the provision for obtaining

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advice from Leading Counsel and if necessary for an immediate application to Court to decide:-

- i. Whether the charges obtained by the Company are held in trust;
- ii. Which class (Investor or Creditor) is entitled to those assets; and
- iii. Ordering remuneration for the Administrators from trust assets (if that is what they are).

This will take time but we want Investors to be aware and participate in this process to maximise the outcome for their benefit.

15. The Administrators agreed to update the FAQs to reflect the comments and discussions with investors on 31 October 2019.

Client Monies

16. The current balances on the Client Accounts operated by the Company as at the date of our appointment are as follows:-

a. Client Account 1: £2,023,793.25

b. Client Account 2: £797,160.33

17. In order to comply with the Pooling Rules under the CASS Client Account Handbook (resulting from the appointment of Administrators which triggers a *"pooling event"* in respect of the Company, the Administrators have established a separate Client Account into which all ongoing and future redemption realisations will be paid pending determination of entitlement to these assets following application to court as detailed above.

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Appendix A

Statutory Information

11 Company information

Company name	FundingSecure Limited
Trading name(s)	None
Registered number	08120200
Registered office address	Unit 8 Stokenchurch Business Park Ibstone Road Stokenchurch Buckinghamshire HP14 3FE
Former registered office address	Unit 8 Stokenchurch Business Park Ibstone Road Stokenchurch Buckinghamshire HP14 3FE
Trading address(s)	Unit 8 Stokenchurch Business Park Ibstone Road Stokenchurch Buckinghamshire HP14 3FE
Court details	High Court of Justice Business and Property Courts in Manchester Insolvency and Companies List (Chd)
Court reference number	001065 of 2019

12 Details of the Company's Directors, Secretary and Shareholdings

	Date appointed	Date resigned	Shares held
Director(s)/shareholders			
Carl Davies	12/10/2018	15/10/2019	1058 Ordinary
Vijay Gandhi	15/05/2019	15/10/2019	
Nigel Hackett	19/02/2014		2566 Ordinary
Rajinder Kumar	12/10/2018	15/10/2019	15794 A Ordinary
Noman Akram	26/06/2012	23/11/2017	
Richard Luxmore	26/06/2012	31/01/2018	
Kathryn Elizabeth Lyons	27/05/2013	18/05/2015	
Shareholders			
E Z Invest Limited			15794 B Ordinary
Karl Davis			42 Ordinary
Secretary			
None			

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13 Joint Administrators' Details

Name of Administrators	Daniel Richardson	Edward M Avery-Gee	Jonathan E Avery-Gee
Address	Greg's Building 1 Booth Street Manchester M2 4DU	Greg's Building 1 Booth Street Manchester M2 4DU	Greg's Building 1 Booth Street Manchester M2 4DU
Telephone Number	0161 358 0210	0161 358 0210	0161 3580210
Administrator's IP Number	12650	12410	1549
Authorising Body	IPA	IPA	ICAEW
Date of Appointment	23/10/2019	23/10/2019	23/10/2019

The affairs, business and property of the Company are being managed by the Administrators. They act as agents of the Company and without personal liability. The Administrators are licensed as insolvency practitioners in the UK by the Institute of Chartered Accountants in England and Wales and the Insolvency Practitioners Association. FundingSecure Limited ('FSL') is incorporated in England and Wales under the Company Act 2006 with registered number 08120200. The Company is authorised and regulated by the Financial Conduct Authority with FRN 698305. Joint Administrators Report and Statement of Proposals

FUNDINGSECURE LIMITED - IN ADMINISTRATION

Appendix B

Receipts and Payments Account for the Period from 23 October 2019 to 11 November 2019

The affairs, business and property of the Company are being managed by the Administrators. They act as agents of the Company and without personal liability. The Administrators are licensed as insolvency practitioners in the UK by the Institute of Chartered Accountants in England and Wales and the Insolvency Practitioners Association. FundingSecure Limited ('FSL') is incorporated in England and Wales under the Company Act 2006 with registered number 08120200. The Company is authorised and regulated by the Financial Conduct Authority with FRN 698305. Joint Administrators Report and Statement of Proposals

**FundingSecure Limited
(In Administration)**

**Income and Expenditure Account
23 October 2019 to 11 November 2019**

INCOME	Total (£)
	<hr/>
	0.00
	<hr/>
EXPENDITURE	
Salaries	14,509.21
Consultancy Fee	5,000.00
Travel & Expenses	1,029.16
Sundry Expenses	233.30
Office sundries	240.00
Essential storage costs	500.85
IT/Phone Costs	878.95
Court Fee	50.00
Irrecoverable VAT	1,053.96
IT Consultancy	745.00
Statutory Advertising	71.00
	<hr/>
	24,311.43
	<hr/>
Balance	(24,311.43)
	<hr/>
MADE UP AS FOLLOWS	
Office	(24,311.43)
	<hr/>
	(24,311.43)
	<hr/>



FUNDINGSECURE LIMITED - IN ADMINISTRATION

Appendix C

Summary of the Director's Statement of Affairs of the Company

The affairs, business and property of the Company are being managed by the Administrators. They act as agents of the Company and without personal liability. The Administrators are licensed as insolvency practitioners in the UK by the Institute of Chartered Accountants in England and Wales and the Insolvency Practitioners Association. FundingSecure Limited ('FSL') is incorporated in England and Wales under the Company Act 2006 with registered number 08120200. The Company is authorised and regulated by the Financial Conduct Authority with FRN 698305. Joint Administrators Report and Statement of Proposals

STATEMENT OF AFFAIRS

Name of Company
FundingSecure Limited

Company Number
08120200

In the
High Court of Justice Business and Property Courts in
Manchester Insolvency and Companies List (Chd)

Court case number
001065

Statement as to the affairs of

FundingSecure Limited

c/o CG& Co

Greg's Building

1 Booth Street

Manchester

M2 4DU

on the 23 October 2019, the date that the company entered administration.

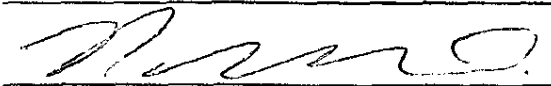
Statement of Truth

I believe the facts stated in this statement of affairs are a full, true and complete statement of the affairs of the above named company as at 23 October 2019 the date that the company entered administration.

Full Name

NIGEL HACKETT

Signed



Dated

5th NOVEMBER 2019

FundingSecure Limited
Statement Of Affairs as at 23 October 2019

A - Summary of Assets

Assets	Book Value £	Estimated to Realise £	
Assets subject to fixed charge:			
Work in Progress	7,412,353.00	Uncertain NIL	NIL
Directors/Formers Directors Loan Account (=3)	206,286.00	Uncertain NIL	NIL
Assets subject to floating charge:			
Uncharged assets:			
Office Equipment	9,638.00		500.00
Furniture & Fittings	2,373.00		200.00
Software Development	69,887.00		Uncertain
Estimated total assets available for preferential creditors			700.00

Signature  Date 5/11/19

FundingSecure Limited
Statement Of Affairs as at 23 October 2019

A1 - Summary of Liabilities

	Estimated to Realise £
Estimated total assets available for preferential creditors (Carried from Page A)	700.00
Liabilities	
Preferential Creditors:-	
Employee Arrears/Hol Pay	22,081.00
	<u>22,081.00</u>
Estimated deficiency/surplus as regards preferential creditors	<u>(21,381.00)</u>
Debts secured by floating charges pre 15 September 2003	
Other Pre 15 September 2003 Floating Charge Creditors	<u>NIL</u>
	<u>(21,381.00)</u>
Estimated prescribed part of net property where applicable (to carry forward)	NIL
Based on floating charge assets of Nil	
Estimated total assets available for floating charge holders	<u>(21,381.00)</u>
Debts secured by floating charges post 14 September 2003	
Floating Charge Creditor	3,000,000.00
	<u>3,000,000.00</u>
Estimated deficiency/surplus of assets after floating charges	<u>(3,021,381.00)</u>
Estimated prescribed part of net property where applicable (brought down)	NIL
Total assets available to unsecured creditors	<u>NIL</u>
Shortfall to preferential creditors/F.C's pre 15 Sept 2003 (brought down)	21,381.00
Unsecured non-preferential claims (excluding any shortfall to floating charge holders)	
Trade & Expense Creditors	434,491.32
JC Starr Holdings Ltd	502,520.55
	<u>937,011.87</u>
Estimated deficiency/surplus as regards non-preferential creditors (excluding any shortfall in respect of F.C's post 14 September 2003)	<u>(958,392.87)</u>
Shortfall in respect of F.C's post 14 September 2003 (brought down)	3,000,000.00
Estimated deficiency/surplus as regards creditors	<u>(3,958,392.87)</u>
Issued and called up capital	
Ordinary Shareholders	3,525.40
	<u>3,525.40</u>
Estimated total deficiency/surplus as regards members	<u>(3,961,918.27)</u>

Signature  Date 5/11/19

CG&Co
FundingSecure Limited
B - Company Creditors

Key	Name	Address	£
C100	1st Platinum Investments Ltd	101 Wanstead Park Road, Ilford, United Kingdom, IG1 3TH	22,600.00
CB00	Boutique Financial Limited	207 Knutsford Road Grappenhall, Warrington, WA4 2QL	1,240.00
CC00	Campsie Commercial Ltd	80 Peasod Street, Windsor, SL4 1DH	12,535.61
CD00	Danos Associates	30-32 Ludgate Hill, London, EC4M 7DR	3,381.00
CD01	Dudrich (Holdings) Ltd	276 Chase Rd, London, N14 6HA	1,248.00
CE00	Equifax	Equifax Ltd, Customer Service Centre, PO Box 10036, Leicester, LE3 4FS	71.54
CF00	FCA	FCA Head Office, 12 Endeavour Square, London E20 1JN	1,827.34
CG00	Gillespie Macandrew	5 Atholl Crescent, Edinburgh, EH3 8EJ	1,166.60
CH01	Hometrack Data Systems Limited	The Cooperage, 5 Copper Row, London, England, SE1 2LH	50.40
CH02	HPI Limited	Capitol House, Bond Court, Leeds, Yorkshire, England, LS1 5EZ	13.86
CK00	KFS Recruitment	304 High Street, Benfleet, Essex, SS7 5HB	4,158.00
CL00	Lindsays	Caledonian Exchange, 19a Canning Street, Edinburgh, EH3 8HE	4,281.00
CM00	Microsoft		246.48
CM01	Millmoll Limited	Unit 1 Newtons Court, Crossways Business Park, Dartford, Kent, England, DA2 6QL	496.12
CM02	Money.co.uk	The Castle, Cecily Hill, Cirencester, Gloucestershire, GL7 2EF	11,966.40
CM03	MPA Group Ltd		5,534.38
CN00	Newstar Group Limited	Caxton House Caxton Road, Fulwood, Preston, PR2 9ZB	280.90
CN01	NPA	Suite 508, 107-111 Fleet Street, London, EC4A 2AB	530.00
CO00	Old Street Marketing	Unit B Office 5 Mindenhall Court, High Street, Stevenage, Hertfordshire, England, SG1 3UN	4,250.00
CP00	Pipedrive UK		16.43
CP01	Premier Private Finance	5th Floor Labs House, 15-19 Bloomsbury Way, London, England, WC1A 2TH	5,440.00
CP02	Pulsant	FAO Moksud Alom, Bradford Court, 123-131 Bradford Street, Birmingham, B12 0NS	364.78
CQ00	Quantuma LLP	Bluesquare House, Priors Way, Maidenhead, SL6 2HP	1,800.00
CR00	Retail Systems Ltd	81 Station Road, Marlow, England, SL7 1NS	2,232.00
CS00	Scotts Wright Solicitors	2 Five Acres Avenue, Bricklet Wood, St. Albans, Hertfordshire, AL2 3PY	19,962.90
CS01	Sky Mobile Ltd	34 Market Place, Leyburn, North Yorkshire, DL8 5AP	1,350.00
CS02	South West Business Finance	27-35 Brows Lane, Formby, L37 4HS	3,598.00
CT01	Taxi Advertising	The Hayloft, Pickwick Workshops, Park Lane, Corsham, SN13 0HN	2,400.00
CT02	Templeton LPA Ltd	34 South Molton Street, Mayfair, London, W1K 5RG. Templeton LPA, Castlebridge 2, Cowbridge Road East, Cardiff, CF11 9AB	95,289.13

Signature



CG&Co
FundingSecure Limited
B - Company Creditors

Key	Name	Address	£
CT04	Thomas Miller Law	90 Fenchurch Street, London, EC3M 4ST	2,580.00
CT05	Thompson Crooks Solicitors	325 Shankill Road, Belfast, BT13 1FX	5,100.00
CT06	TRS Cooling	Greenacres courtyard, Monument Business Park, 1 Warpsgrove Ln, Oxford, OX44 7RW	90.00
CT07	Trustpilot	1 St Martin's Le Grand, 7th Floor, London, EC1A 4NP	1,149.63
CT08	Tv Licence	TV Licensing, Darlington, DL98 1TL	154.50
CT09	TWM Solicitors	65 Woodbridge Road, Guildford, Surrey, GU1 4RD	62,091.08
CJ00	UK Crowdfunding Association	10 Queen Street Place, London, EX4R 1BE	416.67
CW00	Walker Morris LLP	c/o Begbies Traynor (SY) LLP, 3rd Floor, Westfield House, Sheffield, S1 3FZ	110,046.71
CW01	Ward Hadaway Solicitors	10 Chapel Walks, Manchester, M2 1HL	10,108.36
CW02	When Davis Ltd	Collings Hanger Farm, Prestwood, Gt. Missenden, Bucks, HP16 0HP	28.50
39 Entries Totalling			400,096.32

Signature



CG&Co
 FundingSecure Limited
 B1 - Company Creditors - Employees & Directors

Key	Name	Address	Pref £	Unsec £	Total £
0	Entries Totalling		0.00	0.00	0.00

Signature 

CG&Co
FundingSecure Limited
C - Shareholders

Key	Name	Address	Type	Nominal Value	No. Of Shares	Called Up per share	Total Amt. Called Up
HD00	Mr Karl Davis	Peachtree Cottage, Saltray, County Louth, A92 T886	Ordinary	4.20	42	0.00	0.00
HD01	Mr Carl Davies	85 Hill Road, Pinner, Middlesex, HA5 1LD	Ordinary	105.60	1,058	0.00	0.00
HE00	EZ Invest Ltd	Office S5, 22-25 Portman Close, London, W1H 6BS	Ordinary	1,579.40	15,794	0.00	0.00
HH00	Mr N Hackett	23 Highlands, Flackwell Heath, Buckinghamshire, HP10 9PP	Ordinary	256.80	2,568	0.00	0.00
HK00	Mr Rajinder Kumar	Maplefield Grange, Maplefield Lane, Chalfont St Giles, Buckinghamshire, HP8 4TY	Ordinary	1,579.40	15,794	0.00	0.00
5 Ordinary Entries Totalling					35,254		

Signature



Appendix D**Additional Information in Relation to Joint Administrators' Fees****14 Fee Basis**

- 14.1 The Administrators are seeking to agree the basis of their remuneration in this case as a set amount for statutory formalities and a percentage of the value of property which he has to deal with. Attached to this appendix are details of the work the Administrator proposes to undertake and the expenses the Administrators consider will be, or are likely to be, incurred. Information about the work done to date can be found in the body of the Administrators Report and Statement of Proposals at Section 2.
- 14.2 The fees estimate is based on information about the Company's affairs available to the Administrators at the present time. Should any matters arise which impact on this estimate, such as additional investigatory matters or potential realisable assets, further time or cost will be incurred and it may be necessary to revise the Administrators' estimate of fees.
- 14.3 We do not anticipate that it will be necessary to seek further approval to increase the level of the fees.

15 Expenses

- 15.1 Below is a table which outlines the expenses that have been incurred to date in respect of the operational function of the business. We will provide an update to creditors in my future progress reports.

Expense	Provider	Basis of fee arrangement	Cost to date (inclusive of applicable VAT) £
Consultancy fee	Eyedia Limited	Set amount per month	3,600.00
Consultancy fee	San Patel Limited	Set amount per month	2,400.00
Sundry expenses	Bloc Catering Ltd	Set amount	264.10
Office sundries	Flawless Cleaning Services Ltd	Set amount	240.00
IT/Phone costs	Pulsant Ltd O8 Direct Ltd BT Cyber Cottage Microsoft	Fluctuating cost	993.93

FUNDINGSECURE LIMITED - IN ADMINISTRATION

Staff Allocation and the Use of Sub-Contractors & Consultants

- 15.2 The general approach to resourcing our assignments is to allocate staff with the skills and experience to meet the specific requirements of the case.
- 15.3 The constitution of the case team will usually consist of a Partner, a Manager, and an Administrator or Assistant. The exact constitution of the case team will depend on the anticipated size and complexity of the assignment and the experience requirements of the assignment. Where the basis of the Administrators' remuneration is being proposed on a time cost basis, details of our current charge-out rates can be found below.
- 15.4 We are not proposing to utilise the services of any sub-contractors in this case.
- 15.5 The services of two consultants are currently being maintained.

16 Joint Administrators' Disbursements

- 16.1 Category 1 disbursements do not require approval by creditors. The type of disbursements that may be charged as a Category 1 disbursement to a case generally comprise of external supplies of incidental services specifically identifiable to the case, such as postage, case advertising, invoiced travel and external printing, room hire and document storage. Also chargeable will be any properly reimbursed expenses incurred by personnel in connection with the case. Any Category 1 disbursements we anticipate being incurred in this case are included in the table of expenses above.
- 16.2 Category 2 disbursements do require approval from creditors. These are costs which are directly referable to the appointment in question but are not payments which are made to an independent third party and may include shared or allocated costs that can be allocated to the appointment on a proper and reasonable basis such as internal room hire, document storage or business mileage.
- 16.3 Separate approval will be sought for the authorisation of this firm's Category 2 disbursements from creditors.
- 16.4 Below is a table which outlines the expenses that have been incurred to date in respect of category 1 and category 2 disbursements. We will provide an update to creditors in my future progress reports.

Expense	Provider	Basis of fee arrangement	Cost to date (inclusive of applicable VAT) £
Court Fee	HM Court Services	Set amount	50.00
IT Services	GARC Ltd	Set amount	894.00
Statutory Advertising	EPE Reynell Advertising Limited	Set amount	85.20
Staff related travel expenses	Direct cost of Administrator & his staff	Cost	680.57

FundingSecure Limited (the Company)

Fees Information in accordance with The Insolvency (England and Wales) Rules 2016 and Statement of Insolvency Practice 9

Fees Overview

Prior to insolvency practitioners agreeing the basis of their remuneration as Administrators, details of the work proposed to be done and the expenses it is considered will be, or are likely to be, incurred in dealing with a company's affairs must be provided to creditors.

In addition, where Administrators propose to take all or any part of this remuneration based on the time they and their staff will spend dealing with the affairs of the insolvent company, a **fees estimate** must also be provided. This will outline the anticipated cost of that work, how long it is anticipated the work will take and whether any further approvals may be needed from creditors in due course.

In this case, we are not proposing to agree the basis of our remuneration as Administrators based on time spent dealing with the Company's affairs, therefore we are not required to provide creditors with a **fees estimate**. We are however, required to confirm the basis or bases we are seeking in the alternative and to provide details of the work proposed to be done in this case, which can be found below.

Work anticipated and the likely return to creditors

Some of the work undertaken by insolvency practitioners is required by statute and may not necessarily provide a financial benefit to creditors. Examples of this work include investigations required by Statement of Insolvency Practice 2 and the Company Directors Disqualification Act 1986 or dealing with the claims of former employees via the National Insurance Fund.

Where the work to be done is anticipated to produce a financial benefit to creditors, this will be stated and it may be necessary for the Administrators to instruct third parties to assist in this process because of a particular expertise that the third party may bring such as valuation, tax or legal advice.

Where it is practical to do so, Administrators will provide an indication of the likely return to creditors when seeking approval for the basis of their remuneration. Again, due to the complex nature of the work undertaken by insolvency practitioners and the uncertainties that may exist in relation to the realisation of a company's assets at the outset of a case, this may not be possible. Administrators are however, required by statute to provide periodic reports to creditors on the progress of a case which will include an update as to the likely return creditors may expect.

Proposed Fee Basis/Bases

In this case, we are proposing the following basis or bases for our remuneration as Administrators:

The remuneration for the Administrators is proposed to be a fixed fee of £25,000 plus VAT for dealing with statutory matters and on a percentage basis of realisations of 2.5 % of the "defaulted" assets realised (those loans where the term has expired) and 0.125% of the "in term" assets realised (those loans where the term has not expired) during the conduct of the Administration (exclusive of VAT and disbursements) and the allocation of those fees, costs and expenses on pro rata basis amongst all creditors and Investors of the Company is considered the most appropriate method of addressing this issue on a fair and transparent basis.

Loan book

As much of the work in respect of asset realisations relates to the realisations of the loan book this will be for the joint benefit of all the creditors and all the Investors of the Company in realising assets subject to security. It appears fair and appropriate for such costs to be allocated on a pro rata basis based upon the value of assets realised as to do otherwise will be both impractical and potentially unfair. By allocating fees, costs and expenses as a percentage of the assets realised on a pro rata basis, each Investor (insofar as they have a valid trust in respect of assets secured) and each creditor bears an equal and proportionate amount of the costs of dealing with the conduct of the Administration;

The allocation of fees as between the different trust assets make it impractical to allocate time costs at each trust level as to do so would necessitate a costly forensic analysis of historic and future work and there would inevitably significant overlap of activity in any event; and

It is possible that there will be a potential conflict as between the Administrators and those Investors who are claiming to be the beneficiaries of individual trust in respect of individual assets held by the Company for their benefit and may not therefore be willing to approve the necessary resolutions in respect of the Administrators' remuneration. This would lead to an unnecessary and expensive application to court and the practical difficulties of quantification and allocation of time costs raised above.

It is considered that the fairest way to be remunerated in respect of asset realisations would be a percentage of realisations.

Please note however, that in circumstances where our initial investigations reveal matters for further detailed investigation or previously unknown assets to be realised, we reserve the right to refer back to creditors to establish how we are to be remunerated for such additional work, which may be proposed on a time cost basis. If such work proves necessary, we will revert to creditors with our fees estimate for approval.

Outline of work to be done by the Administrator

Below are details of the work we propose undertaking in support of the above fee proposal for the Administration:

Administration (including statutory compliance & reporting)

Administrators are required to carry out certain tasks in nearly every insolvency assignment, namely administrative duties and dealing with the Company's creditors. Whilst these tasks are required by statute or regulatory guidance or are necessary for the orderly conduct of the proceedings, they do not necessarily produce any direct financial benefit for creditors, but nonetheless still have to be carried out.

This work includes:

- Notifying creditors and investors of the Administrators' appointment and other associated formalities including statutory advertising and filing relevant statutory notices at Companies House
- Preparing and issuing the Administrators' statement of proposals for achieving the purpose of the Administration and thereafter providing periodic progress reports to members and creditors (typically every 6 months)
- Lodging periodic returns with the Registrar of Companies for the Administration
- Complying with statutory duties in respect of the Administrators' specific penalty bonds
- Creation and update of case files on the firm's insolvency software
- Redirection of the Company's mail to the Administrators' office where necessary
- Establishing and holding periodic meetings of the creditors' committee and associated filing formalities
- Securing the Company's books and records

- Review of the Company's pension scheme
- Completion and filing of the notice of the Company's insolvency to HMRC
- Initial assessment required by Statement of Insolvency Practice 2 and the Company Directors Disqualification Act 1986 (CDDA) including the review of the Company's books and records and the identification of potential further asset realisations which may be pursued in the Administration
- Submitting a statutory report to the Insolvency Service under the CDDA
- Periodic case progression reviews (typically at the end of Month 1, 3 and every 6 months thereafter)
- Opening, maintaining and managing the Administration estate cashbook and bank account(s)
- Dealing with HM Revenue & Customs ("HMRC") compliance
- Liaison with secured creditors, obtaining charge documents and validating the security
- Dealing with employee matters to provide support and assistance in lodging any claims they may be entitled to make for unpaid wages, holiday pay and other statutory entitlements from the National Insurance Fund and the Company for those who have already been made redundant.
- Ongoing review of personnel and the future dismissal of staff

Realisation of assets

Loan book

The loan book has been reviewed by this office in conjunction with the employees that actively reviewed those loans. It is the Administrators intention to facilitate the wind-down of the current loan book utilising existing the existing resources available to the Company i.e. the remaining staff and the platform, with key decisions being decided by the Administrators.

The Company's loan book consists of four main categories as follows:

- Live loans,
- Default loans,
- Loans subject to Receivership/third party insolvency; and
- Non-property loans

Live loans

There are currently 379 performing loans with a value of £59,883,621.55. These loans will be reviewed by the designated member of staff and monitored by this office.

Letters have been sent to borrowers to advise that terms should continue as normal and to reserve the Administrators' right. Letters have been be sent to borrowers that are only just in default. i.e. less than a month in arrears.

Should loans not perform the appropriate review will be undertaken by this office and it will be necessary to instigate enforcement action.

Due to the uncertainty at the present time in respect of the position concerning Investors funds, any funds that have been received in respect of loans that have redeemed in respect of property matters are currently held by Solicitors to the Administrators' order.

Default loans

There are currently 91 defaulted loans with a value of £20,758,561.10. These are currently under review by this office and the decision to enforce recovery action will be on an individual basis, it will be necessary to undertake security reviews in respect of each loan and engage solicitors to commence recovery action. The decision has been made to instruct a small pool of specialist insolvency solicitors to assist with the necessary enforcement action.

Loans subject to Receivership/third party insolvency

Contained within the defaulted loans are loans that are subject to Receivership and third-party insolvency. Details of the appointment and updates have been requested from those office holders. It will be necessary to keep a continual review in respect of these loans.

Non-property loans

A review of the non-property loans has taken place. The location of the non-property loan items has been established. Insurance cover is in place and the security measures that the Company has in place have been reviewed and are being maintained. An agent has been instructed to review items with a view to valuations being obtained.

Cash at bank - current & client accounts

The Company operated its banking facilities with Barclays Bank plc ("Barclays"). Immediately upon appointment, contact was made with Barclays to freeze all accounts.

It has been established that there is cash held in the Company's current account and funds held in two separate client accounts that the Company operated.

It was established that it is Barclays standard procedure to close all accounts within two months from the onset of insolvency. In this regard, immediate steps were taken to open appropriate new accounts under the control of the Administrators to ensure that banking operations continued.

Whilst the accounts have been opened, Barclays have subsequently advised that the accounts can remain operational. New mandates are to be put in place for the accounts to securely operate under the control of the Administrators.

Physical assets and software

As the Company's trading premises are remaining operational at the present time, a valuation of the physical assets and software has not taken place. An agent will be instructed at the appropriate time with a view to realising those assets.

Directors' loan accounts

A review of the last available accounts reveals that there are overdrawn directors loan accounts. It will be necessary to review the position in respect of the loan accounts and take appropriate action to recover the amounts due. Once a strategy has been formulated in this regard, creditors will be updated via the Administrators' periodic progress reports.

Litigation

All litigation that the Company is currently involved with is stayed under the automatic effect of the Administration. Consent to lift the stay can be consented by the office holders or application can be made to Court. In the interests of all parties, specific solicitors have been instructed to review the litigation.

Trading

Whilst the Company is no longer operational in respect of new loans, it is considered necessary for the business to remain operational in order to maximise the value of realisations of the loan book. In this regard, it has been necessary to engage with keys suppliers, maintaining employee contracts, maintaining the Company's computer software and for the Administrators and the Administrators' staff to regularly attend the trading premises. In addition, it was necessary to instruct an independent computer specialist to review the systems that the Company has in place.

Specific advice from Leading Counsel

As detailed in the Proposal it has been considered necessary to engage a solicitor who in turn will give instructions to Leading Counsel in respect of the issue concerning Investors and the treatment of their claims and the distribution of client funds. In order to facilitate this issue, it is necessary for time to be spent gathering information that is pertinent to the issue.

Work done by the Administrators, their staff and any third parties engaged to assist the Administrators in realising the Company's assets will, it is anticipated, provide a financial benefit to creditors. This may involve realising assets to facilitate a distribution to secured creditors of the Company only (from which a Prescribed Part fund may be derived for the benefit of unsecured creditors) or may, depending on realisations and the extent of any 3rd party security, result in a distribution to the preferential and unsecured creditors of the Company. Further information on the likely outcome of the Administration process will be provided in the Administrators' subsequent progress reports.

Creditors (claims and distributions)

The Administrators will deal with all investors, secured, preferential and unsecured creditor correspondence and claims as received, including any claims of creditors under retention of title.

At this time, the matter in respect of the treatment of the investor claims is uncertain. In addition, due to the current uncertainty of the recoverability of the loan book and the costs associated with the recovery, the level of a dividend cannot be determined.

As noted within the Proposal there are secured and unsecured creditors.

Preferential creditors in the main have been absorbed through trading, however the position will be reviewed in due course and payment made in accordance with the statutory provisions.

Prior to any potential distribution to the fixed and floating charge holders a review of the validity of the charges will need to take place.

Due to the level of all stakeholders in this matter the adjudication of claims in respect of a distribution will be lengthy and will require thorough review.

We will continue to maintain contact with the Investors through the channels already utilised. Creditors in general will be dealt with in accordance with the statutory provisions and ad hoc matters dealt with accordingly.

Investigations

As Administrators, we are required to conduct investigations into the conduct of the director(s) of the Company and transactions entered into prior to the Company's insolvency, as required by the Company Directors Disqualification Act 1986 and Statement of Insolvency Practice 2 (Investigations by Office Holders in Administrations and Insolvent Liquidations).

This work may not necessarily lead to any financial benefit to creditors yet is work we are required to undertake by statute. Our initial investigations may reveal that further recoveries could be available for the insolvent estate and if this proves to be the case and we consider that further work will be required to pursue these assets, we will refer back to creditors about the likely costs involved in pursuing such recoveries.

Whilst we are presently in the early stages of the Administration, all the Company's bank statements for the preceding two years prior to the insolvency have been obtained from Barclays. Should it be considered necessary that a review for the full period of trading is necessary further statements will be obtained.

Due consideration will be given to the employment of forensic accountants, should the initial investigation reveal matters of immediate concern.

Financial Services Authority ('FCA')

Regular updates have been provided and will be provided to the FCA.

General Data Protection Regulations ('GDPR')

Due to the level and value of investors, it will be necessary to review the Company's current GDPR policies to ensure that they are compliant.

Administrator's Expenses

As also noted, we are required to provide creditors with details of the expenses we consider will be, or are likely to be, incurred in the Administration. These may include expenses such as agent's costs for assisting in the disposal and realisation of the Company's physical assets or other routine expenses associated with an insolvency case such as statutory advertising costs or the office holders' specific penalty bond.

Below is a summary of the expenses we consider will be, or are likely to be, incurred in this case. We will provide a further update to creditors in our subsequent progress reports. It should be noted that the costs are inclusive of VAT as the Company is not registered for VAT. At this juncture, it is difficult to give exact costings in this matter, specifically in relation to the direct costs of agents and solicitors in dealing with the realisation in respect of the loan book. Most professional advisers are instructed on a time costs basis.

Expense	Estimated cost (inclusive of VAT)
<i>Agents' costs for dealing with non-property assets</i>	TBC
<i>Solicitors' costs in respect of litigation</i>	TBC
<i>Solicitors costs in relation to general proceedings</i>	TBC
<i>Solicitors costs in relation to repossessions</i>	TBC
<i>Agents costs in respect of repossessions</i>	TBC
<i>Solicitors costs in respect of redemptions</i>	TBC
<i>Solicitors costs in relation to Counsel Opinion</i>	12,000.00
<i>Counsels opinion</i>	18,000.00
<i>Insurance</i>	TBC
<i>Statutory advertising (85.20 per advert)</i>	170.40
<i>Specific penalty bond</i>	1,800.00
<i>External meeting room hire (per time)</i>	TBC
<i>Computer specialist</i>	894.00

Travel & Subsistence	TBC
Court Fee for Administration application	50.00
Category 2 disbursements charged by the firm:	
Business mileage at 45 pence per mile	

Professional advisers

All professional advisers that have been or will be instructed in this matter are instructed on the basis of their knowledge and experience in both insolvency and their knowledge and experience in relation to their specialist area of work.

CG&Co's Category 2 disbursements policy

Attached are details of this firm's Category 2 disbursements policy.

Category 2 disbursements require approval from creditors. These are costs which are directly referable to the appointment in question but are not payments which are made to an independent third party and may include shared or allocated costs that can be allocated to the appointment on a proper and reasonable basis such as internal room hire, document storage or business mileage. Any Category 2 disbursements which this firm proposes to charge in this case are reflected in the table of expenses above. Approval to charge these will be sought from creditors when the basis of our remuneration as Administrators is fixed.

CG&CO CHARGING POLICY

INTRODUCTION

This note applies where a licensed insolvency practitioner in the firm is acting as an office holder of an insolvent estate and seeks creditor approval to draw remuneration on the basis of the time properly spent dealing with the case. It also applies where further information is to be provided to creditors regarding the office holder's fees following the passing of a resolution for the office holder to be remunerated on a time cost basis. Best practice guidance¹ requires that such information should be disclosed to those who are responsible for approving remuneration.

In addition, this note applies where creditor approval is sought to make a separate charge by way of expenses or disbursements to recover the cost of facilities provided by the firm and also where payments are to be made to outside parties in which the office holder or his firm or any associate has an interest. Best practice guidance requires that such charges should be disclosed to those who are responsible for approving the office holder's remuneration, together with an explanation of how those charges are calculated.

OFFICE HOLDER'S FEES IN RESPECT OF THE ADMINISTRATION OF INSOLVENT ESTATES

The office holder has overall responsibility for the administration of the estate. He/she will delegate tasks to members of staff. Such delegation assists the office holder as it allows him/her to deal with the more complex aspects of the case and ensures that work is being carried out at the appropriate level. There are various levels of staff that are employed by the office holder and these appear below.

The firm operates a time recording system which allows staff working on a case along with the office holder to allocate their time to the case. The time is recorded at the individual's hourly rate in force at that time which is detailed below.

EXPENSES INCURRED BY OFFICE HOLDERS IN RESPECT OF THE ADMINISTRATION OF INSOLVENT ESTATES

Best practice guidance classifies expenses into two broad categories:

- *Category 1 disbursements (approval not required)* – specific expenditure that is directly related to the case usually referable to an independent external supplier's invoice. All such items are charged to the case as they are incurred.
- *Category 2 disbursements (approval required)* – items of incidental expenditure directly incurred on the case which include an element of shared or allocated cost and which are based on a reasonable method of calculation.

(A) The following items of expenditure are charged to the case subject to approval:

- Internal meeting room usage for the purpose of statutory meetings of creditors is charged at the rate of £100 per meeting;
- Car mileage is charged at the rate of 45 pence per mile;
- Storage of books and records (when not chargeable as a *Category 1 disbursement*) is charged on the basis that the number of standard archive boxes held in storage for a particular case bears to the total of all archive boxes for all cases in respect of the period for which the storage charge relates

(B) The following items of expenditure will normally be treated as general office overheads and will not be charged to the case although a charge may be made where the precise cost to the case can be determined because the item satisfies the test of a *Category 1 disbursement*.

- Telephone and facsimile
- Printing and photocopying
- Stationery

¹ Statement of Insolvency Practice 9 (SIP 9) – Remuneration of insolvency office holders in England & Wales

CG&CO CHARGE OUT RATES

The rates applying as at the date of this report are as follows:

	£'s
Partner	395
Director	345
Manager	295
Assistant Manager	150
Administrator	125
Support	50

Time spent by support staff such as secretarial, administrative and cashiering staff is charged directly to cases. It is not carried as an overhead.

Time is recorded in 6 minute units.