

AM10

Notice of administrator's progress report



Companies House

FRIDAY



A17 *A776NOIA* 01/06/2018 #155
COMPANIES HOUSE

1 Company details

Company number 0 8 2 2 5 7 8 3

Company name in full True Telecom Limited

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

2 Administrator's name

Full forename(s) Timothy Colin Hamilton

Surname Ball

3 Administrator's address

Building name/number Mazars LLP

Street 90 Victoria Street

Post town Bristol

County/Region

Postcode B S 1 6 D P

Country

4 Administrator's name ①

Full forename(s) Michael Ian

Surname Field

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

5 Administrator's address ②

Building name/number Mazars LLP

Street 90 Victoria Street

Post town Bristol

County/Region

Postcode B S 1 6 D P

Country

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

AM10

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6 Period of progress report

From date	d	2	d	7	m	1	m	0	y	2	y	0	y	1	y	7
To date	d	2	d	6	m	0	m	4	y	2	y	0	y	1	y	8

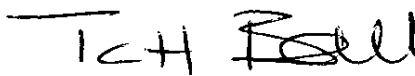
7 Progress report

☒ I attach a copy of the progress report

8 Sign and date

Administrator's
signature

Signature

X  X

Signature date

d	2	d	5	m	0	m	5	y	2	y	0	y	1	y	8
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AM10

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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 **Alex Williams**

Company name **Mazars LLP**

Address **90 Victoria Street**

Bristol

Post town **BS1 6DP**

County/Region

Postcode

Country

DX

Telephone **0117 928 1700**



Checklist

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



Important information

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DX 33050 Cardiff.



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MAZARS

True Telecom Limited - In Administration

Administrators' progress report covering the period from 27 October 2017 to 26 April 2018

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True Telecom Limited - In Administration

Administrators' progress report covering the period 27 October 2017 to 26 April 2018

To all known creditors

1. Introduction

- 1.1. This report is prepared pursuant to Rule 18.3 and 18.6 of the Insolvency Rules (England and Wales) 2016, the purpose of which is to provide creditors with details of the progress of the Administration covering first the six month period anniversary of the Administration, ending on 26 April 2018.
- 1.2. I was appointed as Joint Administrator of the Company, together with Mr M I Field, on 27 October 2017. I am authorised to act as an Insolvency Practitioner in the UK by the Institute of Chartered Accountants in England and Wales and Mr M I Field is authorised in the UK by the Insolvency Practitioners Association. We are both bound by the insolvency code of ethics.
- 1.3. The report should be read in conjunction with the Joint Administrators' proposals issued to creditors on 20 December 2017.
- 1.4. The purpose of the Administration is to achieve a better result for the Company's creditors as a whole than would be likely if the Company were wound up (without first being in Administration).
- 1.5. Identification details regarding the Company and the Administrators are attached at *Appendix A*.

2. Administrators' Receipts and Payments

- 2.1. A summary of our receipts and payments covering the period from 27 October 2017 to 26 April 2018 is attached at *Appendix B1*. A comparison of the Administrator's estimates to actual realisations made to date is also provided to assist creditors in assessing the progress made to date.
- 2.2. As at 26 April 2018 there was a balance in hand of £680,892, after allowing for VAT payable to HMRC. Further details of the realisations and expenses paid is provided below.
- 2.3. Attached at *Appendix B2* is a summary of our trading receipts and payments, relating specifically to trading income and expenditure during the Administration. Creditors will note that continued trading has resulted in shortfall to date of £130,637. This trading loss is likely to increase as there are currently a further £151,277 of trading costs yet to be agreed and settled,



which will take the trading shortfall to around £281,914. In addition, however, there is further income to be recovered in relation to Administration trading debts owed by customers, a significant sum is to be recovered from the acquirer of the customer base in relation to January calls billed after the sale of the customer base by the acquirer and also further sums due from the acquirer of previous customer base in relation to sums it billed and recovered from customers which it had acquired in July 2017 but subsequently decided it did not want and which were (legally) returned to True Telecom.

- 2.4. Accordingly, the final trading loss for the just over three month period of the Administration is currently estimated to amount to £281,914 at worst, but it should be noted that further significant income is expected to be recovered which will significantly reduce the trading loss.
- 2.5. However, as further explained in section 3.3 below, the continued trade was necessary in order to allow the business/customer base to be marketed for sale and to allow negotiations and a sale process to be proceeded with in relation to a likely a sale of the customer base. Had the business ceased to trade upon my appointment, significant assets (the customer base) could not have been realised for the benefit of the Administration estate and the Company's creditors. The sale price achieved for the customer base has significantly exceeded the trading loss which is likely to have been incurred and the professional costs associated with supervising the trading and achieving and completing the sale.

3. Asset Realisations and Details of Progress

3.1. Connected Party Transactions:

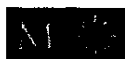
In accordance with Statement of Insolvency Practice 13, I would advise you that there have been no transactions with connected parties.

3.2. Unconnected Party Transactions:

The following asset realisations have been concluded.

3.3. Trading Period

- 3.4. As stated in my proposals, immediately following my appointment, my staff attended the Company's premises in Dartford, Kent, to collate information and to assess the Company's trading prospects, staffing arrangements and the prospects of a successful sale of the business and/or the customer base being achieved, and a trading profit and loss forecast and a cash flow forecast were prepared. It was concluded that the business could be traded on a viable basis for a short period of time in order to seek to achieve a business or customer base sale for the benefit of creditors as a whole, despite the fact that a trading loss was likely to be sustained during the period. Initially it was considered that a trading period of four weeks might be sufficient to market the business and/or customer base for sale and to complete a sale.
- 3.5. The majority of the Company's workforce had been made redundant prior to my appointment with all salary arrears, holiday arrears, and redundancy pay due to them having been paid by



the Company in full. A further 5 employees were immediately made redundant upon my appointment.

- 3.6. As trading progressed further redundancies became necessary, and, in addition, certain employees resigned and left the Company as they had found alternative employment elsewhere by the time of the customer base sale.
- 3.7. The majority of the retained staff worked in customer service related roles assisting customers with any queries and faults they may have had with their service or accounts. Further retained staff worked in finance roles processing customer billing and dealing with supplier queries, as well as assisting the Administrators with the provision of information about the company and to assist the sale progress.
- 3.8. Following the sale of the Company's customer base to Onecom (detailed below), the Company's remaining staff were made redundant with immediate effect and the business effectively ceased to trade on 1 February 2018.
- 3.9. Regarding the trading period, invoices totalling £151,277, which remain outstanding and are yet to be agreed. These include service charges owed to the landlord and sums due to BT for supplies to the Company's customers. The Administrator anticipates that these balances will be reviewed settled within near future.
- 3.10. **Sale of customer base**
- 3.11. As detailed in the Administrators' proposals, we traded the business in Administration with the aim of achieving a business sale, or a sale of the Company's customer list/customer database/customer contracts.
- 3.12. Upon my appointment the business was immediately marketed for sale through a number of channels, including direct contact with interested parties within the directors' business network, the buyer of previous customer bases from True Telecom (Chess ICT), liaising with the Mazars LLP Corporate finance team, issuing a press release to local and national news publications and publishing details of the business sale in a trade publication, and various insolvency "businesses for sale" bulletins.
- 3.13. As a result of the above, a large number of interested parties contacted the Administrators and their staff directly requesting further information.
- 3.14. Interested parties requiring further information were required to sign a Non-Disclosure Agreement ("NDA") as drafted by our solicitors, Stevens & Bolton LLP.
- 3.15. A total of 35 interested parties expressed an interest in acquiring the business and/or customer base, signed an NDA and received information in relation to the business, its customer database and monthly profit margin, the other assets, staff and financial information, all on a confidential and redacted basis (where necessary) for commercial and Data Protection Legislation reasons. Of these 35 interested parties, 14 proceeded to make a formal offer for the business and/or the customer base.



- 3.16. Offers were then assessed based on amounts offered, the terms of the proposed acquisition, the potential buyer's ability to pay (immediately, with no deferred element), and the ability to complete the sale quickly.
- 3.17. An offer from another telecoms provider, Onecom Limited ("Onecom"), was accepted, subject to contract, on 23 November 2017. The offer was for the Company's customer base only and was based, initially, on a multiple of the monthly gross profit margin being achieved in relation to the Company's current customer base.
- 3.18. Although it was initially anticipated that the sale would be concluded very quickly, Onecom's due diligence ("DD") process took longer than anticipated. When last we reported to creditors, it was hoped that the sale would be concluded prior to the end of 2017.
- 3.19. The retained staff and our own staff and solicitors, as necessary, provided all necessary information and cooperation, as requested by Onecom, to assist it with its "DD" process.
- 3.20. My solicitors, Stevens & Bolton LLP, were engaged to draft the sale agreement and assist and advise with the sale process.
- 3.21. I am pleased to report that following a further prolonged period of due diligence and further negotiation in relation to a number of issues, the sale of the customer base was concluded on 1 February 2018 for a consideration of £900,000.
- 3.22. **Deferred customer base sales consideration (sales pre-appointment)**
- 3.22.1. Upon my appointment, it was estimated that the Company was owed approximately £1,441,500 in respect of deferred consideration owed from previous customer base sales to one telecommunications provider, Chess ICT Limited ("Chess").
- 3.22.2. The Company had engaged in numerous customer base sales in the years prior to my appointment. As a result of these sales, the Company is due to receive deferred consideration in accordance with the terms of each of the sale agreements in relation to four sales which had been completed in the 12 months or so prior to our appointment, the sum payable being dependent upon customer retention and profit margin received in an 18 month period post completion or each respective sale.
- 3.22.3. The payment of this deferred consideration is due to be paid on a staged basis linked to the date of the original sale. The majority of the consideration is due to be paid at various points during 2018.
- 3.22.4. I would confirm that, at the date of this report, a total of £131,565 has been realised in this regard, although this is really additional initial consideration due in relation to a customer base sale in July 2017, and is in addition to the £1,441,500 mentioned above.
- 3.22.5. The Administrators are in communication with the buyer of the bases, and will seek to pursue the outstanding sums, with the assistance of former True Telecom staff and/or legal assistance if necessary, during the next 12 months.



3.23. Debtor contribution to cost

- 3.23.1. As stated above, prior to my appointment, the Company had engaged in a number of customer base sales to another telecommunications provider.
- 3.23.2. All customers sold had previously been migrated to the buyers, however, as part of the sale agreement, the Company was still paying the underlying service cost to the supplier who *provided the customers with their telecommunications services*.
- 3.23.3. The buyer would then reimburse the Company for any services it had paid for in relation to the buyer's customers, with the final payment due to be received in late January 2019.
- 3.23.4. As previously reported, the amount of £16,568, has been received from the buyer, in respect of this contribution to costs relating to the pre-appointment period.
- 3.23.5. An amount of £53,008 has also been received thus far from the buyer relating to the trading period. We are currently reviewing whether any other sums are due.
- 3.23.6. I can confirm that in the latter part of the Administration trading period, all supplier payments were being made by the buyer directly in relation to the sold customer base, and, therefore, there is a point after which no further contributions to costs are due.

3.24. Book debts/pre-appointment customer payments

- 3.25. During the period since our appointment to 26 April 2018, I can confirm that the amount of £73,780 has been collected in respect of pre-appointment customer billing (outstanding debts) for telecommunications services provided prior to the Administration. It is estimated that these debts totalled £90,373 at the time of my appointment and the collection of the remaining debts of £16,593 is ongoing. This sum relates to billing for services, billed in mid-October, and provided in October 2017, or billed before October 2017.

3.26. Eazipay bond refund

- 3.26.1. As creditors may recall, the direct debit collection agent held an indemnity bond in respect of *potential indemnity claims/ claw backs they received against collections made*.
- 3.26.2. At the date of this report, a net repayment of £1,380 has been received from Eazipay in respect of the bond held at the date of our appointment. No further recovery is expected.

3.27. Chattel assets – office furniture & equipment

- 3.27.1. Upon my appointment, I instructed specialist insolvency asset valuers, Wyles Hardy & Co Limited ("Wyles Hardy"), to conduct a review, and prepare an inventory and valuation of the Company's chattel assets.
- 3.27.2. The Company's chattel assets comprise mainly of computer hardware and other IT equipment as well as office furniture.
- 3.27.3. Wyles Hardy valued the Company's chattel assets at £22,600 on an in-situ basis, and £9,100 on an ex-situ ("break up") basis.



3.27.4. Wyles Hardy took the decision to abandon the office furniture on site for economic reasons.

3.27.5. Immediately following the sale of the Company's customer base and the cessation of trade all of the Company's IT equipment as well as TVs and sundry other office equipment was sold for £6,450. The consideration received from the sale of the assets is currently held by Wyles Hardy and will be remitted to the Administrator in the near future.

3.28. Cash in hands of third party

3.28.1. The sum of £160,000 was transferred to my firm's client account prior to the Company entering into Administration, in order that certain trading costs could be paid if necessary by the Administrators immediately following their appointment given that the Company's existing bank account would be frozen. This cash in hands of third party was transferred to the Administration bank account immediately following my appointment.

3.29. Cash at bank

3.29.1. Following my appointment, I formally notified the Company's bankers, HSBC Bank plc ("HSBC" or "the Bank"), of my appointment and sought that the Company's bank account be frozen and closed and that the small credit balance held be remitted to me.

3.29.2. I confirm that I have received £1,778 in respect of the credit balance held at HSBC as at the date of our appointment.

3.30. Bank interest

3.30.1. Bank interest (gross) in the sum of £245 has been earned during the period covered by this report, on funds held in the company's Administration account.

4. Assets still to be realised

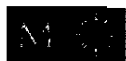
4.1. The assets still to be realised comprise:

4.2. Deferred customer base sales consideration (sale pre-appointment)

4.3. As detailed above, it is estimated that the Company is owed approximately £1,441,500 in respect of deferred consideration owed in respect of previous customer base sales to one telecommunications provider.

4.4. The payment of this deferred consideration is due to be paid on a staged basis linked to the date of the original sale. The majority of the consideration is due to be paid at various points during 2018, with the final payment due to be received by January 2019.

4.5. The Administrators have recently formally written to the acquirer seeking payment of the initial instalment due and will seek to pursue the other outstanding sums during the next 18 months.



4.6. **Directors' Loan Accounts**

- 4.7. Investigations are still continuing regarding the exact position concerning the directors' loan accounts.
- 4.8. As creditors may recall, the directors advised that they each provided £1,968,529 as a loan to the Company in order to provide initial funding when the Company was established and commenced trading. At the date of Administration, they advised that they were owed approximately £1,235,000 in total between them however, the actual position remains unclear.
- 4.9. The Company's filed accounts, for example, for the year ended 30 September 2015 indicate that a company that has since been struck off, Select Calls Limited, was owed £3,845,175 at that date, and not the directors, and that the directors owed the Company £1,881,950 in respect of overdrawn directors' loans.
- 4.10. The Administrator will very shortly write to the Company's directors seeking specific information in relation to their claims, as well as writing to the Company's accountant seeking further information and documentation. The next steps in dealing with the above matter will be dependent on the responses received from the directors.

4.11. **UK Weather Forecast Limited**

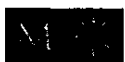
- 4.12. As creditors will recall, the Company paid expenses on behalf of a connected Company, UK Weather Forecast Limited ("UKWFL"), a company owned by the Company's two directors.
- 4.13. These expenses related to the wages owing to the sole employee of UKWFL, costs owing to the Met Office for the raw weather data, and server costs for hosting the service.
- 4.14. This was treated as a loan by the Company to UKWFL.
- 4.15. The Company's records suggest that the sum of £250,279 was due from UKWFL as at the date of our appointment.
- 4.16. The Administrators will seek to investigate and recover the sum due, although it is understood that UKWFL has no funds and very few assets unless its significant Facebook following has a potential value and can be sold.

4.17. **Book debts**

- 4.18. As detailed above, at the date of appointment, the Company had a debtors' ledger relating to outstanding customer payments in the sum of £90,373 and £73,780 has been recovered to date. Work pursuing the remaining debtors is ongoing.

4.19. **Rent deposit**

- 4.20. As stated previously, the Company traded from a leasehold office in Dartford, Kent.
- 4.21. According to the Company's directors, the landlord holds a rent deposit from the Company in the sum of £65,000.



- 4.22. It is my understanding, however, that the Company did owe arrears of rent as at the date of our appointment.
- 4.23. As above, the property was vacated in very early February 2018, and a surrender of the lease has been sought from the landlord's agent, but without success so far. We will continue to liaise with the landlord in respect of the rent deposit and the surrender of the lease and assess any claims made by the landlord, such as for dilapidations and future rent due under the lease. As creditors may be aware, such claims could possibly be set-off against any rent deposits which may be held by the landlord.
- 4.24. Accordingly, at this time it is uncertain whether any recoveries will be made in this regard, and it should be pointed out that the landlord's current agent denies that a rent deposit actually exists. Our investigations into the matter are continuing.
- 4.25. **Debt owed from third party for services supplied to its customers**
- The Company is owed funds of approximately £4,900 from Invev Group Limited relating to services provided prior to my appointment as Administrator. This debt is still being pursued.
- 4.26. **Corporation Tax refunds**
- 4.27. I have referred the Company's Corporation Tax affairs to my firm's Tax department for review in order to ascertain whether a Terminal Loss Relief claim could possibly be made in respect of any Corporation Tax that may have been paid by the Company in recent years, and which may be able to be set against any trading losses sustained in the period prior to my appointment. A return of tax paid may be possible, but it is more likely that any refund will be offset by HM Revenue and Customs against other sums owed to it.
- 4.28. **Credit Card Collection Agent Receipts**
- 4.29. The Company's credit card collections agent processed credit card payments made by customers who did not pay by Direct Debit.
- 4.30. The Company's credit card collections agent has remitted to the Administrators since 26 April 2018 the sum of £4,985 in respect of card payments collected. This relates to card payments received pre and post appointment but in relation to pre-appointment suppliers and invoices. This sum will be allocated between debtors and trading income, as appropriate, in due course.

5. Estimated Outcome Statement

- 5.1. An estimate of the outcome of the Administration is attached at *Appendix C*.
- 5.2. It is expected that preferential creditors will be paid in full.
- 5.3. Based on expected realisations and payments, it is anticipated that the Administration will be converted to a Liquidation to enable a dividend return to be paid to the Company's unsecured creditors.



- 5.4. As stated in my Proposals, and now that the sale of the Company's customer base has been completed, the level of return to creditors is now largely based on the recovery of the deferred consideration, in the sum of £1,441,500 due in respect of a previous, pre-Administration customer base sales.
- 5.5. Given that the deferred consideration has not yet been recovered, the estimated outcome statement has been prudently prepared based on the funds realised to date.
- 5.6. Further details on the expected outcome for each class of creditor is provided below.

6. Liabilities

6.1. Secured Creditors

- 6.1.1. There is no secured creditor in this case.

6.2. Preferential Creditors

- 6.2.1. Preferential claims arise from arrears of wages and accrued, unpaid holiday pay due to the former employees of the Company who did not receive their full entitlements on redundancy, prior to the Administration.
- 6.2.2. The majority of the Company's employees were made redundant in mid-October 2017, and prior to my appointment as Administrator. It is my understanding that no further sums are owed to these employees.
- 6.2.3. I made 5 employees, who were all on maternity leave, redundant on the date of my appointment being 27 October 2017, as their roles within the Company had been made redundant prior to my appointment.
- 6.2.4. I retained 18 employees (including the 2 directors) to continue to trade the business in order to allow the Administrators to market and sell the customer base/business.
- 6.2.5. Of the 18 retained employees, 3 resigned during the Administration trading period to pursue other opportunities. In order to keep trading costs down, the Administrators made the other 15 staff redundant on a staged basis throughout the trading period. The remaining employees were made redundant on 1 February 2018 on completion of the customer base sale.
- 6.2.6. These former employees have, with our assistance, submitted claims under the provisions of the Employment Rights Act 1996 ("ERA") to the Redundancy Payments Service ("RPS") and it is understood that payments have been, or will be made to them by the RPS, up to the relevant statutory limits which apply under the ERA.
- 6.2.7. Preferential claims are estimated to be £18,351 which includes unpaid wages totalling £9,764 and accrued unpaid holiday pay totalling £8,587. Employees have submitted claims with the Redundancy Payments Service ("RPS") for these entitlements up to the statutory limit. The RPS will have a subrogated preferential claim in the Administration and any amounts owing to employees in excess of the statutory limits will be claimed in the Administration.

- 6.2.8. According to Nest Pensions, a sum of £789 is outstanding regarding True Telecom's pre-appointment pension contributions. The Administrators have instructed Insol Group, a company which specialise in advising Insolvency Practitioners regarding pensions and ERA matters, to calculate and submit final schedules to nest and to deal with a claim to the RPS, should this be appropriate.
- 6.2.9. As indicated in the Estimated Outcome Statement, included at *Appendix C*, assuming that realisations and expenses are as anticipated, it is likely that preferential creditors will be paid in full.

6.3. Unsecured Creditors

- 6.3.1. According to the directors' statement of affairs, the Company had outstanding creditors at the date of appointment totalling £1,645,920 which include the unsecured creditor claims as well as preferential employee claim. It must be noted that some of the employee claims will be preferential and form part of the estimated preferential liability stated in section 6. Claims received to date total £1,363,639.
- 6.3.2. Creditors will note, from the Estimated Outcome Statement, included at *Appendix C*, that, assuming that realisations and expenses are as anticipated, there will be sufficient funds to be transferred to the Company's liquidation estate to enable a return to creditors. The quantum of the return is dependent on the continued recovery of book debts and most notably the deferred consideration due from previous, pre-Administration customer base sales as well as future costs.
- 6.3.3. As stated above, it is anticipated that the Administration will be converted to a liquidation in order to make a return to unsecured creditors. Therefore, the surplus of funds in the Administration will be transferred to the subsequent Liquidator for the benefit of the liquidation estate.

7. Prescribed Part

- 7.1. In accordance with Section 176A of the Insolvency Act 1986, a proportion of the Company's net assets are to be set aside for the benefit of the Company's unsecured creditors where the Company has granted a floating charge after 15 September 2003. This is calculated as being 50% of the first £10,000 of net property and 20% of net property thereafter subject to a maximum fund of £600,000. Net property is defined as being the realisations from assets subject to the floating charge after costs and after settlement of the preferential creditors' claims.
- 7.2. As there is no floating charge, the prescribed part does not apply in this instance.

8. Investigations

- 8.1. As advised in the Administrators' proposals, in accordance with the Company Directors Disqualification Act 1986, the Joint Administrators are required to investigate the affairs of the Company and the conduct of the directors during the three years prior to the Administration.



The Joint Administrators can confirm that this obligation has been complied with and a confidential report was submitted to the Insolvency Service on 25 January 2018.

- 8.2. In accordance with Statement of Insolvency Practice 2, the Joint Administrators also carried out an initial assessment to identify any actions which may lead to recoveries in the Administration and to consider any further investigations which may be required. Following this initial review further investigations are being carried out in respect of loans made to the Company and overdrawn Directors' Loan Accounts. Investigations are still ongoing in this regard and I shall revert to creditors on completion of these investigations.
- 8.3. Should creditors have any information which they consider may assist the Joint Administrators in carrying out their investigations, or be aware of any matters which they believe should be brought to the attention of the Administrators, please provide details in writing to this office. This request for information forms part of our usual investigation procedure and does not imply that there may be any cause of action lying against any person concerned in the Company's affairs.

9. Pre-Administration Costs

- 9.1. The pre-Administration costs totalled £14,246, as set out below. These costs were incurred before the Company entered Administration but with a view to it doing so. Confirmation and approval of the costs was obtained at a meeting of the Creditors' Committee held on 9 January 2018.

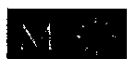
Recipient	Nature of work provided	Amount incurred (£)	Amount paid (£)
Mazars LLP	Advice to the Company and work required to place the Company in Administration	13,964	13,964
Stevens & Bolton LLP	Legal advice provided to the Directors and drafting the necessary documentation in respect of placing the Company into Administration.	282	282
The majority of Stevens & Bolton LLP's pre-appointment costs were paid by the Company pre-appointment. The residual balance of £282, however, was paid from the Administration estate.			
Total		14,246	14,246



10. Administrators' Remuneration

A resolution was passed by the Creditors' Committee at a meeting held on 9 January 2018, enabling the Joint Administrators to draw remuneration by reference to the time properly spent by the Administrators and their staff in dealing with the matters arising during the Administration, subject to the Fees Estimate of £369,575, issued to creditors alongside my Proposals on 20 December 2017.

- 10.1. Attached at **Appendix E1** is a comparison of the Administrators' Fees Estimate to actual time costs incurred during the six month period from 27 October 2017 to 26 April 2018, which total £414,644, representing 1,768 hours at an average hourly rate of £234.
- 10.2. Attached at **Appendix E2** is a narrative summary of the Administrators' time costs, which provides further information on the work carried out during the current reporting period, why the work was necessary and how the work has provided a financial benefit to creditors.
- 10.3. As at 26 April 2018, an amount of £275,000 had been drawn against the Administrators' time costs in respect of the Administration.
- 10.4. Based on the time costs incurred to date and the expected future work to allow the completion of the Administration, it is now estimated that the Administrators' time costs will total £526,686.
- 10.5. Further fee approval is being sought from the Creditors' Committee, being the body of creditors who approved the basis of the Administrators' remuneration on 9 January 2018. The Administrators' original Fees Estimate is attached at **Appendix E3**, together with a Revised Fees Estimate at **Appendix E4**, which includes information on the additional work undertaken already and to be undertaken and the anticipated cost of that work.
- 10.6. As referenced in **Appendix E2**, the central contributing factors to the time costs to date exceeding the original fees estimate can be attributed to the trading period continuing for substantially longer than originally envisaged when the fees estimate was prepared and issued with our proposals, various difficulties surrounding the completion of the sale of the customer base to Onecom and the additional time that took to complete.
- 10.7. The firm's charge out rates are reviewed annually on 1 September and, in common with other professional firms, may increase over the period of the administration of a case. The rates are appropriate to the skills and experience of the team members and the work that they perform. All staff that work on the case, including cashiers, support and any secretarial staff charge their time directly to the assignment. Time is recorded in 6 minute units with supporting narrative to explain the work undertaken.
- 10.8. The charge out rates of the team members employed on the assignment during the period covered by this report remain the same as those disclosed in the Joint Administrators' proposals, and details are attached at **Appendix E5**.



11. Administrators' Disbursements

- 11.1. Disbursements are expenses paid by this firm in the first instance and subsequently re-charged to the estate when there are sufficient funds. There are two categories of disbursements, including Category 1 (payments directly to independent third parties) and Category 2 (costs incurred by the Joint Administrators or this firm that can be allocated to the case on a proper and reasonable basis).
- 11.2. Category 2 disbursements require approval in the same manner as remuneration, and we can advise creditors that a resolution was passed on 9 January 2018 by the Creditors' Committee in agreement of the anticipated Category 2 disbursements of the Joint Administrators.
- 11.3. Further details of the rates agreed are provided within the Rates and Disbursements policy which was provided in the Joint Administrators' proposals on 20 December 2017 and which is attached again at **Appendix E5**.
- 11.4. Details of disbursements incurred in the period and whether they constitute Category 1 or Category 2 disbursements, are provided below. Details of disbursements paid during the period is provided within the attached receipts and payments account, attached at **Appendix B1**.

Type of Disbursement	Description	Amount incurred in period (£)
<u>Category 1</u>		
Specific bond	It is a legal requirement that I take out a specific bond in respect of the value of the assets. The bond paid to JLT Specialty Ltd was £743.	743
Subsistence	The cost of food and drink for my staff whilst they were working at the Company's site/staying overnight.	106
Accommodation	This expense represents the cost of hotel accommodation for my staff to save on frequent consecutive days travel to and from site.	407
Parking Charges	This expense represents the cost of parking during the trading period.	13
Staff Welfare	During the trading period food and drink was bought for the retained employees to keep up staff morale, and to show gratitude for their hard work in a difficult scenario, and in lieu of any other Christmas event.	205
Marketing to interested parties	This expense relates to food and drink provided at a meeting with an interested party in order to market and sell the business/meeting with interested parties on site.	9
Printing	The cost involved in printing the Administrators' proposals.	43
	Total Category 1	1,526

<u>Category 2</u>		
Mileage	This expense represents the costs of travelling to and from the Company's premises by the Administrators' staff in order to assist with and monitor trading of the business and enable a sale of the Company's customer base.	3,246
Postage	The cost involved in posting the Administrators' proposals documents to creditors.	73
	Total Category 2	3,319
Total		4,845

12. Expenses

- 12.1. Details of all expenses incurred during the period covered by this report and likely future expenses are provided in the Expenses Statement attached at **Appendix D**. This also includes a comparison to the original Expenses Estimate.
- 12.2. Further details of expenses paid during the period of the report are shown in the receipts and payments account at **Appendix B**.
- 12.3. I have reviewed the expenses incurred to date and I am satisfied that they are reasonable in the circumstances of the case.

13. Creditors' Rights

13.1. Further information

- 13.1.1. I would advise you that, pursuant to Rule 18.9 of the Insolvency (England and Wales) Rules 2016, a secured creditor or an unsecured creditor with concurrence of at least 5% in value of the unsecured creditors or an unsecured creditor with permission of the Court, may, within 21 days of receipt of this progress report, ask the Administrators for further information about the remuneration and expenses set out in this progress report.

13.2. Apply to Court

- 13.2.1. Additionally, pursuant to Rule 18.34 of the Insolvency (England and Wales) Rules 2016, a secured creditor or an unsecured creditor with concurrence of at least 10% in value of the unsecured creditors or an unsecured creditor with the permission of the Court may, within 8 weeks of the receipt of this progress report, apply to the Court on one or more of the following grounds:
 - a. That the remuneration charged by the Administrators, or
 - b. That the basis fixed for the remuneration, or

- c. That the expenses incurred by the Administrators, are in all of the circumstances, excessive or inappropriate.

13.3. Further guidance

- 13.3.1. Creditors can find additional information on their rights relating to Administrators' fees in a copy of the publication "A creditors' guide to Administrators' Fees", which is available to download from

<https://www.r3.org.uk/media/documents/publications/professional/R3-Guide-to-Creditors-Committees.pdf>

or, alternatively, will be provided free of charge upon written request to this office.

14. Extension of Administration

- 14.1. It is not expected that the Administration will be extended.
- 14.2. It is intended/likely that the Administration will be converted to a liquidation in order to allow any outstanding assets yet to be realised as well as allowing unsecured creditor claims to be agreed a return to be paid to the unsecured creditors.

15. Discharge of liability

- 15.1. In accordance with Para 98(2) of Schedule B1 of the Insolvency Act 1986, I am seeking a decision in respect of my discharge from liability, which I would like to propose commences 14 days after my final progress report is issued.
- 15.2. Accordingly, we will be writing to the Creditors' Committee with this report asking its members to consider such a resolution.

16. Ending the Administration

- 16.1. I will continue to investigate the Company's affairs and seek to recover unrealised assets as stated in section 4 above.
- 16.2. I will also seek to agree preferential creditor claims and make payment of a preferential dividend of 100p/£.
- 16.3. It is expected that the Administration will be converted to a Creditors' Voluntary Liquidation once the preferential dividend has been paid, and prior to the anniversary of my appointment. Once in liquidation, I will be able to seek to agree unsecured creditor claims and make and unsecured dividend distribution.



MAZARS

16.4. It is anticipated that the Administration will be converted prior to 27 October 2018, being the first anniversary of my appointment as Joint Administrator.

A handwritten signature in black ink, appearing to read 'TCH Ball'.

T C H Ball
Joint Administrator

Dated 25 May 2018

TCHB is authorised to act as an insolvency practitioner in the UK by the Institute of Chartered Accountants in England and Wales and is bound by the Insolvency Code of Ethics

The affairs, business and property of the Company are being managed by the Joint Administrators.

The Joint Administrators act as agents of the Company and without personal liability

True Telecom Limited - In Administration
- Identification Details

Details relating to the Company

Company name	True Telecom Limited
Previous names	Pure Telecom UK Limited
Trading name	True Telecom
Company number	08225783
Registered office	c/o Mazars LLP, 90 Victoria Street, Bristol, BS1 6DP
Former trading address	Ground Floor, Lakeview West Galleon Boulevard, Crossways Business Park, Dartford, DA2 6QE
Court	The High Court of Justice Business and Property Courts
Court reference	CR2017 of 7901

Details relating to the Joint Administrators

Date of appointment	27 October 2017
Joint Administrators	T C H Ball and M I Field IP Nos 008018 and 009705
Joint Administrators' functions	All acts required to be done by the Joint Administrators, may be done by either or both, acting jointly or alone
Joint Administrators' address	Mazars LLP, 90 Victoria Street, Bristol, BS1 6DP
Appointed by	Court order following application by the Directors
Joint Administrators' contact telephone number	0117 928 1700

True Telecom Limited – In Administration
Summarised Receipts & Payments account for the period from
27 October 2017 to 26 April 2018

	Estimated to realise per Administrators’ estimated statement of financial position £	Receipts & payments from 27 October 2017 to 26 April 2018 £
RECEIPTS		
Office furniture & equipment	9,100	-
Book debts – sums due from customers as at appointment	90,373	73,780
Cash at bank	1,743	1,778
Cash in hands of 3 rd party	160,000	160,000
Pre-appointment debt re supplies paid on behalf of a third party	16,567	16,568
Deferred consideration re prior customer base sales	Uncertain	131,565
Sale of customer database/contracts	Uncertain	900,000
Indemnity bond held by direct debit collection agent	1,288	1,380
Loan to UK Weather Forecast Limited	Uncertain	-
Customer payments by credit card in the hands of third party	2,661	-
Debt owed by third party for services provided to its customers	4,900	-
Rent deposit	Uncertain	-
Bank interest (gross)	-	245
	Uncertain	1,285,316
PAYMENTS		
Mazars LLP’s pre-appointment Fees		13,963
Administrators’ Fees		275,000
Administrators’ disbursements		4,844
Legal fees in relation to Administration, and sale of customer base to Chess		151,879
Agents’ fees in relation to Company pension scheme		510
Migration fee re sale of customer base to Onecom		25,325
Property expenses		275
Direct debit collection fees (re pre-appointment collections)		1,826
Statutory advertising (re appointment)		78
Loan to UK Weather Forecast Ltd		87
Trading loss (See note a)		130,637
		604,424
BALANCE		680,892

REPRESENTED BY

Balance held in interest bearing current account

789,940

Net VAT payable

(109,048)

680,892

Notes

- a) Detailed in trading account – Appendix D2.

True Telecom Limited – In Administration
Summarised Trading receipts & Payments Account for the period from
27 October 2017 to 26 April 2018.

	Trading receipts & payments settled at 26 April 2018	Outstanding Trading Receipts and Payments to be settled	Total
	£		
SALES			
Customer billings recovered	170,772	Uncertain	170,772
	170,772	-	170,772
DIRECT COSTS			
Employee wages (net)	91,806	-	91,806
PAYE & NIC	41,192	-	41,192
Pension contributions	897	-	897
	133,895	-	133,895
DIRECT PURCHASES			
Supplier purchases	133,341	94,905	228,246
Third party contribution to supplier cost	(53,008)	Uncertain	(53,008)
	80,333	94,905	175,238
EXPENSES			
Rent & service charge	56,475	46,181	102,656
Business rates	10,811	10,000	20,811
Heat & Light & Electricity	4,245	-	4,245
Office Maintenance / inspection	119	-	119
Office email system	279	-	279
Company website support	473	-	473
Direct debit collection fee	4,431	-	4,431
Professional fees (payroll and pension administration)	694	191	885
Ombudsman fees and charges	3,907	-	3,907
Office telephones & router costs	3,800	-	3,800
Fine re Dartford crossing charge (this charge has now been refunded)	1,947	-	1,947
	87,181	56,372	143,553
Trading profit/(loss)	(130,637)	(151,277)	(281,914)

True Telecom Limited- In Administration				
Estimated Outcome Statement as at 26 April 2018				
	Estimated to realise per Administrators estimated statement of financial position £	Receipts and Payments		
		Period 27 October 2017 to 26 April 2018 £	Estimated future realisations/ payments £	Total £
Uncharged assets				
Office furniture & equipment	9,100	-	6,450	6,450
Book debts – sums due from customers as at appointment	90,373	73,780	Uncertain	73,780
Cash at bank	1,743	1,778	-	1,778
Cash in hands of 3rd party	160,000	160,000	-	160,000
Pre-appointment debt re supplies paid on behalf of a third party	16,567	16,568	-	16,568
Deferred consideration prior customer base sales	Uncertain	131,565	Uncertain	131,565
Sale of customer database/contracts	Uncertain	900,000	-	900,000
Indemnity bond held by direct debit collection agent	1,288	1,380	-	1,380
Loan to UK Weather Forecast Limited	Uncertain	-	Uncertain	-
Customer payments by credit card in the hands of third party	2,661	-	2,661	2,661
Debt owed by third party for services provided to its customers	4,900	-	4,900	4,900
Credit Card Collection Agent Receipts	-	-	4,985	4,985
Rent deposit	Uncertain	-	Uncertain	-
Bank interest (gross)	-	245	Uncertain	245
		1,285,316	Uncertain	1,304,312
Less: Costs of realisation				
Loan to UK Weather Forecast Ltd		87	-	87
Mazars LLP's pre appointment Fees		13,963	-	13,963
Administrators' Fees		275,000	251,686	526,686
Administrators' disbursements		4,844	155	4,999
Legal fees in relation to Administration, and sale of customer base to Chess		151,879	-	151,879
Agent fees in relation to Company pension scheme		510	-	510
Fine re Dartford crossing charge (this charge has now been refunded)		-	(1,947)	(1,947)
Migration fee re sale of customer base to Chess		25,325	-	25,325
Property expenses		275	-	275
Direct debit collection fees		1,826	-	1,826
Statutory advertising		78	78	156
Agent fees in relation to sale of chattel assets		-	9,823	9,823
Estimated future legal fees in relation to deferred consideration, other investigations and issues		-	15,000	15,000
Insurance costs		-	1,000	1,000
Agents' fees re lease valuation		-	275	275
Agent fees in relation to ERA Claims		-	1,652	1,652
Trading loss		130,637	151,277	281,914
		604,424	428,999	1,033,423
Funds Available for Preferential Creditors				270,889
Less Preferential Creditors' Claims				(18,308)
Estimated funds available for unsecured creditors prior to accounting for liquidation costs				252,581

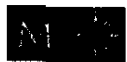
Note 1. As Creditors will note, it is anticipated that preferential creditors will be paid in full and it appears likely that sufficient funds will be available to allow a modest distribution to be made to the Company's unsecured creditors in the subsequent liquidation.

True Telecom Limited – In Administration

Expenses Estimate

The total estimated Administration expenses are detailed below, together with an explanation as to why those expenses are required to be incurred.

Type of Expenditure	Requirement for Expenditure	Expenses incurred to date (£)	Expenses likely to be incurred in future (£)	Likely total cost (£)
Professional advisors' costs				
Legal fees and disbursements	<p>Stevens & Bolton LLP ("Stevens & Bolton") have been instructed to provide advice to the Administrators in relation to various matters arising during the Administration.</p> <p>In particular, Stevens & Bolton are or have been advising in relation to:</p> <ul style="list-style-type: none"> • The initial marketing and negotiations with interested parties (bidding procedure), particularly with regard to drafting and issuing Non-Disclosure Agreements. • The sale of business, including drafting the Sale Agreement and negotiations with buyer's solicitors and assisting with the provision of certain information to the potential buyer. • Customer migration arrangements / agreement with billing platform company which holds the billing data. • Issues surrounding trading including correspondence with Ofcom and the Ombudsman / correspondence, recent decisions and responding of outstanding remedies, including advising and assisting with responses. • Issues relating to suppliers / ensuring ongoing supply of services. • Deed of assignment/settlement term with previous pre-appointment purchaser of customer base (to help facilitate sale of base). • Issues surrounding the collection of the deferred sale consideration relating to pre-appointment customer base sales. • Employees 	151,879	Nil	879

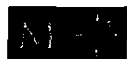


	<p>As at 26 April 2018, Stevens & Bolton had incurred costs of £151,879. Its fees have been agreed on a time cost basis which have been reviewed and agreed by the Administrators.</p> <p>This firm of solicitors was chosen based on their experience in insolvency matters.</p>			
Asset agents' fees and disbursements	<p>Wyles Hardy Ltd (Wyles Hardy) were engaged to provide an independent professional valuation of the Company's physical assets. i.e. its office furniture and IT equipment. I can confirm that their costs for the valuation were £1,853 with additional disbursements of £283. These have been incurred to date.</p> <p>Wyles Hardy were then asked to advise with regard to sale of the Company's assets post cessation of trading and to deal with that sale. Their total costs have amounted to £9,823 including some disbursements, but these costs are still to be agreed.</p> <p>I have instructed Wyles Hardy because of their experience in providing such valuations in an insolvency scenario. Wyles Hardy has confirmed their independence to this firm and also to the Company.</p>	9,823	-	9,823
Property agents' fees re lease review / valuation	<p>We have instructed PHD Property Advisory Limited ("PHD") to advise in respect of the Company's leasehold property and any premium value attaching to it.</p> <p>PHD have been engaged because of their experience in providing such advice in an insolvency scenario.</p> <p>The fees are estimated to be £275.</p>	Nil	275	275
Pension and ERA agents' fees	<p>Insol Group Limited have been instructed to assist with the review of any pension schemes linked to the Company, statutory notices, and with assisting with the winding up of such schemes, as well as resolving any issues arising, as appropriate. They are also assisting with the pension scheme applicable to those staff retained during the trading period, and pension arrears owed at the date of appointment.</p> <p>They were chosen because of their experience in an insolvency scenario.</p> <p>Their fee basis is to be agreed, but it is anticipated that a fixed fee basis will be agreed. It is estimated that this expense will amount to £1,652.</p>	1,152	500	1,652



Other expenses				
Trading period loss	<p>As stated previously, the decision was taken to trade the business in Administration in order to seek sell the business as a going concern or the customer base, resulting in a significant additional realisation for the benefit of the Administration Estate.</p> <p>The stated loss paid to date has been stated as £130,637. The total loss estimated up until 1 February 2018 is expected to amount to £286,914 when all sums have been recovered/ paid. I would refer creditors to the trading receipts and payment account at Appendix B2 for further information relating to all trading income and expenditure.</p> <p>This loss reflects all expenses incurred in the Administration trading period including but not limited to retained employee payroll, employee NIC/PAYE, employee pension contributions, supplier payments, payroll services, maintenance, rent, rates, and utilities.</p> <p>The loss has been prudently estimated at various points throughout the trading period and every effort has been made to seek to minimise the loss.</p>	130,637	151,277	281,914
Corporation Tax	<p>It is likely that Corporation Tax will be payable in respect of the interest accrued whilst surplus funds are held on an interest-bearing deposit account.</p> <p>It is also possible that there may be additional tax to pay on completion of trading and / or the realisation of assets.</p>	-	uncertain	uncertain
Statutory Advertising	<p>Costs are to be paid to TMP (UK) Limited for statutory advertising requirements including London Gazette advertisements for notice of the appointment, and any subsequent statutory notice.</p> <p>£78 has been incurred in the Administration to date.</p>	78	78	156
Insurance of assets	<p>I am required to insure the Company's assets until they are disposed of. I am also required to provide certain insurances in relation to ongoing trading and the Company's leased premises until surrendered.</p> <p>My insurance brokers JLT Specialty Limited, have provided a premium schedule amounting to £618 for the initial three months since appointment.</p>	618	382	1,000

Debt collection fees	<p>The Company's direct debit collection agent collects Direct Debit payments from customer billing. The sum of £1,817 has been incurred to date and relates to their costs for collecting the Direct Debit payments of the pre-appointment customer debts (service provided and invoiced prior to our appointment)</p> <p>Their costs for collecting post-appointment customer payments has been reflected in the trading loss (as above).</p>	1,817	-	1,817
Billing platform migration fee on sale	<p>The Company's billing platform company process the customer bills (analysis of customer service usage and provision), and holds all customer billing data.</p> <p>The sum of £25,325 relates to an agreed cost for migrating the customer billing information to the buyer of the customer base to enable them to process bills in future.</p>	25,325	-	25,325
Sundry expense re UK Weather forecast Limited	The sum of £87 was paid on behalf of UK Weather Forecast Limited in order to pay for ongoing server usage to preserve potential value in this connected company which owes the Company £250,279.	87	-	87
Property expenses	Austin Security were instructed to secure and change the locks of the Company's premises following the Company's cessation of trade.	275	-	275
Bank charges	I may incur charges in relation to the operation of the Administration bank account/s.	-	50	50
Mazars LLP's Pre-appointment costs	<p>My firm's pre-Administration costs total £13,964.</p> <p>The nature and quantum of these costs are fully detailed in Section 16 of the Proposals and further information is provided at Appendices E1 and E2.</p>	13,964	-	13,964
Administrators' remuneration	<p>Management of the Company's affairs in order to achieve the objective of the Administration. Realising and distributing the Company's assets and performing those tasks required as dictated by statute, best practice and ethical requirements.</p> <p>Please see section 12 of the Progress Report and Appendix E5 for further information relating to the Administrators' remuneration.</p> <p>To date the Administrators have incurred time costs of £414,644 representing 1,768 hours at an average hourly rate of £234.</p>	414,644	112,042	526,686



MAZARS

Administrators' disbursements	Disbursements are expenses paid by this firm in the first instance and subsequently re-charged to the estate when there are sufficient funds. Further information on disbursements is provided within Section 11 of the report. To date disbursements of £4,845 have been incurred.	4,845	155	5,000
Total		755,144	264,759	868,903



True Telecom Limited - In Administration
Administrators' analysis of time costs
and comparison to Fees Estimate

The Joint Administrators' total Fees Estimate as approved by the Creditors' Committee on 9 January 2018 was £369,575.

As detailed in Section 10 of the report, total costs incurred to date are £414,644.

The following table provides details of the Administrators' actual time costs incurred in the current reporting period, 27 October 2017 to 26 April 2018, compared to the estimated costs in accordance with the Fees Estimate.

Further information on the work undertaken in the current reporting period, including an explanation as to why the various tasks were required and whether the work provides a financial benefit to creditors, is provided within the narrative summary of the Joint Administrators' time costs at ***Appendix E2***.

Details of the hourly rates of staff anticipated to work on this case can be found on the Rates and Disbursements policy attached to this report. Please note that where total costs do not equate to the total time at the average hourly rate, this is due to rounding.

Description of Work	Original Fees Estimate Approved on 9 January 2018			Actual time costs for the period from 27 October 2017 to 26 April 2018		
	Total Time (hours)	Total Costs (£)	Blended Hourly Rate (£)	Time incurred (hours)	Total Costs (£)	Average Hourly Rate (£)
Admin & Planning	50	12,500	250	55.8	13,133	235
Taxation	20	5,500	275	22.8	3,590	157
Investigations	75	15,000	200	59.2	11,620	196
Realisation of Assets	550	143,000	260	581.8	162,418	279
Trading	550	121,000	220	613.3	136,964	223
Employees	35	7,700	220	113.5	19,739	174
Creditors	60	15,000	250	37.1	9,967	269
Reporting	105	21,000	200	112.3	24,100	215
Cashiering	60	12,000	200	68.7	11,609	169
Statutory compliance	75	16,875	225	103.9	21,504	207
Totals	1,580	369,575	234	1,768.4	414,644	234

**NARRATIVE SUMMARY OF WORK UNDERTAKEN BY THE JOINT ADMINISTRATORS
IN THE PERIOD FROM 27 OCTOBER 2017 TO 26 APRIL 2018**

Introduction

The summary provides a proportionate overview of the work carried out in light of the specific circumstances of the case and includes details of the work that has been undertaken during the period, why it was done and whether the work has provided a financial benefit to creditors.

This summary should be read together with the Joint Administrators' Time Costs Analysis at *Appendix E1* and the attached report. The costs incurred in relation to each category are set out in the attached Time Cost Analysis.

Work carried out in the current period
Administration and planning

The original fees estimate has already been exceeded due to the additional level of administration generated by the trading period continuing into early February 2018. The time incurred has been in relation to the following tasks:-

- Case acceptance and ethical reviews.
- Completing case strategy notes.
- Holding strategy meetings within the immediate team and across senior staff with the national Restructuring Services team.
- Managing and maintaining the case on the Firm's client systems and our specialist insolvency software system.

This work is necessary to ensure that the case is administered correctly and in line with statutory requirements.

The majority of this work derives no financial benefit for creditors. However, appropriate case administration and planning ensures that the case is managed coherently and efficiently, with minimisation of costs and avoidance of duplication of work. A clear case strategy and strong internal processes help to add value through the efficient management of the case. This work is also required in order to appropriately document and record how the case has been administered in accordance with regulatory requirements.

Furthermore, the complexity of the customer base sale, the length of the duration of the trading period, and the issue of the deferred consideration as mentioned below in 'Realisation of Assets', has meant that more significant time has been spent in team planning meetings than originally envisaged.

Taxation

The following activities have been undertaken in order to ensure that the Company is compliant with tax requirements:

- Review of completed VAT questionnaire issued to directors.
- Notifying HM Revenue & Customs ("HMRC") of my appointment and establishing whether they have any outstanding claims or ongoing investigations. Such enquires will assist with my own investigations.
- Reviewing the Company's VAT position and establishing its registration status.
- Finalising the pre-Administration VAT account and ensuring any pre-appointment returns are submitted to HMRC to enable it to correctly finalise its claim.
- Investigating the sums owed to HMRC in respect of its claim in the Administration.
- Ensuring all VAT in relation to the post appointment period particularly relating to ongoing trading is correctly posted and fully accounted for and paid to HMRC.
- Assessment of tax position re. Potential chargeable gains on the sale of assets.
- Liaising with HMRC generally.

The majority of this work will derive no financial benefit for creditors, however, it is required in accordance with legislation. It should be noted that the review of the debt owed to HMRC and the submission of final returns and terminal loss relief claim may result in a lessened claim by HMRC which will benefit the remaining creditors as a whole, as will any Corporation Tax Terminal Loss Relief refund which may be achieved to either lessen the HMRC claim or obtain a refund.

**NARRATIVE SUMMARY OF WORK UNDERTAKEN BY THE JOINT ADMINISTRATORS
IN THE PERIOD FROM 27 OCTOBER 2017 TO 26 APRIL 2018**

Investigations

Investigations are required in accordance with Statement of Insolvency Practice 2, so as to identify whether any assets have been dissipated and what recoveries can be made so as to enhance the funds available to distribute to the Company's creditors, and also to seek to identify any potential claims that the Company or its Administrators may be able to bring against 3rd parties involved in the Company's affairs. They also assist with the Administrators' duties under the Company Directors Disqualification Act 1986.

A summary of the work which has been carried out in this regard thus far is provided below:

- Discussions with retained employees and directors in order to assist collating information needed with regard to investigating the Company's affairs.
- Liaising with colleagues and retained employees concerning the collation and boxing up of the Company's records that the Administrators need to take into their possession to assist with their investigation work.
- Review of Company books and records, including bank statements to identify any potential transactions that were outside of the ordinary course of business.
- Correspondence with directors regarding the reasons for the Company's failure and issuing questionnaires and reviewing responses
- Reviewing the affairs of the Company prior to my appointment in order to ascertain whether the Company has any potential claims or possibly identifying further assets to be realised.
- Review of creditor questionnaires and investigation into any matters notified.
- Reporting to the Insolvency Service on the directors' conduct.
- Correspondence with Company accountants regarding various matters of investigation, including the Directors' loan accounts and funds initially invested to fund the Company's start of trading.
- Investigation into UK Weather Forecast Limited.
- Investigations into the deferred consideration owed by Chess ICT.

Further details of the investigation work carried out is provided within Section 8 of the report. The above work ensures that statutory investigations have been conducted in accordance with legal requirements and could lead to further asset realisations for the benefit of the Company's creditors.

Realisation of Assets

The Company's assets comprise those as set out within the body of my Report.

Actions taken to realise the Company's assets to date include:

- Obtaining a professional valuation of the Company's office furniture and IT equipment and instruction agents to sell immediately after the business ceased to trade.
- Attending the Company's premises.
- Liaising with agents and agreeing realisation strategy.
- Marketing the business and customer database/ contracts for sale as stated in the body of my proposals.
- Preparing and updating a sales information pack for interested parties.
- Extensive meetings/ discussions/ correspondence and discussions with Stevens & Bolton LLP ("my solicitors") with regard to the potential sale of the business/ database. This included reviewing and signing Non-Disclosure Agreements when liaising with interested parties, advising on the sale, review of the draft Sale Agreement, provision of significant information to 35 interested parties and dealing with subsequent queries.
- Negotiations with interested parties and agreeing sale of customer base.
- Internal meetings/ discussions surrounding the sale of the business and progressing/ facilitating the sale.
- Discussions with retained employees and directors with regard to the potential buyer's due diligence process and queries, and provision of significant further information to potential buyer and meetings on site.
- Acting on queries from potential buyer.
- Ongoing negotiations and correspondence with potential purchaser to seek to secure a prompt completion.
- Arranging insurance cover over assets and ensuring their security, as well as ensure health & safety procedures are adhered to.
- Reviewing and obtaining any potential refunds on insurance policies paid up to a future period by the Company.



NARRATIVE SUMMARY OF WORK UNDERTAKEN BY THE JOINT ADMINISTRATORS IN THE PERIOD FROM 27 OCTOBER 2017 TO 26 APRIL 2018

- Instructing agents to review leasehold agreements and whether they have any premium value attaching to them.
- Liaising with the landlord re. The property and rent, dealing with the lease and the return of the property/attempts to surrender the lease, and seeking to secure recovery of rent deposit.
- Correspondence with previous buyer of customer base to release deferred consideration due to the Company.
- Approving the debt collection strategy, dealing with the physical receipt and banking of debts, decisions on further steps to be undertaken to pursue outstanding debtors.
- Review and banking of sundry refunds.
- Dealing with assets on hire with third parties.
- Liaising with the Company's bankers regarding cash balances held.
- Investigating and ascertaining nature of post-appointment receipts received from the Company's bankers, direct debit collection agent and previous acquirer of customer databases.
- Seeking to secure return of bond held by direct debit processing agent.
- Seeking to secure return of funds from credit card processor.

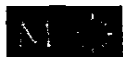
Particularly sensitive/complex issues have arisen regarding the marketing and sale of the business as well as the potential buyer's due diligence process. Considerable time has been incurred in dealing with these issues, with the assistance of my solicitors, and due to the sensitivity and complexity of the issues it was necessary for more senior members of staff to be involved, which is reflected in the time spent thus far and the average hourly rate, as set out in the Time Cost Analysis.

The work undertaken has added value for the benefit of creditors by enabling the realisation of funds in the estate and potential further realisation of funds in the future. The costs associated with the recovery are considered appropriate in the circumstances.

Trading

Regarding work undertaken during the trading period involved:

- Considering/assessing the viability of ongoing trading.
- Producing cash flow and profit and loss forecasts with regard to the viability of ongoing trading and the likely cost of trading. Updating these forecasts and providing accounts to allow trading performance to be monitored.
- Liaising with staff and gathering information, dealing with queries and seeking to ensure staff remain motivated.
- Supervising retained employees and attending site.
- Managing employee expectations and seeking to improve employee morale.
- Employee related issues, staff management, instruction of Payroll agents and processing of payments of salaries to HMRC and dealing with pension contributions.
- Ensuring pension contributions are made to relevant pension scheme.
- Ensuring NIC/PAYE deductions are paid to HMRC
- Seeking advice and assistance from my solicitors with regard to Insolvency Legislation surrounding continued supply in the Administration.
- Extensive correspondence/ discussions/ liaising with suppliers to set up Administration accounts to maintain supplies. Provide undertakings as appropriate.
- Negotiations with suppliers.
- Extensive correspondences/ discussions/ meetings with my solicitors with regard to supplier issues and continued supplies.
- Reviewing invoices and statements received from suppliers and correspondence/ discussions re apportioning of sums due between pre-appointment and post appointment supply usage.
- Processing payments to suppliers, as appropriate.
- Removal of undertakings once services no longer needed.
- Correspondence with Ofcom re required remedies to customer complaints.
- Correspondence with the Ombudsman with regard to required remedies to customer complaints.
- Correspondence/ discussions with my solicitors with regard to Ofcom



NARRATIVE SUMMARY OF WORK UNDERTAKEN BY THE JOINT ADMINISTRATORS IN THE PERIOD FROM 27 OCTOBER 2017 TO 26 APRIL 2018

- Correspondence/ discussions with my solicitors with regard to the Ombudsman
- Dealing with customer queries.
- Understanding and processing trading receipts from direct debit collection agent and acquirer of prior customer bases and accounting correctly for VAT and setting up systems to ensure prompt payment of funds received.

The above work was required to enable the business to continue to trade while it was marketed for sale. This ensured that realisations were maximised for the benefit of the estate.

As the trading period exceeded the original time forecast, time costs in respect to trading increased and indeed have exceeded the original fee estimate by approximately £15,000.

As stated previously, the business was traded at a loss during the Administration period, however, this was necessary in order to achieve a sale of the customer base. Without the business continuing there would have been no customer base to sell.

It should be noted that the sale consideration achieved, after costs, was more than enough to offset against the costs of the continued trade, leaving a significant additional sum for the benefit of the Administration Estate.

The work undertaken has added value for the benefit of creditors by enabling a sale of the customer base.

Employees

The Company retained 18 employees post Administration. In addition, 5 members of staff who had been on maternity leave were made redundant on 27 October 2017 and a significant number of employees had been redundant by the Company during October 2017, but prior to our appointment. Further information regarding employees' claims is included within the body of my Report. It is expected that a dividend will be paid to employees during the Administration settling their Preferential claims in full.

It should be noted that all employees had been redundant by 2 February 2018 following the sale of the entire customer base to Onecom and the Company subsequently immediately ceasing to trade.

Work that has been required in respect of the employees has included:

- Gathering information about employees re the sums owed to them.
- Dealing with queries received from employees.
- Reviewing employee contracts.
- Making staff redundant as necessary and informing them of their rights and ability to make claims to the Redundancy Payments Service (RPS), under the provisions of the Employment Rights Act 1996.
- Assisting the employees with making their claim to the RPS.
- Writing to employees informing them of how to claim any maternity entitlements/ completion of statutory forms notifying HMRC.
- Liaising with payroll provider to prepare final payroll and produce employee P45s.
- Dealing with pension matters including s120 notifications to the Pension Protection Fund and follow up.
- Liaising with pension specialist, Insol Group Limited.
- Investigating potential claims in respect of unpaid pension contributions and instructing and monitoring agents engaged to assist with submission of claims to the RPS and dealing with queries.
- Corresponding with Government agencies, as necessary.
- Complying with statutory obligations in relation to pension schemes.
- Ensuring pension contributions are made to relevant pension scheme.
- Ensuring NIC/PAYE deductions are paid to HMRC.

The majority of work in this category is required for statutory purposes and so does not provide a direct financial benefit to creditors. However, it is expected that a dividend will be paid to preferential and unsecured creditors and in this regard, the work involved in assessing and adjudicating employee claims does have a financial benefit to employees. The

**NARRATIVE SUMMARY OF WORK UNDERTAKEN BY THE JOINT ADMINISTRATORS
IN THE PERIOD FROM 27 OCTOBER 2017 TO 26 APRIL 2018**

work also allows the RPS to promptly make payments to employees following redundancy and has also enabled staff on maternity leave to be paid statutory maternity pay directly by HMRC.

Creditor Correspondence & Distributions to Preferential Creditors

In order to ensure that creditors are dealt with appropriately, the following work was required:

- Dealing with queries received from creditors, by telephone and in correspondence.
- Correspondence/ discussions with suppliers with regard to arrears owed prior to Administration date.
- Reviewing liability/claims from creditors, notably HMRC and the Directors, and collating information to allow claims to be fully reviewed.
- Collating information regarding unsecured claims from the Company.
- Logging claims on case management systems.

The original fee estimate and proposals assumed that no Creditors' Committee would be formed, however, a committee has now been formed.

The majority of work in this category is required for statutory purposes and so does not provide a direct financial benefit to creditors. However, as it is expected that a dividend will be paid to preferential and unsecured creditors, work undertaken in dealing with creditor claims does have a financial benefit in enabling the correct adjudication of claims as well as the payment of dividends to preferential creditors.

Reporting

Reporting requirements as prescribed by statute and have been adhered to are as follows:

- The Administrators are required to provide notice of their appointment to all known creditors.
- The Administrators are required to issue their Proposals and provide creditors with an explanation of the reasons for the failure of the Company, the progress made during the Administration, the expected outcome and the work to be undertaken in order to achieve the objective of the Administration.
- Commencing preparation of the first six-monthly progress reports are required to be issued by The Insolvency Act and Rules to provide creditors with an update of the progress of the Administration.
- Reporting to Creditors in respect of fees and expenses approvals.
- Reporting the outcome of any Creditors' decisions.
- Closure Reporting and converting to Liquidation, in appropriate.

The original fees estimate assumed that a Creditors' Committee is not formed. However, as mentioned previously, a committee was formed which is a contributing factor to time costs having exceeded those original estimated in respect of Reporting. In addition, this case is complex there are many issues to report to creditors.

The majority of this work derives no financial benefit for creditors. However, it is required in order to ensure that the case has been administered in line with regulatory requirements and to provide regular and comprehensive updates of progress to all creditors.

Cashiering

Cashiering work is required to ensure that the estate bank account is operated in accordance with guidance issued by my regulatory body. Work in this regard undertaken has involved:

- Establishing set up of case details on our insolvency software system.
- Setting up bank accounts, including deposit accounts as necessary.
- Bank account maintenance, including regular reconciliations.
- Issuing payments and banking receipts, and preparing the appropriate paperwork for such transactions.
- Recording a significant volume of small debtor receipts.
- Recording a high volume and frequency of remittances from trading partners of the Company, such as those processing payments and collections on behalf of the Company.

**NARRATIVE SUMMARY OF WORK UNDERTAKEN BY THE JOINT ADMINISTRATORS
IN THE PERIOD FROM 27 OCTOBER 2017 TO 26 APRIL 2018**

The majority of this work derived no financial benefit for creditors. However, it is required in order to ensure that the estate bank account is operated in accordance with guidance issued by my regulatory body and that all transactions are fully accounted for.

Statutory and Compliance

We have performed statutory and compliance work as required by statute or our internal procedures and involves:

- Preparation and lodgement of statutory appointment documents.
- Initial formal notices following appointment.
- Case monitoring and statutory compliance, including periodic formal internal case reviews, and regular case diary and checklist reviews and completion.
- Case bordereau (insurance bonding).

The majority of this work derives no direct financial benefit for creditors. However, this work is required in order to ensure that the case has been administered in accordance with regulatory requirements and that all transactions are fully accounted for.

Strictly Private and Confidential

True Telecom Limited – In Administration

Fees Information Pack

Contents

Appendix

- E3.1 Fees Estimate and comparison to actual time costs incurred from 27 October 2017 to 13 December 2017**
- E3.2 Detailed Fees Estimate**
- E3.3 Expenses Estimate**
- E3.4 Rates and Disbursements policy**

True Telecom Limited – In Administration

Joint Administrators’ Fees Estimate

My total Fees Estimate as at 20 December 2017 to conclude this matter is £349,575. I have provided below a breakdown of how these costs will be split between the different functions my staff and I are likely to perform on this case.

Description of Work	Blended Hourly Rate (£)	Total Time (hours)	Total Costs (£)
Administration & Planning	250	50	12,500
Taxation	275	20	5,500
Investigations	200	75	15,000
Realisation of Assets	260	550	143,000
Trading	220	550	121,000
Employees	220	35	7,700
Corresponding with Creditors & Distributions to Preferential Creditors	250	60	15,000
Statutory Reporting	200	105	21,000
Cashiering	200	60	12,000
Statutory & Compliance	225	75	16,875
Total	234	1,580	369,575

Attached to this Fees Estimate is a detailed summary of the work anticipated, together with an explanation as to why the various tasks are required.

Creditors will note that a blended hourly charge-out rate has been provided for each category of work. This is calculated as the prospective average cost per hour based upon the estimated time to be expended by each grade of staff at their specific charge out rate. Details of the hourly rates of staff anticipated to work on this case can be found on the Rates and Disbursements policy attached to this report.

Not all of the work which I am required to perform will provide a direct financial benefit to creditors. Some of the work to be undertaken is required because statute dictates that I must perform this task, or because guidance issued by the Insolvency Service or my regulatory body requires such. However, a large proportion of the work will be dealing with securing and realising assets and trading the business to allow that to happen, with a view to maximising the funds available to creditors.

On this case, assuming realisations are as anticipated, the above work is likely to provide a financial benefit to preferential creditors who are expected to receive payment in full and also to unsecured creditors, who are anticipated to receive a significant dividend.

Exceeding the Fees Estimate

The Fees Estimate has been based on previous examples of cases of a similar size and complexity to this case, together with our current knowledge of the case, the work undertaken thus far, and the work which we anticipate will be necessary.

This Fees Estimate is also based on the assumption that the Company’s assets will be limited to those assets detailed in the attached report, and on the assumption that any investigations will not lead to further, more detailed, investigations and/ or the pursuit of assets or claims against third parties for the



recovery of funds for the benefit of the Administration. The estimate also assumes the Administration will last for 1 year. Should further investigations need to be carried out or action taking against third parties or should the Administration have to be extended, it may be necessary to seek further approval for an increase in the Fees Estimate.

Furthermore, this fees estimate does not include any costs associated with any subsequent liquidation, or the agreement of any unsecured creditor claims.

At the current time, I do not anticipate that it will be necessary to seek approval in respect of an increase in the Fees Estimate. However, in the event that further work is required in respect of the above and / or the Administration extends beyond the estimated timeframe, it is likely that the Fees Estimate will be exceeded, at which point it will be necessary to seek further approval for an increase.

Costs already incurred

A significant amount of work has already been undertaken on this case and prior to seeking fee approval so as to ensure the security of the assets and progress the purpose of the Administration, particularly with regard to the trading of the business and the sale of the Company's customer database/ contracts, as detailed in the Proposals. The following provides an analysis of the Administrators' actual time costs incurred to date, compared to the estimated costs set out on the Fees Estimate.

True Telecom Limited – In Administration
Joint Administrators' Fees Estimate and comparison to actual time costs incurred from 27 October 2017 to 13 December 2017

	Fees Estimate			Joint Administrators' total time costs as at 13 December 2017		
Description of Work	Blended Hourly Rate (£)	Total Time (hours)	Total Costs (£)	Blended Hourly Rate (£)	Time incurred (hours)	Total Costs (£)
Administration & Planning	250	50	12,500	270	28.6	7,717
Taxation	275	20	5,500	144	2.2	317
Investigations	200	75	15,000	162	17.8	2,886
Realisation of Assets	260	550	143,000	299	250.8	74,887
Trading	220	550	121,000	223	335.3	74,719
Employees	220	35	7,700	249	16.0	3,991
Creditors & Distributions	250	60	15,000	287	19.5	5,590
Reporting	200	105	21,000	182	39.5	7,176
Cashiering	200	60	12,000	197	13.8	2,715
Statutory & Compliance	225	75	16,875	222	41.4	9,198
Totals	234	1,580	369,575	247	764.9	189,196

True Telecom Limited – In Administration
Detailed Fees Estimate

Description of work	Total Time (hours)	Total Cost (£)	Blended Hourly Rate (£)
<p><u>Administration and Planning</u> This type of work will involve:</p> <ul style="list-style-type: none"> • Case acceptance and ethical reviews. • Completing case strategy notes. • Holding strategy meetings. • Managing and maintaining the case on the Firm's client systems and our specialist insolvency software system. <p>This work is necessary to ensure that the case is administered correctly and in line with statutory requirements. The estimate above assumes that the Administration will remain open for 12 months.</p> <p>The majority of this work derives no financial benefit for creditors. However, appropriate case administration and planning ensures that the case is managed coherently and efficiently, with minimisation of costs and avoidance of duplication of work. A clear case strategy and strong internal processes help to add value through the efficient management of the case. This work is also required in order to appropriately document and record how the case has been administered in accordance with regulatory requirements.</p>	50	12,500	250
<p><u>Taxation</u> Taxation work to be completed will include:</p> <ul style="list-style-type: none"> • Review of completed VAT questionnaire issued to directors. • Notifying HM Revenue & Customs ("HMRC") of my appointment and establishing whether they have any outstanding claims or ongoing investigations. Such enquires will assist with my own investigations. • Reviewing the Company's VAT position and establishing its registration status. • Finalising the pre-Administration VAT account and ensuring any pre-appointment returns are submitted to HMRC to enable it to correctly agree HMRC's claim. • Investigating the sums owed to HMRC in respect of its claim in the Administration. • Deregistering the Company for VAT once all of the taxable assets have been sold in line with the VAT regulations. • Ensuring all VAT in relation to the post appointment period particularly relating to ongoing trading is correctly posted and fully accounted for to HMRC. • Preparing post-Administration Corporation Tax and VAT returns, as required by statute. • Review of potential Terminal Loss Relief Claim and submission of same to mitigate the HMRC debt/securing a refund or reduction HMRC claim if appropriate. • Assessment of tax position re. potential chargeable gains on the sale of assets. • Liaising with HMRC generally. <p>The estimate assumes that the case will remain open for 12 months.</p>	20	5,500	275

True Telecom Limited – In Administration
Detailed Fees Estimate

Description of work	Total Time (hours)	Total Cost (£)	Blended Hourly Rate (£)
<p>The majority of this work will derive no financial benefit for creditors, however, it is required in accordance with legislation. It should be noted that the review of the debt owed to HMRC may result in a lessened claim by HMRC which will benefit the remaining creditors as a whole, as will any Corporation Tax Terminal Loss Relief refund which may be achieved to either lessen the HMRC claim or obtain a refund.</p>			
<p><u>Investigations</u></p> <p>Investigations are required in accordance with Statement of Insolvency Practice 2, so as to identify whether any assets have been dissipated and what recoveries can be made so as to enhance the funds available to distribute to the Company's creditors, and also to seek to identify any potential claims that the Company or its Administrators may be able to bring against 3rd parties involved in the Company's affairs. They also assist with the Administrators' duties under the Company Directors Disqualification Act 1986.</p> <p>A summary of the work which is all still to be concluded in this regard is provided below:</p> <ul style="list-style-type: none"> • Discussions with retained employees and directors in order to assist collating information needed with regard to investigating the Company's affairs. • Liaising with colleagues and retained employees concerning the collation and boxing up of the Company's records that the Administrators need to take into their possession to assist with their investigation work. • Review of Company books and records, including bank statements to identify any potential transactions that were outside of the ordinary course of business. • Correspondence with directors regarding the reasons for the Company's failure and issuing questionnaires reviewing responses • Reviewing the affairs of the Company prior to my appointment in order to ascertain whether the Company has any potential claims or possibly identifying further assets to be realised. • Review of creditor questionnaires and investigation into any matters notified. • Reporting to the Insolvency Service on the directors' conduct. <p>My estimate assumes that there are no adverse findings during my investigations. In the event that investigations reveal possible actions or further investigations that may be required, then these may lead to additional realisations, but the costs of further investigation work and pursuing these actions are likely to increase. If this arises, further information will be provided to creditors separately and an increase in my fees estimate may be sought.</p> <p>The majority of this work derives no financial benefit for creditors, and is required in order to ensure compliance with statutory duties. However, should my investigations identify further assets or possible claims, these could potentially enhance realisations for the benefit of the Administration Estate.</p>	75	15,000	200

True Telecom Limited – In Administration
Detailed Fees Estimate

Description of work	Total Time (hours)	Total Cost (£)	Blended Hourly Rate (£)
<p>Realisation of Assets The Company's assets comprise those as set out with the body of my Proposals.</p> <p>Actions required to realise the Company's assets include:</p> <ul style="list-style-type: none"> Obtaining a professional valuation of the Company's office furniture and IT equipment and instruction agents to sell immediately after the business ceases to trade. Attending the Company's premises. Liaising with agents and agreeing realisation strategy. Marketing the business and customer database/ contracts for sale as stated in the body of my proposals. Preparing and updating a sales information pack for interested parties. Extensive meetings/ discussions/ correspondence and discussions with Stevens & Bolton LLP ("my solicitors") with regard to the potential sale of the business/ database. This included reviewing and signing Non-Disclosure Agreements when liaising with interested parties, advising on the sale, review of the draft Sale Agreement, provision of significant information to 35 interested parties and dealing with subsequent queries. Negotiations with interested parties and agreeing sale of business and/or assets. Internal meetings/ discussions surrounding the sale of the business and progressing/ facilitating the sale. Discussions with retained employees and directors with regard to the potential buyer's due diligence process and queries, and provision of significant further information to potential buyer and meetings on site. Acting on queries from potential buyer. Ongoing negotiations and correspondence with potential purchaser to seek to secure a prompt completion. Arranging insurance cover over assets and ensuring their security, as well as ensure health & safety procedures are adhered to. Reviewing and obtaining any potential refunds on insurance policies paid up to a future period by the Company. Instructing agents to review leasehold agreements and whether they have any premium value attaching to them. Liaising with the landlord re. the property and rent, dealing with the lease and the return of the property/ surrender of the lease, and seeking to secure retention of rent deposit. Liaising with my solicitors re the recovery of the deferred consideration due on prior customer sales. Correspondence with previous buyer of customer base to release deferred consideration due to the Company. Approving the debt collection strategy, dealing with the physical receipt and banking of debts, decisions on further steps to be undertaken to pursue outstanding debtors. Review and banking of sundry refunds. Dealing with assets on hire with third parties. Liaising with the Company's bankers regarding cash balances held. Investigating and ascertaining nature of post-appointment receipts received from the Company's bankers, direct debit collection agent and previous acquirer of customer databases. 	550	143,000	260

True Telecom Limited – In Administration
Detailed Fees Estimate

Description of work	Total Time (hours)	Total Cost (£)	Blended Hourly Rate (£)
<ul style="list-style-type: none"> Seeking to secure return of bond held by direct debit processing agent. Seeking to secure return of funds from credit card processor. <p>Significant elements in relation to this work have already been undertaken, as shown by the costs incurred at <i>Appendix F1</i> and as discussed in the body of the proposals.</p> <p>The estimate assumes that the Company's assets will be limited to those assets detailed in my proposals provided and that the case will remain open for 12 months.</p> <p>It assumes that the customer base is sold in the coming weeks, that chattel assets are realised in the timescale estimated by my agents, and that no complications arise.</p> <p>This estimate further assumes that litigation will not be required in relation to the recovery of the Company's book debts and/ or the deferred consideration owed.</p> <p>Particularly sensitive/complex issues have arisen regarding the marketing and sale of the business as well as the potential buyers due diligence process. Considerable time has been incurred in dealing with these issues, with the assistance of my solicitors, and due to the sensitivity and complexity of the issues it was necessary for more senior members of staff to be involved, which is reflected in the time spent thus far, as set out in the Time Cost Analysis.</p> <p>The work undertaken has added value for the benefit of creditors by enabling the realisation of funds in the estate and potential further realisation of funds in the future. The costs associated with the recovery are considered appropriate in the circumstances.</p>			
<p>Trading</p> <p>It is anticipated that trading will continue at least up until the Christmas break and potentially into early January 2018. Any continued trading after that point is entirely dependant on the completion of the sale of the customer base to the likely acquirer, and the nature of the migration process in relation to transferring customers to the buyer thereafter.</p> <p>It is envisaged that during the trading period work undertaken will involve:</p> <ul style="list-style-type: none"> Considering/ assessing the viability of ongoing trading. Producing cash flow profit and loss forecasts with regard to the viability of ongoing trading and the likely cost of trading. Updating these forecasts and providing accounts to allow trading performance to be monitored. Liaising with staff and gathering information. Supervising retained employees and attending site. Managing employee expectations and seeking to improve employee morale. Employee related issues, staff management, instruction of Payroll agents and processing of payments of salaries to HMRC and dealing with pension contributions. 	550	121,000	220

True Telecom Limited – In Administration
Detailed Fees Estimate

Description of work	Total Time (hours)	Total Cost (£)	Blended Hourly Rate (£)
<ul style="list-style-type: none"> Ensuring pension contributions are made to relevant pension scheme. Ensuring NIC/PAYE deductions are paid to HMRC Seeking advice from my solicitors with regard to Insolvency Legislation surrounding continued supply in the Administration. Extensive correspondence/ discussions/ liaising with suppliers to set up Administration accounts to maintain supplies. Provide undertakings as appropriate. Negotiations with suppliers. Extensive correspondences/ discussions/ meetings with my solicitors with regard to supplier issues and continued supplies. Reviewing invoices and statements received from suppliers and correspondence/ discussions re apportioning of sums due between pre-appointment and post appointment supply usage. Processing payments to suppliers, as appropriate. Removal of undertakings once services no longer needed. Correspondence with Ofcom re the required remedies. Correspondence with the Ombudsman with regard to the required remedies. Correspondence/ discussions with my solicitors with regard to Ofcom Correspondence/ discussions with my solicitors with regard to the Ombudsman Dealing with customer queries. Understanding and processing trading receipts from direct debit collection agent and acquirer of prior customer bases and accounting correctly for VAT. <p>The above work is required to enable the business to continue to trade while it is marketed for sale. This will ensure that realisations are maximised for the benefit of the estate. In the event that trading exceeds the period detailed above, costs are likely to increase. As stated in the body of my proposals, the business has been trading at a loss in the Administration period, however, continued trade was necessary in order to achieve a sale of the customer base. Without the business continuing there would have been no customer base to sell. It must be noted that the sale consideration will, after costs, more than offset the costs of the continued trade, leaving a significant additional sum for the benefit of the Administration Estate.</p> <p>Significant elements in relation to this work have already been undertaken, as discussed in the body of the Proposals and as shown by the costs incurred at <i>Appendix F1</i>.</p> <p>The estimate assumes that the case will remain open for 12 months.</p> <p>It assumes that the customer base is sold within the coming weeks and that no complications arise.</p> <p>The work undertaken has added value for the benefit of creditors by enabling a sale of the customer base. In the interest of confidentiality I cannot disclose the agreed sale price which will be for the benefit of the Administration Estate,</p>			

True Telecom Limited – In Administration
Detailed Fees Estimate

Description of work	Total Time (hours)	Total Cost (£)	Blended Hourly Rate (£)
however, creditors will be provided with full details in relation to any sale which is completed in my next progress report.			
<p>Employees</p> <p>The Company currently employs 18 retained employees. In addition, 5 members of staff who had been on maternity leave were made redundant on 27 October 2017 and approximately a further 80 employees had been redundant by the Company prior to our appointment during October 2017. Further information regarding employees' claims is included within the body of my Proposals. It is expected that a dividend will be paid to employees during the Administration settling their Preferential claims in full.</p> <p>Work that will be required in respect of the employees will include:</p> <ul style="list-style-type: none"> • Gathering information about employees. • Dealing with queries received from employees. • Reviewing employee contracts. • Making staff redundant as necessary and informing them of their rights and ability to make claims to the Redundancy Payments Service (RPS), under the provisions of the Employment Rights Act 1996. • Assisting the employees with making their claim to the RPS. • Writing to employees informing them of how to claim any maternity entitlements/ completion of statutory forms notifying HMRC. • Liaising with payroll provider to prepare final payroll and produce employee P45s. • Dealing with pension matters including s120 notifications to the Pension Protection Fund. • Liaising with pension specialist Insol Group Limited. • Investigating potential claims in respect of unpaid pension contributions and instructing and monitoring agents engaged to assist with submission of claims to the RPS. • Corresponding with Government agencies, as necessary. • Complying with statutory obligations in relation to pension schemes. • Ensuring pension contributions are made to relevant pension scheme. • Ensuring NIC/PAYE deductions are paid to HMRC <p>The estimate above assumes that the case will remain open for 12 months, from the date of my appointment.</p> <p>The majority of work in this category is required for statutory purposes and so does not provide a direct financial benefit to creditors. However, it is expected that a dividend will be paid to preferential and unsecured creditors and in this regard, the work involved in assessing and adjudicating employee claims does have a financial benefit to employees. The work also allows the RPS to promptly make payments to employees following redundancy and has also enabled staff on maternity leave to be paid statutory maternity pay directly by HMRC.</p>	35	7,700	220
<p><u>Creditor Correspondence & Distributions to Preferential Creditors</u></p> <p>In order to ensure that creditors are dealt with appropriately, the following work will be required:</p>	60	15,000	250

True Telecom Limited – In Administration
Detailed Fees Estimate

Description of work	Total Time (hours)	Total Cost (£)	Blended Hourly Rate (£)
<ul style="list-style-type: none"> Dealing with queries received from creditors, by telephone and in correspondence. Correspondence/ discussions with suppliers with regard to arrears owed prior to Administration date. Reviewing liability/claims from creditors, notably, HMRC and the Directors, and collating information to allow claims to be fully reviewed. Collating information regarding unsecured claims from the Company. Logging claims on case management systems. <p>In addition to this, as distributions are anticipated, the following work will be required to prepare the distributions:</p> <ul style="list-style-type: none"> Preferential creditors ~ liaising with the Redundancy Payments Service ("RPS") to agree its claim and calculation and agreement of additional employee claims in excess of statutory limits paid out by the RPS; Calculating level of first and final dividend distribution to Preferential creditors, processing and issuing of dividend distribution cheques under cover my correspondence. <p>My estimate excludes the costs associated with agreeing unsecured creditor claims and dealing with an unsecured dividend. Such costs will be agreed with creditors during a subsequent Liquidation (or potentially in the Administration with Court consent). This estimate further assumes that one dividend will be proposed to be paid to Preferential creditors, and the case will remain open for 12 months and that no Creditors' Committee is formed.</p> <p>The majority of work in this category is required for statutory purposes and so does not provide a direct financial benefit to creditors. However, as it is expected that a dividend will be paid to preferential and unsecured creditors, work undertaken in dealing with creditor claims does have a financial benefit in enabling the correct adjudication of claims as well as the payment of dividends to preferential creditors.</p>			
<p><u>Statutory Reporting</u></p> <p>Reporting requirements as prescribed by statute are as follows:</p> <ul style="list-style-type: none"> The Administrators are required to provide notice of their appointment to all known creditors. The Administrators are required to issue their Proposals and provide creditors with an explanation on the reasons for the failure of the Company, the progress made during the Administration, the expected outcome and the work to be undertaken in order to achieve the objective of the Administration. Six-monthly progress reports are required to be issued by The Insolvency Act and Rules to provide creditors with an update of the progress of the Administration. Reporting to Creditors in respect of fees and expenses approvals. Reporting the outcome of any Creditors' decisions. Closure Reporting and converting to Liquidation, in appropriate. <p>My estimate above assumes the case will remain open for 12 months and that, for example, no physical meeting of creditors is requested requiring the redrafting</p>	105	21,000	200

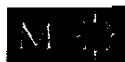
True Telecom Limited – In Administration
Detailed Fees Estimate

Description of work	Total Time (hours)	Total Cost (£)	Blended Hourly Rate (£)
<p>and reissuing of reports, and also assuming that a Creditors' Committee is not formed.</p> <p>The majority of this work derives no financial benefit for creditors. However, it is required in order to ensure that the case has been administered in line with regulatory requirements and to provide regular and comprehensive updates of progress to all creditors.</p>			
<p>Cashiering</p> <p>Cashiering work is required to ensure that the estate bank account is operated in accordance with guidance issued by my regulatory body. Work in this regard is likely to involve:</p> <ul style="list-style-type: none"> • Establishing set up of case details on our insolvency software system. • Setting up bank accounts, including deposit accounts as necessary. • Bank account maintenance, including regular reconciliations. • Issuing payments and banking receipts, and preparing the appropriate paperwork for such transactions. <p>The estimate above assumes that the case will remain open for 12 months.</p> <p>The majority of this work derived no financial benefit for creditors. However, it is required in order to ensure that the estate bank account is operated in accordance with guidance issued by my regulatory body and that all transactions are fully accounted for.</p>	60	12,000	200
<p>Statutory and Compliance</p> <p>Statutory and compliance work as required by statute or our internal procedures and involves:</p> <ul style="list-style-type: none"> • Preparation and lodgement of statutory appointment documents. • Initial formal notices following appointment. • Case monitoring and statutory compliance, including periodic formal internal case reviews, and regular case diary and checklist reviews and completion. • Case bordereau. <p>The estimate above assumes that the case will remain open for 12 months.</p> <p>The majority of this work will derive no direct financial benefit for creditors. However, this work is required in order to ensure that the case has been administered in accordance with regulatory requirements and that all transactions are fully accounted for.</p>	75	16,875	225
Overall	1,580	369,575	234

True Telecom Limited – In Administration
Expenses Estimate

The total estimated Administration expenses are detailed below, together with an explanation as to why those expenses are required to be incurred.

Type of Expenditure	Requirement for Expenditure	Expenses incurred to date (£)	Expenses likely to be incurred in future (£)	Likely total cost (£)
Professional advisors' costs				
Legal fees and disbursements	<p>Stevens & Bolton LLP ("Stevens & Bolton") have been instructed to provide advice to the Administrators in relation to various matters arising during the Administration.</p> <p>In particular, Stevens & Bolton are or have been advising in relation to:</p> <ul style="list-style-type: none"> • The initial marketing and negotiations with interested parties (bidding procedure), particularly with regard to drafting and issuing NDAs. • The sale of business, including drafting the Sale Agreement and negotiations with buyer's solicitors and assisting with the provision of certain information to the potential buyer. • Customer migration arrangements / agreement with billing platform company which holds the billing data. • Issues surrounding Ofcom and the Ombudsman / correspondence, recent decision and responding of outstanding remedies, including advising and assisting with responses. • Issues relating to suppliers / ongoing supply of service. • Deed of assignment/settlement term with previous pre-appointment purchaser of customer base (to help facilitate sale of base). • Issues surrounding the collection of the deferred sale consideration relating to pre-appointment customer base sales. • Employees <p>As at 15 December 2017, Stevens & Bolton had incurred £72,168 in time costs relating to 216 hours of work. Its fees have been agreed on a time cost basis, subject to the review of the Administrators. It is</p>	72,168	7,832	80,000



	<p>They were chosen because of their experience in an insolvency scenario.</p> <p>Their fee basis is to be agreed, but it is anticipated that a fixed fee basis will be agreed. It is estimated that this expense will amount to £750.</p>			
Other expenses				
Trading period loss	<p>As stated previously, the decision was taken to trade the business in Administration in order to seek sell the business as a going concern or the customer base, resulting in a significant additional realisation for the benefit of the Administration Estate.</p> <p>The stated loss incurred to date has been stated as the loss of £2,975. The total loss estimated up until 31 December 2017 is expected to amount to £143,499. I would advise creditors to see the trading receipts and payment account at Appendix D2 for further information relating to all trading income and expenditure.</p> <p>This loss reflects all expenses incurred in the Administration trading period including but not limited to retained employee payroll, employee NIC/PAYE, employee pension contributions, supplier payments, payroll services, maintenance, rent, rates, and utilities.</p> <p>The loss has been prudently estimated and every effort will be made to seek to minimise the loss that actually will be suffered,</p>	2,977	140,522	143,499
Mail redirection	A mail redirection will be set up once trading has ceased to ensure all mail is received by the Administrators, in particular book debt cheques sent to the Company.	-	490	490
Corporation Tax	<p>It is likely that Corporation Tax will be payable in respect of the interest accrued whilst surplus funds are held on an interest-bearing deposit account.</p> <p>It is also possible that there may be additional tax to pay on completion of trading and / or the realisation of assets.</p>	-	uncertain	uncertain
Statutory Advertising	<p>Costs are to be paid to TMP (UK) Limited for statutory advertising requirements including London Gazette advertisements for notice of the appointment, and any subsequent statutory notice.</p> <p>£78 has been incurred in the Administration to date.</p>	78	78	156
Insurance of assets	I am required to insure the Company's assets until they are disposed of. I am also required to provide certain	618	382	1,000



	<p>and distributing the Company's assets and performing those tasks required as dictated by statute, best practice and ethical requirements.</p> <p>Please see section 17 of the Proposals and Appendix F1 and F2 for further information relating to the Administrators' remuneration.</p> <p>To date the Administrators have incurred time costs of £189,196 representing 764.9 hours at an average hourly rate of £247.</p>			
Administrators' disbursements	<p>Disbursements are expenses paid by this firm in the first instance and subsequently re-charged to the estate when there are sufficient funds. Further information on disbursements is provided within Section 19 of the report.</p> <p>To date disbursements of £3,594 have been incurred.</p>	3,594	1,406	5,000
Total		286,673	359,234	645,907

True Telecom Limited – In Administration

Rates and Disbursements Policy

Charge-out rates

Details of the current charge-out rates of the personnel working on this case are set out below:

	Partner	Director	Manager / Senior Manager	Administrator / Senior Administrator	Cashier	Support Staff
Range (£)	440 – 500	390	220- 335	80 – 190	190	90

My firm's charge-out rates are reviewed annually on 1 September and, in common with other professional firms, may increase over the period of the administration of a case. The rates are appropriate to the skills and experience of the team members and the work that they perform. Time is recorded in 6 minute units with supporting narrative to explain the work undertaken.

Specialist departments within our Firm, (such as Tax and VAT) may charge a number of hours if and when their expert advice is required. The rate ranges above incorporate these rate, where different.

Disbursements

Some of the expenses incurred on this matter are likely to be paid by this firm in the first instance and subsequently re-charged to the estate. Such disbursements fall into 2 categories as follows:

Category 1 disbursements: These are payments directly to independent third parties where there is specific expenditure directly referable to the case and as such can be drawn without prior approval.

Category 2 disbursements: These are costs that are directly referable to the case but not to a payment to an independent third party. They may include shared or allocated costs that may be incurred by the Administrators or their firm, and that can be allocated to the case on a proper and reasonable basis. Such disbursements require approval in the same manner as remuneration.

It is proposed that the following Category 2 disbursements incurred in administering the case be charged:

- Meeting room charge for statutory meetings, charged at £60 per meeting summoned.
- Facsimiles are charged at £1 per page and photocopying is charged at a cost of 5p per page.
- Mileage will be charged at relevant HM Revenue & Customs rates, currently 45p per mile.
- Electronic verification of an individual's identity for money laundering purposes, charged at £2.50 per individual or £10.00 per company (where applicable).

All other disbursements are to be reimbursed at cost.

The Administrators reserve the right to increase the above charges during the course of the Administration in line with inflation or increases from their suppliers. Any material amendments will be advised to creditors in the next statutory report.

True Telecom Limited - in Administration
**REVISED FEES ESTIMATE
AS AT 25 May 2018**

Attached at **Appendix E3** is a copy of the Administrators' original Fees Estimate, dated 20 December 2017, totalling £369,575.

This Appendix provides information on the Administrators' Revised Fees Estimate. The Administrators will be seeking further approval for time costs in excess of the original Fee Estimate in the sum of £157,111.

The revised fee estimate is £112,042 in excess of the time costs incurred to date of £414,644 as set out in **Appendix E1**. The table below provides a summary of the total Revised Fee Estimate, with total costs estimated at £526,686.

Total Revised Fee Estimate			
Description of Work	Blended Hourly Rate (£)	Total Time (hours)	Total Costs (£)
Administration & Planning	235	65.8	15,483
Taxation	217	47.8	10,365
Investigations	198	119.2	23,621
Realisation of Assets	274	781.6	213,962
Trading	222	632.9	140,453
Employees	172	118.3	20,401
Creditors	233	77.1	17,967
Reporting	208	182.3	37,999
Distributions	220	10.0	2,200
Cashiering	168	88.5	14,836
Statutory & Compliance	205	143.7	29,399
Total	232	2,267.2	526,686

A detailed breakdown of the anticipated future work to be undertaken and the associated costs in excess of the original Fees Estimate is provided below, together with an explanation as to why the estimate has been or is likely to be exceeded.

Creditors will note that, in respect of the Revised Fees Estimate, a blended hourly charge-out rate has been provided. This is calculated as the prospective average cost per hour based upon the estimated time to be expended by each grade of staff at their specific charge out rate. Details of the hourly rates of staff anticipated to work on this case can be found on the Rates and Disbursements policy attached to this report. Please note that where total costs do not equate exactly to the total time at the blended hourly rate, this is due to rounding of the blended hourly rate.

Not all of the work that we are required to perform will provide a direct financial benefit to creditors. Some of the work to be undertaken is required because statute dictates that I must perform this task, or because guidance issued by the Insolvency Service or my regulatory body requires such. However, a large proportion

of the work will be dealing with securing and realising assets and the trading of the business and ongoing investors, with a view to maximising the funds available to creditors. On this case, assuming realisations are as anticipated in the attached Estimated Outcome Statement, the above work is likely to provide a financial benefit to preferential creditors who are expected to receive payment in full in respect of the claims and also unsecured creditors, who are anticipated to receive a dividend following the Company's conversion into Liquidation.

Revision of the Fees Estimate

The Revised Fees Estimate has been based on expected complexity of the issues and the work we anticipate will be necessary, which is outlined in detail below.

The above estimate also assumes that this matter will remain open for a further six months. This assumption has been made as we anticipate having realised most of the assets fully within six months and may thus be in a position to know that we shall be able to pay a dividend to unsecured creditors and, therefore, able to convert this matter into a liquidation for those purposes.

Please note that the revised fees estimate is to be considered and voted upon by the duly elected Creditors' Committee.

Description of anticipated future work/Explanation of why time costs have already exceeded the original fees estimate of £369,575	Further Estimated Time in excess of original fees estimate (hours)	Further Estimated Costs in excess of original fees estimate (£)
<p><u>Administration and Planning</u></p> <p>The original fees estimate has already been exceeded due to the additional level of administration generated by the trading period continuing into February 2018.</p> <p>Furthermore, the complexity of the customer base sale, as well as that of the deferred consideration and the position in relation to the directors' loan accounts, as mentioned below in 'Realisation of Assets' and the report has meant that more significant time has been spent in team planning meetings and strategy planning than originally envisaged.</p>	15.8	2,983
<p><u>Taxation</u></p> <p>At the outset of the matter, the asset position of the Company was not fully clear. Initial reviews took longer than anticipated, given the lack of clarity of information available.</p> <p>Furthermore, tax advice regarding the trading period and asset realisations and the completion of the relevant Corporation Tax return will be required in due course, and are likely to lead to increased costs.</p>	27.8	4,865
<p><u>Investigations</u></p> <p>Investigations into the Company's affairs and potentially recoverable assets, such as the directors' loan accounts, have already demanded more time than originally envisaged due to the complex nature of the historical information and the need to correspond in detail with the Company's directors and accountants.</p> <p>The Administrators are in correspondence with the directors Smith & Williamson, the Company's accountants with regard to clarifying the position of the Company's directors' loan accounts.</p> <p>Other matters also require some further investigation. Accordingly, the total cost is thought likely to significantly exceed the original estimate.</p>	44.2	8,621
<p><u>Realisation of Assets</u></p> <p>Numerous categories of assets are still to be fully realised, some of which are complex and/or contentious by their nature; namely, the realisation of any Chess Telecom deferred consideration is likely to require significant time to be spent. Much of this work is likely to be performed by more senior members of staff to ensure the best possible outcome to what is a complex but potentially high value asset to realise.</p> <p>The original fees estimate with regard to the Realisation of Assets was already exceeded by c. £19,000 as at 26 April 2018, thus it is necessary to revise the fee estimate for this type of work in such a significant way, given the six months remaining of the Administration and the duty of the Administrator to maximise any asset realisations on behalf of creditors.</p>	231.8	70,962
<p><u>Trading</u></p> <p>Trading in Administration continued for at least a month longer than envisaged when our initial fees estimate was prepared.</p>	83.3	19,453

<p>The Company has ceased to trade, however we anticipate that the following work is still required in order to finalise, agree or settle any outstanding trading account balances and any issues.</p> <p>It is envisaged that further work undertaken in relation to the trading period will involve:</p> <ul style="list-style-type: none"> • Ensuring pension contributions are finalised. • Negotiations with suppliers, largely; BT, Dartford Borough Council and the landlord, in order to finalise and settle outstanding invoices • Processing payments to suppliers, as appropriate. • Reviewing invoices and statements received from suppliers and correspondence/ discussions re apportioning of sums due between pre-appointment and post appointment supply usage. • Correspondence with Ofcom re the required remedies/cessation of trade. • Correspondence with the Ombudsman with regard to the required remedies/cessation of trade. • Dealing with customer queries. • Pursuit and collection of trading period related debts. • Liaison with Onecom in relation to the recovery of funds billed and collected in relation to January 2018. • Correspondence with Chess re sums potentially owed. <p>The estimate assumes that the case will remain open for 6 months. In addition, trading costs have already exceeded the original estimate, as trading continued for approximately 1 month longer than envisaged when the initial fees estimate was issued to creditors.</p>		
<p><u>Employees</u></p> <p>Having ceased to trade, the Company no longer has any employees, however, we are still dealing with employee claims and occasional queries, as well as being in communication with the Redundancy Payment Service.</p> <p>It is the case that because the complexities of the Redundancy Payments Service submissions which arose due to the extensive trading period and irregularity of some HR records and the claims of some employees, the time costs incurred at 26 April 2018 are above those of the original fee estimate with regard to Employee related work. It is therefore necessary to revise the original fees estimate. A small amount of further work is still envisaged.</p>	83.5	12,701
<p><u>Creditors</u></p> <p>In order to ensure that creditors are dealt with appropriately, the following work continues to be required:</p> <ul style="list-style-type: none"> • Dealing with queries received from creditors, by telephone and in correspondence. • Correspondence/ discussions with suppliers with regard to arrears owed prior to Administration date. • Reviewing liability/claims from creditors, notably, HMRC and the Directors, and collating information to allow claims to be fully reviewed. 	17.1	2,967
<p><u>Reporting</u></p> <p>The level of complexity involved in this case, as well as the work required to realise some of the remaining assets and perform investigations, will mean that reporting is likely to be more time consuming and require a more comprehensive system of review than usual.</p> <p>Indeed, this has been the case in preparing this six monthly Progress Report. There has been the need to prepare a revised fees estimate.</p>	77.3	16,999

<p><u>Distributions</u></p> <p>In accordance with the report, it is expected that preferential creditors will be paid in full. The work involved in paying preferential claims was not included in the original fees estimate as the level of preferential claims and asset realisations was uncertain. The work involved in making distributions to preferential creditors is likely to involve:</p> <ul style="list-style-type: none"> • Assessment of preferential claims from employees and correspondence with the RPS. • Processing and issuing of dividend distribution cheques under cover correspondence. • Calculating level of statutory interest and processing and issuing of distribution cheques under cover correspondence. • Writing to preferential creditors to agree claims. 	10	2,200
<p><u>Cashiering</u></p> <p>Our cashiers have dealt with a significant volume of small debtor payments, and there are further outstanding debts which are likely to require cashiering services upon receipt. We found that payments were often received directly from customers who would provide limited information in respect of the which charge periods and services the payments, resulting in additional work.</p> <p>During and since the trading period, remittances from trading partners of True Telecom, such as those processing payments and collections on behalf of the Company, were received in high volumes, by various methods which made accounting for every receipt quite difficult and time consuming.</p> <p>The unforeseen length of the trading period has meant that the original fee estimate with regard to Cashiering was met by 26 April 2018. It is for this reason, as well as those stated above that additional time costs of £2,836 are envisaged in respect of this type of work.</p>	28.7	2,836
<p><u>Statutory & Compliance</u></p> <p>Statutory and compliance obligations comprise of case monitoring, internal case reviews, case diary reviews, as well as the case bordereau (insurance bonding).</p> <p>As at 26 April 2018 Statutory and Compliance time costs had exceeded the original fees estimate significantly. This can be ascribed to the complex nature of the Administration which is reflected in the time spent performing the Initial 1 Month, 3 Month and 6 Month case reviews and regularly reviewing case diaries.</p>	68.9	12,524
<p><u>Overall</u></p>	688.6	157,111

True Telecom Limited - In Administration

Rates and Disbursements Policy

Charge-out rates

Details of the current charge-out rates of the personnel working on this case are set out below:

Range (£)	Partner	Director	Senior Manager/ Manager	Senior Case Administrator/ Case Administrator	Cashier	Support Staff
Current charge out rate per hour, effective from 1 September 2017	440 - 500	390	325 - 335	80 - 190	190	90

Our Firm's charge-out rates are reviewed annually on 1 September and, in common with other professional firms, may increase over the period of the administration of a case. The rates are appropriate to the skills and experience of the team members and the work that they perform. Time is recorded in 6 minute units with supporting narrative to explain the work undertaken. Specialist departments within our Firm (such as Tax and VAT) have charged time to this case when their expert advice is required. The rate ranges provided incorporate these different rates.

Disbursements

Some of the expenses incurred on this matter are likely to be paid by this firm in the first instance and subsequently re-charged to the estate. Such disbursements fall into 2 categories as follows:

Category 1 disbursements: These are payments to independent third parties where there is specific expenditure directly referable to the case and as such can be drawn without prior approval.

Category 2 disbursements: These are costs that are directly referable to the case but not to a payment to an independent third party. They may include shared or allocated costs that may be incurred by the Administrators or their firm, and that can be allocated to the case on a proper and reasonable basis. Such disbursements require approval in the same manner as remuneration.

The following Category 2 disbursements incurred in administering the case have been agreed by the Creditors' Committee:

- Mileage will be charged at relevant Inland Revenue rates, currently 45p per mile.
- Photocopying bulk circulars. Photocopying is charged at 5p per page.

All other disbursements are to be reimbursed at cost.

The Administrators reserve the right to increase the charges applicable to mileage and photocopying during the course of the Administration in line with inflation or increases from our suppliers. Any material amendments will be advised to creditors in the next statutory report.