

# AM10

## Notice of administrator's progress report



Companies House

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21/12/2019

#161

COMPANIES HOUSE

### 1 Company details

Company number 0 8 2 4 4 9 1 3

Company name in full Lendy Ltd

→ Filling in this form

Please complete in typescript or in  
bold black capitals.

### 2 Administrator's name

Full forename(s) Phillip

Surname Sykes

### 3 Administrator's address

Building name/number 25 Farringdon Street

Street

Post town London

County/Region

Postcode E C 4 A 4 A B

Country

### 4 Administrator's name •

Full forename(s) Damian

Surname Webb

• Other administrator

Use this section to tell us about  
another administrator.

### 5 Administrator's address •

Building name/number 25 Farringdon Street

Street

Post town London

County/Region

Postcode E C 4 A 4 A B

Country

• Other administrator

Use this section to tell us about  
another administrator.

# AM10

## Notice of administrator's progress report

6

### Period of progress report

From date	d	2	d	4	m	0	m	5	y	2	y	0	y	1	y	9
To date	d	2	d	3	m	1	m	1	y	2	y	0	y	1	y	9

7

### Progress report

☒ I attach a copy of the progress report

8

### Sign and date

Administrator's  
signature

Signature

X

*R. R. S. G. L.*

X

Signature date

d	1	d	9	m	1	m	2	y	2	y	0	y	1	y	9
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# AM10

## Notice of administrator's progress report



### 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 **Phillip Sykes**

Company name **RSM Restructuring Advisory LLP**

Address **25 Farringdon Street**

Post town **London**

County/Region

Postcode **E C 4 A 4 A B**

Country

DX

Telephone **0203 201 8000**



### Checklist

We may return forms completed incorrectly or with information missing.

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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

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



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Crown Way, Cardiff, Wales, CF14 3UZ.  
DX 33050 Cardiff.



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## Continuation page

Name and address of insolvency practitioner

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

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

→ **Filling in this form**  
Please complete in typescript or in bold black capitals.  
  
All fields are mandatory unless specified or indicated by \*

<b>1</b>	<b>Appointment type</b>	
	<p>Tick to show the nature of the appointment:</p> <p><input checked="" type="checkbox"/> Administrator</p> <p><input type="checkbox"/> Administrative receiver</p> <p><input type="checkbox"/> Receiver</p> <p><input type="checkbox"/> Manager</p> <p><input type="checkbox"/> Nominee</p> <p><input type="checkbox"/> Supervisor</p> <p><input type="checkbox"/> Liquidator</p> <p><input type="checkbox"/> Provisional liquidator</p>	<p>● You can use this continuation page with the following forms:</p> <ul style="list-style-type: none"> <li>- VAM1, VAM2, VAM3, VAM4, VAM6, VAM7</li> <li>- CVA1, CVA3, CVA4</li> <li>- AM02, AM03, AM04, AM05, AM06, AM07, AM08, AM09, AM10, AM12, AM13, AM14, AM19, AM20, AM21, AM22, AM23, AM24, AM25</li> <li>- REC1, REC2, REC3</li> <li>- LIQ2, LIQ3, LIQ05, LIQ13, LIQ14, WU07, WU15</li> <li>- COM1, COM2, COM3, COM4</li> <li>- NDISC</li> </ul>

<b>2</b>	<b>Insolvency practitioner's name</b>	
Full forename(s)	Mark	
Surname	Wilson	

<b>3</b>	<b>Insolvency practitioner's address</b>	
Building name/number	25 Farringdon Street	
Street		
Post town	London	
County/Region		
Postcode	E C 4 A 4 A B	
Country		

**In the matter of**

**Lendy Ltd In Administration**

**('the Company')**

**In the High Court of Justice, Business and Property Courts in Birmingham, Insolvency and Companies  
List no 443 of 2019**

***Joint Administrators' progress report***

**19 December 2019**

**Phillip Sykes, Damian Webb and Mark Wilson  
Joint Administrators**

**RSM Restructuring Advisory LLP  
25 Farringdon Street  
London  
EC4A 4AB  
Tel: 0203 201 8000  
Email: [Lendy.Restructuring@rsmuk.com](mailto:Lendy.Restructuring@rsmuk.com)**

## Sections

1. Progress of the administration in the previous six months
2. Details of what remains to be done and matters preventing closure
3. Creditors' claims and dividend prospects
4. Receipts and payments summary
5. Joint Administrators' remuneration, expenses and disbursements
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- B. Dividend prospects
- C. Joint Administrators' summary of receipts and payments
- D. RSM Restructuring Advisory LLP charging, expenses and disbursements policy statement
- E. RSM Restructuring Advisory LLP current charge out and category 2 disbursement rates
- F. Statement of expenses incurred in the period from 24 May 2019 to 23 November 2019
- G. Joint Administrators' time cost analysis for the period from 24 May 2019 to 23 November 2019
- H. Updated Estimate of the Joint Administrators' Fees
- I. Proof of debt form

This report has been prepared in accordance with insolvency legislation to provide creditors with information relating to the progress of the administration in the period from 24 May 2019 to 23 November 2019. This report should be read in conjunction with the Joint Administrators' proposals and updates that have been issued and uploaded to <https://lendy.co.uk/>, copies of which are available on request.

This report has been prepared solely to comply with the statutory requirements of the relevant legislation. It has not been prepared for use in respect of any other purpose, or to inform any investment decision in relation to any debt or financial interest in the Company. Any estimated outcomes for creditors are illustrative and may be subject to significant change.

Neither the Administrators nor RSM Restructuring Advisory LLP accept any liability whatsoever arising as a result of any decision or action taken or refrained from as a result of information contained in this report.

1. Progress of the administration in the previous six months

**1.1 Introduction**

Objective 3(1)(b) of Schedule B1 to the Insolvency Act 1986 is being pursued, to achieve a better result for creditors than would be likely if the Company were wound up (without first being in Administration).

This is achievable as the controlled wind down of the Company's loan book and retention of key staff and systems will achieve a significantly greater value for the assets for the benefit of Investors and creditors than would have been achieved in a 'shut down' liquidation scenario.

**1.2 Joint Administrators' Proposals / Meeting of creditors**

The Joint Administrators issued their proposals on 15 July 2019, the requirements to call a physical meeting (as opposed to an alternative decision procedure e.g. by way of correspondence) between the Company and the creditors was fulfilled. Accordingly, in compliance with Section 246ZE(4) of the Insolvency Act, a physical meeting of the creditors had been called as at least 10 creditors in number had requested such a meeting.

The meeting took place at The National Conference Centre, Coventry Road, Bickenhill, Solihull B92 0EJ at 11.00am on 31 July 2019.

The Joint Administrators' proposals were approved at the meeting of creditors and a creditors' committee was duly appointed.

**1.3 Legal advice on distribution waterfall and Model 1 and Model 2**

The Joint Administrators instructed Shoosmiths LLP to review the contracted terms which govern the Model 1 and Model 2 loan Investors. Following Shoosmiths and Counsels' advice the Administrators sought further clarification given the impact that the contractual position had on Lendy and the Investors.

Based on this legal advice the Joint Administrators issued a letter to Investors on 29 November 2019, the purpose of which was to explain the legal advice on the contractual basis for the proposed loan distributions.

An extract from the note is below for ease of reference.

There are two types of loans, Model 1 and Model 2; the model of loan distributions between the respective models differs significantly.

Please note, the Joint Administrators are working with the Lendy team and Shoosmiths to review each loan on its own merit and terms, to ascertain which loans are Model 2 loans and which loans are to be treated on a Model 1 basis. The Joint Administrators will confirm to Investors in due course.

**Model 1**

Under Model 1, Investors are deemed to have lent money to Lendy who then subsequently lent monies to borrowers as the principal (and not on behalf of the Investors). As a result, it has been determined that these recoveries from borrowers sit on the balance sheet of Lendy for the benefit of Lendy. The Investors under Model 1 are creditors of Lendy for the value of their investment.

Any recoveries from a Model 1 loan, either as a result of enforcing security and selling a secured asset, or by way of the borrower refinancing, will form part of Lendy's administration estate for distribution to all valid creditors of Lendy in accordance with the statutory requirements set out in the Insolvency Act 1986 ("the Act"). Following realisation of the assets of Lendy, the Administrators will assess and ascertain, in accordance with their statutory duties, which creditors are deemed to be valid creditors of Lendy.

**Model 2**

Under Model 2, Investors are deemed to have lent money to the borrowers via Lendy acting as agent with SSSHL acting as security agent for the benefit of both Lendy and the Investors.

According to the contractual documentation the following general principles shall apply in relation to any recoveries in relation to Model 2. Please note, each loan has to be reviewed and analysed on its own merit and terms. As a result, there may, in certain circumstances and depending on the terms of the contractual documentation, be some slight variance to these general distribution principles.

### **Order of Priority**

All recoveries from the Model 2 loans, will be held on trust by SSSHL and must be distributed by SSSHL in accordance with the terms of the security documents. The security documents set out an order of priority of payment. In summary, the order of priority will generally be as follows:

1. Firstly, towards the payment of the costs and expenses of Lendy, SSSHL and the Investors in connection with the enforcement of the security ("Costs Deduction");
2. Secondly, towards the payment of the Secured Liabilities, which are all the sums due to be paid by the borrower(s) to Lendy and the Investors in accordance with the contractual documentation ("Dividend Apportionment"); and
3. Thirdly, in the event that there are sufficient realisations, in payment to the borrower.

Each of the steps identified at points 1 to 3 above shall be collectively referred to as the "Distribution Waterfall".

In order to give some indication as to how the Distribution Waterfall operates, we have set out some further guidance below:

### **Costs Deduction**

The costs which are permitted to be deducted as a Costs Deduction under the Distribution Waterfall will include costs directly associated with the enforcement of the relevant borrower's security. Typically, the security documentation will provide/permit the following deductions:

- a) The costs and expenses of any appointed receivers or administrators of borrowers relating to the recovery of the borrower's assets or in relation to any refinance of the borrower's assets;
- b) To the extent that there are any, the costs of the Security Agent;
- c) Valuation Fees; and
- d) Lendy's service fee for providing services to SSSHL in connection with the enforcement of any security that SSSHL may hold.

In practice, whilst SSSHL hold the security for Model 2 loans, Lendy, under the supervision and management of the Administrators, is the operational entity responsible for overseeing the recovery of the remaining loan portfolio. Lendy has proposed to Grant Thornton as conflict administrators of SSSHL a new service agreement, at standard market rates in connection with undertaking this enforcement work ("Service Agreement").

In accordance with the terms of the service agreement, Lendy's fee for providing enforcement and recovery services to SSSHL is proposed to be 3% per annum of the gross realisations from the date of the default capped at a maximum of 10% of the gross realisations. This arrangement will replace any other fee arrangement that Lendy had in place prior with SSSHL and is considered by the Administrators to be reasonable, proportionate and market standard. It is subject to final approval by the conflict administrator.

Notwithstanding the above comments, the sums to be paid to Lendy pursuant to the Service Agreement will be held by Lendy pending further consideration and determination by the Administrators. If the Administrators determine that there are sufficient realisations in the administration of Lendy to pay the Administrators' costs and expenses in full, the sums deducted under the Service Agreement will be distributed to the relevant Model 2 Investors.

### **Dividend Apportionment**

As the Administrators of Lendy are obligated under the Act to maximise recoveries available to creditors of Lendy, the Administrators are obligated to ensure that all payments due to Lendy under certain terms of the contractual documentation are recovered for the creditors of Lendy. In practice, this means that all sums payable as part of the Dividend Apportionment in the Distribution Waterfall will be paid to Investors and Lendy on a pro rata basis (in the event that there is a shortfall), after the Costs Deduction.

The Administrators do not have any discretion to alter Lendy's contractual entitlement under the documentation and the Administrators will need to apply the terms of the contractual documentation to maximise the returns for the benefit of Lendy's creditors.

The following section illustrates the Distribution Waterfall mechanism using a hypothetical example.

This is a fictional example and the figures have been inserted for demonstration purposes only, and do not reflect the actual figures which may be due and payable under the Model 2 loans any similarity to any existing Model 2 loans are purely coincidental:

Original gross loan	£2,000,000
Contractual Entitlement due to Investors:	£2,060,000
Original Loan at £2,000,000	
Interest of £60,000	
Contractual Entitlement due to Lendy:	£540,000
Interest of £30,000	
Default interest of £500,000	
Exit Fee of £10,000	
Total Contractual Entitlement of Lendy and the Investors: £2,600,000 of which the Investors are owed 77% (£2,060,000) and Lendy is owed 23% (£540,000)	
Borrower Refinance / Sale of Asset achieved	£1,500,000
Cost Deduction	
Lendy's service fee	(£30,000)
Other direct costs (eg Valuers & Legal Fees)	(£70,000)
Balance Due after Cost Deduction	£1,400,000
Dividend Apportionment	
Investors are owed 77% of £1,400,000	£1,078,000
Lendy is owed 23% of £1,400,000	£322,000

#### **Consideration by the Administrators of the enforceability of certain contract terms in favour of Lendy**

The contractual documentation provides for interest, default charges and/ or exit fees to accrue to Lendy. Those sums would form part of Lendy's administration estate for distribution to all valid creditors of Lendy. Despite this, for the time being all sums accruing to Lendy under the Dividend Apportionment will be deferred and held pending further consideration by the Administrators and their legal advisors as to the enforceability of the contractual terms in favour of Lendy, and whether Lendy is the correct beneficiary in accordance with the legal position. In the event that the Administrators determine that Lendy is not legally entitled to all or part of such sums, a further distribution of any deducted sums will be distributed to the relevant Model 2 Investors.

To avoid any undue delay in making distributions to Investors, the Administrators have taken the view to process Waterfall Distributions where possible for certain loans, pending further consideration of Lendy's entitlement, rather than waiting for a final determination and to pay Investors such amounts as are unequivocally theirs, and not Lendy's. The Administrators are committed to resolving this in a timely manner, subject to any claims that they may receive in the administration of Lendy.

In relation to all other sums which accrue to Lendy, such sums will form part of Lendy's administration estate and be available for the creditors of Lendy as a whole.

### **Conclusion**

The above waterfall will be applied to all Model 2 loans, subject to certain sums accruing to Lendy being put on hold pending the Administrators review of the enforceability of certain terms. We acknowledge that there will be variances in the loan and security documentation for each Model 2 loan, as well as fact specific matters which may change how the Distribution Waterfall operates for that loan.

## **1.4 Realisation of assets**

The Joint Administrators are obliged to realise and get in the Company's property and maximise realisations. In some cases this does not result in sufficient realisations to result in a financial return to creditors, after taking into account the costs and expenses of realisation and dealing with the legislative requirements of administering the case. Details of the realisations made are set out below, with information relating to dividends, if any, contained within Appendix B.

### **1.4.1 Cash at Bank**

As advised in the Joint Administrators' Proposals, at the date of appointment the Company operated eight bank accounts with Barclays. One of these accounts was used as a client account, which is explained further explained at Section 1.6.3. The remaining seven accounts held a total balance of £903,797.

Following the written consent of the FCA the balances were transferred into the Administration account.

### **1.4.2 Costs paid by the Company**

The Joint Administrators realised £81,565 into the Administration. This payment represented third-party costs that were settled by the Company on the DFL012 loan.

### **1.4.3 Loan Book**

On appointment, the loan book had a book value of £152m, split between property bridging loans ("PBL's") £36m and development finance loans ("DFL's") £116m. Joint Administrators set out the makeup of the loan book in detail in the proposals issued to creditors.

Following the legal advice outlined above, the Joint Administrators are working with the Lendy team and Shoosmiths to produce an updated distribution waterfall for each remaining loan, upon that loan being realised. Based on the initial reviews it appears there was an absence of consistency in the underlying loan documentation, consequently to finalise any distribution waterfall the original loan documentation and any subsequent amendments have to be reviewed to ensure the contractual position is correctly reflected in the distribution waterfall.

This process requires the Lendy team to produce the distribution waterfalls in accordance with the loan documentation and following a review of the file. The waterfalls will then be reviewed by the Joint Administrators and a legal review by Shoosmiths LLP. Until such time as this is complete the Joint Administrators are unable to provide an estimated return to Investors.

The Administrators are unable to provide any material update on other loans until such time as a property sale or refinance has concluded so as not to prejudice the outcome. Accordingly, platform updates will no longer be posted monthly, but only on individual loans once the sale or refinance is concluded.

In the period significant time costs have been incurred in taking on, understanding and implementing the wind down of the loan book. The Joint Administrators have a dedicated team to assist the skeleton recoveries team at the Company.

#### DFLs

There are currently 20 live DFL's with an outstanding value of £101m. 15 of the live loans currently have formal insolvency proceedings against them, with either receivers or administrators being appointed. SSSHL in its capacity as secured creditor has placed 3 of these loans into insolvency proceedings.

In the period 4 DFL loans have been realised, with gross realisations of £2.8m. Further detail is set out in a table in Section 1.6.1.

#### PBLs

There are currently 22 live PBL's with an outstanding value of £29m. 16 of the live loans currently have formal insolvency proceedings against them, with either receivers or administrators being appointed. SSSHL in its capacity as secured creditor has placed 2 of these loans into insolvency proceedings.

In the period 4 PBL loans have been realised, with gross realisations of £4.5m. Further detail is set out in a table in Section 1.6.1.

#### 1.4.4 Claims underway

The Joint Administrators have instructed Shoosmiths LLP and JMW Solicitors LLP to assist with ongoing claims underway. These relate to loans where the security has already been realised and an amount of capital and/or interest remains owing to Investors which the Company was preparing to take action to recover. The type of action being contemplated includes demands in respect of a personal or corporate guarantee given by a third party against the loan, or claims for negligence on the part of one of Company's third-party professional advisers.

There are a number of other loans where it is believed that the Company has reasonable grounds for a claim and these are being reviewed.

The Joint Administrators are unable to provide further comment at this stage.

#### 1.4.5 Office Furniture and Equipment

Upon appointment, the Administrators instructed Lambert Smith Hampton ('LSH') to undertake a valuation of the Company's physical assets.

The Joint Administrators are awaiting an offer to purchase these assets.

### **1.5 Investigations**

In accordance with the Joint Administrators statutory obligations, they have filed the appropriate documentation in relation to the conduct of the directors.

During the period, the Joint Administrators have carried out extensive investigations into the Company's affairs. This has involved forensically analysing the Company's electronic records and bank statements. As reported in the Joint Administrators' Proposals, a significant amount of data was uplifted and secured upon appointment, which has been processed.

Specifically, the Joint Administrators have continued their investigations into transactions with other group companies and associated parties, which has involved the Joint Administrators interviewing both of the former directors of the Company during the period. The Joint Administrators have also spent time in dealing with regulators and assisting with their queries. See also Section 1.6.4 below.

These investigations have been carried out with the assistance with instructed solicitors, Pinsent Masons LLP. The investigations are on-going, and to ensure the Joint Administrators position is not prejudiced, no further information can be provided to creditors at this stage.

### **1.6 Case specific matters**

#### 1.6.1 Interim Distributions

As Investors will be aware, following realisations on the loan book the Joint Administrators have begun processing interim distributions of loan proceeds to Investors on a number of specific loans. A breakdown is set out in the table below.

Loan	Gross realisation - £	Third party costs - £	Costs paid by the Company - £	Lendy service fee – £ (3%)	Lendy contractual entitlement - £	Lenders contractual entitlement - £
DFL012 Herculaneum Quay, Liverpool	7,450,000	376,675	281,197	189,822	1,693,975	4,908,331
DFL034 Land at Mongleath Road	1,597,154	-	2,729	12,733	22,303	1,559,389
DFL037 Land at Penmere Manor Hotel, Mongleath Road	560,291	-	958	-	6,586	552,746
DFL032 Clewers Lane, Waltham Chase, Southampton	650,250	-	-	-	-	650,250
PBL163 Numbers 17,18,19,20 and 21 Towan Valley, Porthtowan, Cornwall	532,611	56,793	5,821	28,247	206,327	235,422
PBL164 Phase 2 Towan Valley, Porthtowan, Cornwall	948,207	198,207	5,821	52,450	276,155	415,573
PBL103 Site with planning for 117 units nr Hastings (Blocks A & B)	2,150,000	9,525	4,263	144,374	831,388	1,160,450
PBL193 Northfield Road, Rotherham	775,000	68,842	17,528	24,970	173,432	490,228
PBL056 Walrow Farm, Somerset	180,000	11,717	32,273	14,055	121,956	-

Investors are reminded that these distributions are interim, and it is anticipated there could be further distributions in respect of these loans.

#### 1.6.2 Conflict Threat Evaluation

In their proposals, the Joint Administrators set out in detail the potential conflicts that would arise from their appointment as Joint Administrators of Lendy Ltd, SSSHL and Lendy Provision Reserve Limited ("the Lendy Companies").

Chris Laverty, Trevor O'Sullivan and Helen Dale of Grant Thornton UK LLP have been appointed as Conflict Administrators in relation to SSSHL to ensure that any conflict between the 'Model 2' Investors' position and that of Lendy Ltd is fully represented. The Conflict Administrators role is to:

1. provide an independent oversight in relation to the charging structure and priority where Lendy is proposing to deduct costs and charges from the loan recoveries being made by SSSHL under the security it holds on behalf of Investors and to agree what represents a fair charge as between the parties; and

2. act on behalf of SSSHL in relation to any conflict issues which may arise in connection with RSM's appointments over the Borrower Companies.

Where an RSM office holder of a Borrower Company may need to seek approval and/or sanction for certain decisions from the Company as the secured creditor, the RSM office holders will seek such approval from the Conflict Administrators.

The Conflict Administrators will not seek any further information or input from the Joint Administrators of the Lendy Companies and/or the employees of RSM working on the administrations of the Lendy Companies.

The Conflict Administrators may only provide information on the Proposal to the Joint Administrators of the Lendy Companies and/or employees of RSM working on the administrations of the Lendy Companies once a final decision on the Proposal has been made.

#### 1.6.3 Creditors' Committee

As advised previously at the meeting of creditors held on 31 July 2019, a creditors committee ("the Committee") of five members was established. Since establishment there have been two formal meetings of the Committee and several updates.

The Committee's role is to act as a sounding board for the Joint Administrators to assist them to discharge their duties. In that regard the committee are privy to a number of highly confidential matters which have been discussed at length and will continue to be. It is simply not possible to share such information outside the Committee as to do so would have a detrimental impact on the Administration and is highly likely to impact asset realisations.

The Committee are acting in their position as creditors of the Company and not Investors.

#### 1.6.4 Financial Conduct Authority ("FCA")

The Joint Administrators are continuing to keep the FCA abreast of key actions and pertinent matters in the Administration.

The Joint Administrators are assisting the FCA with their request to deliver company information. Creditors will appreciate that we are not permitted to disclose anything further in connection with this aspect of the investigations.

#### 1.6.5 Anti-Money Laundering ("AML")

As previously advised, prior to releasing any funds to Investors, the Joint Administrators are required to ensure compliance with appropriate AML legislation. A review of the Company's existing AML and client take-on procedures noted deficiencies that were required to be addressed. The Joint Administrators instructed Fieldfisher to advise on the steps required to ensure we are compliant.

The Joint Administrators and the Lendy team undertook an Know Your Customer ("KYC") and AML revalidation exercise for all Investors with funds on account. The Joint Administrators instructed Experian to electronically check the Investors account details.

Following the electronic checks by Experian, approximately 77% (UK only) of the investor base were verified. The remaining Investors were contacted by the Lendy team and asked to provide additional documentation to complete the checks.

The table below sets out the AML verification position for all investors with funds (including non-UK investors).

	Investors	Percentage of investors	Value	Percentage of value
AML verified	8,066	79%	c£140m	90%
Failed/Referred	2,107	21%	c£15m	10%

The Lendy team will continue liaising with individuals who currently have not fulfilled the money laundering checks. Please assist the team as this will accelerate the process.

Regrettably these final checks are a manual exercise, hence it will take some time to complete these processes.

To confirm, the email address that Investors will receive an email from requesting further documentation from the Verification team is [support@lendy.co.uk](mailto:support@lendy.co.uk).

Thank you for your cooperation in ensuring your details are up-to-date and we will be providing further updates on this revalidation exercise in the near future.

#### 1.6.6 Client account

As previously advised, under the FCA's Client Assets Sourcebook ("CASS") rules, the Company operates an electronic platform in relation to lending, where Investor money is treated as client money. The Company operates under the full client money model where all Investor money is processed through a client money account.

Client money comprises investment monies paid by Investors into their cash account on the platform. This is held by the Company in the client account until invested into individual loans and paid to the borrower.

Client money also includes monthly interest payments (once due and payable this is credited to the Investors' cash account), any repayment of the capital balance by the borrower and any default interest if applicable (after the deduction of any relevant recovery costs and fees), which is then credited back to their cash account on the platform.

The Company placed client money in a client bank account with Barclays Bank Plc. This was designated as 'Lendy Ltd Client Account'.

Following discussions with the FCA, an additional client account was opened to separate pre and post appointment monies. The team are currently working on the reconciliation and will then move funds to the new account.

Client money reconciliations are performed on a daily basis. A summary of the client account reconciliation at the last business day of the reporting period, being 22 November 2019, is included below.

Client account summary as at 22 November 2019	£'000
Client balances	4,773
Loan receipts allocated but not yet distributed	516
Loan receipts contractually due to Lendy Ltd (currently withheld)	3,353
Service fee contractually due to Lendy Ltd (currently withheld)	475
Loan receipts yet to be allocated – DFL016	281
Loan receipts yet to be allocated – PBL101/102	212
Client account balance as at 22 November 2019	9,610

The Client balances total of £4.7m includes both individual Investors' available balances on their accounts and also sums that have been requested to be withdrawn but have not yet cleared the account.

Loan receipts allocated but not yet distributed totalling £516k include loans that have been realised but not distributed in the reporting period. The majority of these loans have been distributed following of the reporting period.

Loan receipts contractually due to Lendy and the Service Fee due to Lendy are set explained in Section 1.3 of this report. As previously advised, for the time being all sums accruing to Lendy under the

Dividend Apportionment will be deferred and held pending further consideration by the Administrators and their legal advisors as to the enforceability of the contractual terms in favour of Lendy, and whether Lendy is the correct beneficiary in accordance with the legal position.

Please note, minor differences between the figures in the table above and the distribution table in Section 1.6.1 are due to adjustments when calculating the distribution waterfall.

#### 1.6.7 Employees

Following appointment, the Joint Administrators worked with management to understand the staffing and contractor requirements going forward.

Several staff were made redundant or have resigned, leaving a skeleton staff of four to assist the Joint Administrators with the continued operations of the business and with the wind down and management of the loan book.

#### 1.6.8 Premises

On 1 October 2019, the remaining Lendy staff were relocated from the Company's premises to Shoosmiths' offices in Whiteley.

#### 1.6.9 Contractors

The Joint Administrators retained the services of certain contractors in the Administration to handle the legal and finance functions of the Company. The Administrators have since ended these agreements and the functions are managed in house or with Shoosmiths LLP.

#### 1.6.10 Investor correspondence

The Joint Administrators continue to receive a significant level of creditor and investor correspondence which is incurring significant time costs. Investors are reminded to contact [support@lendy.co.uk](mailto:support@lendy.co.uk) in the first instance, the Lendy team will refer queries to the Administration team if required.

A significant amount of time has been incurred liaising with creditors and Investors. The volume of calls and emails in this case has added significant costs to the Administration, as shown in Appendix G.

#### 1.6.11 Hardship payments

The Joint Administrators previously advised Investors that where they may be suffering significant hardship, we would consider the position and accelerate the withdrawal process where possible.

The Joint Administrators have processed a number of hardship payments in the period, the payment is deducted from the Investors' available balance.

### 1.7 Administration and planning

Certain aspects of the work that the Joint Administrators undertake are derived from the underlying legal and regulatory framework for cases of this nature. This work, which does not usually result in any direct financial return to creditors, is a necessary aspect of ensuring that the Joint Administrators are complying with both of their legislative and best practice responsibilities, and ensuring that the case is managed efficiently and effectively. It includes matters such as:

- Periodic case reviews, ongoing case planning and strategy;
- Maintaining and updating computerised case management records;
- Dealing with routine correspondence not attributable to other categories of work;
- Ongoing consideration of ethical and anti-money laundering regulations;
- General taxation matters;
- Preparation of receipts and payments accounts, maintenance of cashiering records;
- Preparing, reviewing and issuing reports to creditors and other parties;
- Filing of documentation at Companies House, Court and other relevant parties;
- General administrative matters in relation to administration;
- Negotiation arrangements with the Landlord regarding continued occupation of the premises;
- Obtaining funds from the Company's former bank accounts;
- Updates to Investors and operational creditors;
- Reporting to the FCA with updates on case strategy and progression;

- Investigating the conduct of the Directors;
- Commencing the investigations into the Company bank accounts and credit cards;
- Pension schemes, liaising with PPF/Pensions Regulator/Trustees; and
- Consideration of Health and Safety and environmental regulations.

## 2 Details of what remains to be done and matters preventing closure

### 2.1 Assets remaining to be realised

As detailed in Section 1.4, the Joint Administrators are continuing to work with the relevant parties to manage the wind down of the loan book.

### 2.2 Other outstanding matters

The Joint Administrators are undertaking further investigations in respect of several matters relating to this Administration. At this time, further details cannot be disclosed as to do so may prejudice the investigations.

## 3 Creditors' claims and dividend prospects

Dividend prospects and projected returns to creditors, where known, are detailed in Appendix B, including any amount under the prescribed part. Please note that these are indicative only and should not be used as the sole or principal basis for any bad debt provision or other purposes. They may be subject to revision and additional costs.

The agreement of creditors' claims by the Joint Administrators (or any subsequently appointed Supervisor or Liquidator) is a separate matter and will be dealt with as appropriate in due course, initially by reference to the proofs of debt lodged in the proceedings by creditors themselves.

The Joint Administrators are obliged to deal with a number of matters in relation to creditors to comply with both the legislative and best practice requirements and to ensure creditors are kept informed. Creditors will only derive an indirect financial return from this work on cases where a dividend has been paid or is due to be paid in the subsequent liquidation. These matters include:

- Preparation and issue of progress reports and associated documentation;
- Maintenance of schedules of preferential and unsecured creditors' claims;
- Dealing with correspondence and telephone calls; and
- Where necessary, consideration of creditors' claims; acceptance or rejection of claims and complying with legislative obligations in relation to adjudication of creditors' claims generally for voting and, if applicable, dividend purposes.

#### 3.1.1 Secured creditors

The Company have confirmed that there are no chargeholders over the Company.

#### 3.1.2 Preferential creditors

The Company's preferential creditors are expected to be minimal, but we are unable to provide a precise figure at this time.

#### 3.1.3 Unsecured creditors

From the Statement of Affairs provided by the Company, the estimated amount currently owed to unsecured creditors is £8.3m. However, this figure has been provided on the assumption that only Model 1 Investors are creditors. As noted above, Investors are invited to submit a claim in the Administration for any shortfall they suffer following the Distribution Waterfall.

Further, we have been made aware of a number of significant potential claims from Investors and other parties in respect of which we have yet to receive detailed claims.

**To the extent that any Investor suffers a shortfall following the Distribution Waterfall, those Investors will be at liberty to file a proof of debt against Lendy, fully setting out their claim for the Administrators' consideration. The Investor's rights will not be affected by filing a proof of debt.**

**A proof of debt form is enclosed at Appendix I. Completed proof of debt forms should be sent to [lendy.restructuring@rsmuk.com](mailto:lendy.restructuring@rsmuk.com)**

4 Receipts and payments summary

We attach as Appendix C a summary of our receipts and payments for the period from 24 May 2019 to 23 November 2019, along with cumulative figures where applicable.

Receipts and payments are shown net of VAT as the company was not VAT registered, and consequently VAT is not recoverable from HM Revenue and Customs. The irrecoverable VAT is shown in the receipts and payments account as a 'cost of realisation'.

5 Joint Administrators' remuneration, expenses and disbursements

**5.1 Pre-administration costs**

Given the very short timeframe between being approached by the Company and their appointment, the time costs incurred by the Joint Administrators prior to the Company being placed into administration have been written off.

**5.2 Authority for remuneration**

The Joint Administrators have submitted an updated fee request to the creditors' committee for their consideration, which is at Appendix H. This is yet to be approved.

To date, the creditors committee have authorised the Joint Administrators to draw £500,000 (plus VAT) on account of time costs incurred to 31 July 2019. The fees were in line with the fee estimate provided to creditors in the Joint Administrators' proposals dated 14 July 2019. These fees have been drawn outside the reporting period.

**5.3 Remuneration and expenses incurred in the period from 24 May 2019 to 23 November 2019 and since appointment**

Sums drawn in respect of remuneration in the period covered by this report are shown in the attached receipts and payments account.

The Joint Administrators are required to report remuneration 'charged' in the period. This reflects the time charged to the case for any category of work where remuneration has been approved on a time cost basis. The Joint Administrators can only draw remuneration based on time costs, that has been approved in accordance the fee estimate, as set out above.

Creditors will appreciate from the narrative above that this has proved to be a very much more complex Administration than envisaged when we prepared our initial fee estimate of time costs for the first twelve months.

The particular aspects which have taken up more time than expected are as follows:

Loan book

The loan book has proved to be in a significantly worse state than was immediately ascertainable on our appointment. Negotiations with borrowers and overseeing both the realisation of property assets and the performance of Receivers/ Administrators to realise secured assets have been complex, difficult and time-consuming.

Model 1/ Model 2 loans

The legal position with regard to Model 2 loans in particular had to be analysed in considerable detail and reviewed by us, our solicitors, Shoosmiths and Counsel. Following on from the advice received we then had to undertake an extensive exercise to ensure that any realisations were correctly allocated in the Distribution Waterfall. This exercise is still ongoing.

AML

The state of the Company's records to comply with current AML regulations was unacceptable. We have therefore had to spend additional time and instruct external experts to ensure compliance before distributions would be made to Investors.

#### Investors communications and correspondence

Due to the above matters, enquiries from Investors have unsurprisingly been much higher than would normally be the case. Further, due to the complexity of the issues raised, these have had to be handled by senior members of staff.

#### Staffing

We have been able to retain a very small team of Lendy staff to assist in the above but due to a combination of staff losses due to finding new employment as well as the need to release under-performing staff, it has been necessary for RSM staff to take on some of the more routine functions that Lendy staff would have been expected to undertake.

Since the date of appointment, the Joint Administrators have incurred time costs totalling £1,736,829. Of this, a total of £500,000 (plus VAT) has been paid and £1,236,829 remains outstanding and due to be paid. An analysis of time incurred in the period is attached.

### **5.4 Expenses and disbursements**

Attached are the Joint Administrators' charging, expenses and disbursement policy statement, together with the current rates. Details of the expenses (including category 1 and category 2 disbursements) that the Joint Administrators have incurred in the period of the report are also attached, along with cumulative figures.

The amount of the expenses incurred is higher than the estimate provided to creditors on 15 July 2019. The Joint Administrators were unable to provide a realistic estimate due to the uncertainty on the work that we required be undertaken by third parties.

Significant costs were incurred when the team were in situ at the former premises, these costs have now reduced.

The Company employed several contractors in the team. The majority of these contractors have now been released and the Joint Administrators have streamlined the team, significantly reducing external costs.

#### **5.4.1 Other professional costs**

Whilst professional costs are not subject to approval by the relevant approving body, all professional costs are subject to review before being paid.

Shoosmiths LLP, solicitors, have been retained as legal advisors in view of their expertise in the following matters. They have advised the Joint Administrators on several matters pertaining to the Administration, including:-

- General legal advice;
- General insolvency advice;
- In-house legal matters;
- Legal advice regarding a claim from a former employee;
- Advising in relation to the construction of Model 1 & Model 2 loan and security documentation, and the application of the Distribution Waterfall;
- Instructing Counsel on the above;
- Assisting and advising on the recoveries of outstanding loans, including the insolvency process in relation to enforcement;
- Reviewing the contractual documentation on each live loan and applying to the Distribution Waterfalls;
- Reviewing and advising on the validity of appointments and security documentation for each loan that is in an insolvency process or may enter an insolvency process;

- Assisting and advising on the claims underway as set out in Section 1.1.3;
- Liaising with the FCA and the creditors committee;
- Assisting the administrators with investor queries; and
- Dealing with any borrower counterclaims and legal proceedings.

We have agreed Shoosmiths' remuneration based on their standard hourly charge-out rates, plus VAT and disbursements, and their agreed fees and disbursements of £25,973 VAT had been paid as at 23 November 2019. Since that date, further agreed fees and disbursements of £165,857 plus VAT have been paid.

Pinsent Masons LLP, solicitors, have been retained as legal advisors in view of their expertise in these matters. They have advised the Joint Administrators on our investigations set out in Section 1.5. We have agreed their remuneration based on their standard hourly charge-out rates, plus VAT and disbursements, and their agreed fees and disbursements of £4,392 plus VAT ad been paid as at 23 November 2019. *Since that date, further agreed fees and disbursements of £194,496 plus VAT have been paid.*

Fieldfisher LLP, solicitors, were retained as legal advisors in view of their expertise in the following matters. They have advised the Joint Administrators on the Anti-Money Laundering requirements. We have agreed their remuneration based on their standard hourly charge-out rates, plus VAT and disbursements, and their agreed fees of £13,160 (plus VAT) have been paid.

Kemp Little, solicitors, have been retained as legal advisors in view of their expertise in the following matters. They have advised the Joint Administrators regarding a claim from a former employee. We have agreed their remuneration based on their standard hourly charge-out rates, plus VAT and disbursements, and their agreed fees of £10,316 (plus VAT) have been paid.

Wright Hassall, solicitors, were retained as legal advisors in view of their expertise in the following matters. They have advised the Joint Administrators on reviewing the validity of their appointment as Joint Administrators. We have agreed their remuneration based on their standard hourly charge-out rates, plus VAT and disbursements, and their agreed fees of £2,700 (plus VAT) have been paid.

Lambert Smith Hampton were retained as agents to dispose of the Company's tangible assets. We have agreed that they be remunerated based on their standard hourly charge-out rates, plus disbursements and VAT. They have submitted invoices totalling £5,500 (plus VAT) which have been paid.

Henry Thomas Advisory, accountants, have been retained to provide accountancy advice, process payroll support and the services of an interim finance director. We agreed that they be remunerated based on their standard commission rates, plus disbursements and VAT. They have submitted invoices totalling £81,420 (plus VAT) which have been paid.

Arete Marketing Consultancy Limited were retained to provide in-house legal support. We agreed that they be remunerated based on a fixed daily rate, plus disbursements and VAT. Their agreed fees and disbursements of £75,458 plus VAT have been paid. Further fees and disbursements of £12,225 have been paid but the VAT element has been withheld.

SI Digital, operate the Company's website platform and provide ongoing support. We agreed that they be remunerated based on a reduced fixed monthly. They have submitted invoices totalling £56,000 (plus VAT) which have been paid. This service is imperative to keep the platform operational.

## 6 Creditors' right to information and ability to challenge remuneration and expenses

In accordance with the provisions of the relevant legislation creditors have a right to request further information about remuneration or expenses (other than pre-administration costs) and to challenge such remuneration or expenses.

A request for further information must be made in writing within 21 days of receipt of this report.

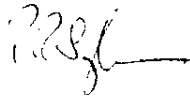
Any secured creditor, or any unsecured creditor with either the concurrence of at least 10% in value of the unsecured creditors (including that creditor) or the permission of the court, may apply to court that

the remuneration charged, the basis fixed or expenses incurred by the Administrator are in all the circumstances excessive.

Any such challenge must be made no later than eight weeks after receipt of the report which first discloses the charging of remuneration or incurring of the expenses in question.

A Creditors' Guide to Administrators' Fees, which provides information for creditors in relation to the remuneration of an Administrator, can be accessed at <http://rsm.insolvencypoint.com/> under 'general information for creditors'. A hard copy can be requested from my office by telephone, email or in writing.

Should you have any further queries please do not hesitate to contact me.



Phillip Sykes  
RSM Restructuring Advisory LLP  
Joint Administrator

Damian Webb, Phillip Sykes and Mark Wilson are licensed to act as an Insolvency Practitioner in the UK by the Institute of Chartered Accountants in England and Wales

Insolvency Practitioners are bound by the Insolvency Code of Ethics when carrying out all professional work relating to an insolvency appointment

The affairs, business and property of the Company are being managed by the Joint Administrator who act as agents of the Company and without personal liability

## Appendix A

### Statutory and other information

Company Information	
Company name:	Lendy Ltd
Company number:	08244913
Date of incorporation:	9 October 2012
Trading name:	Lendy Ltd
Trading address	Brankesmere House, Queens Crescent, Southsea, Hampshire, PO5 3HT
Principal activity:	Financial service activities, except insurance and pension funding
Registered office:	RSM Restructuring Advisory LLP 25 Farringdon Street London EC4A 4AB
Previous company names:	N/A

Administration information			
Joint Administrators:	Damian Webb, Phillip Sykes and Mark Wilson		
Date of appointment:	24 May 2019		
Functions:	The Joint Administrators' appointment specified that they would have power to act jointly and severally. The Joint Administrators' have exercised, and will continue to exercise, all of their functions jointly and severally as stated in the notice of appointment.		
Appointor:	Liam John Brooke by way of a Director's appointment		
Details of any extension:	None		
Proposed exit route:	Creditors' Voluntary Liquidation		
Correspondence address & contact details of case manager:	Matthew Foy 020 3201 8000 RSM Restructuring Advisory LLP, 25 Farringdon Street, London, EC4A 4AB		
Name, address & contact details of Joint Administrators:	<b>Primary Office Holder</b> Damian Webb RSM Restructuring Advisory LLP 25 Farringdon Street, London, EC4A 4AB 020 3201 8000 IP Number: 14970	<b>Joint Office Holder:</b> Phillip Sykes RSM Restructuring Advisory LLP 25 Farringdon Street, London, EC4A 4AB 0203 201 8000 IP Number: 6119	<b>Joint Office Holder</b> Mark Wilson RSM Restructuring Advisory LLP 25 Farringdon Street, London, EC4A 4AB 0203 201 8000 IP Number: 008612

## Appendix B

### Dividend prospects

	Owed	Paid to date	Estimated future prospects
Secured creditor	N/A	N/A	N/A
Preferential creditors	Not known at this time	NIL	100p in the £
Unsecured creditors	£8.3m**	NIL	Not known
Estimated net property	N/A		
Estimated prescribed part available for unsecured creditors	N/A		
Whether and why the Administrators intend to apply to court under S176(A)(5) IA86	N/A		

\* Any estimated outcome for creditors is illustrative and may be subject to change.

\*\*As per the statement of affairs

## Appendix C

### Lendy Ltd In Administration Joint Administrators' Summary of Receipts & Payments

Statement of Affairs £	From 24/05/2019 To 23/11/2019 £	From 24/05/2019 To 23/11/2019 £
	<b>ASSET REALISATIONS</b>	
0.00	Bank Interest Gross	355.11
0.00	Cash at Bank	903,797.84
0.00	Costs paid by Lendy Ltd	81,565.89
0.00	Other Refunds	3.06
0.00	Tax / Insurance Refunds	244.94
12,845,121.00		985,966.84
	<b>COST OF REALISATIONS</b>	
0.00	Agents/Valuers Fees	(5,980.00)
0.00	Bank Charges	(623.07)
0.00	Comittee Expenses	(229.95)
0.00	Consulting services	(10,676.00)
0.00	Contractor Fees & Disbursements	(239,419.19)
0.00	Critical Supplier	(21,818.21)
0.00	IT Costs	(53,554.02)
0.00	Cleaning/Waste Collection	(1,516.95)
0.00	Data room costs	(897.60)
0.00	FCA Associated costs	(9,125.00)
0.00	Hardship Creditor Payment	(27,130.08)
0.00	Initial Call Centre costs	(12,407.62)
0.00	Insurance of Assets	(8,855.61)
0.00	Legal Fees & Disbursements	(50,908.06)
0.00	Mail redirection	(1,252.00)
0.00	Meeting Costs	(27,406.15)
0.00	Other Property Expenses	(1,254.78)
0.00	Utilities	(2,115.40)
0.00	Security	(7,237.80)
0.00	PAYE & NIC	(152,059.49)
0.00	Payroll Services	(1,000.00)
0.00	Pension Contribution	(11,425.29)
0.00	Professional Fees & Expenses	(36,250.00)
0.00	Sundry Expenses	(1,612.04)
0.00	Staff Expenses	(2,009.67)
0.00	VAT Irrecoverable	(73,695.09)
0.00	Wages & Salaries	(201,779.60)
		(962,238.67)
12,845,121.00		23,728.17
	<b>REPRESENTED BY</b>	
	Bank - (RBS)	23,728.17
		23,728.17

## Appendix D

### RSM Restructuring Advisory LLP charging, expenses and disbursements policy statement

#### Charging policy

- Partners, directors, managers, administrators, cashiers, secretarial and support staff are allocated an hourly charge out rate which is reviewed from time to time.
- Work undertaken by cashiers, secretarial and support staff will be or has been charged for separately and such work will not or has not also been charged for as part of the hourly rates charged by partners, directors, managers and administrators.
- Time spent by partners and all staff in relation to the insolvency estate is charged to the estate.
- Time is recorded in 6-minute units at the rates prevailing at the time the work is done.
- The current charge rates for RSM Restructuring Advisory LLP are attached.
- Time billed is subject to Value Added Tax at the applicable rate, where appropriate.
- It is the office holder's policy to ensure that work undertaken is carried out by the appropriate grade of staff required for each task, having regard to its complexity and the skill and experience actually required to perform it.
- RSM Restructuring Advisory LLP's charge out rates are reviewed periodically.

#### Expenses and disbursements policy

- Only expenses and disbursements properly incurred in relation to an insolvency estate are re-charged to the insolvency estate.
- Expenses and disbursements which comprise external supplies of incidental services specifically identifiable to the insolvency estate require disclosure to the relevant approving party, but do not require approval of the relevant approving party prior to being drawn from the insolvency estate. These are known as 'category 1' disbursements.
- Expenses and disbursements which are not capable of precise identification and calculation (for example any which include an element of shared or allocated costs) or payments to outside parties that the firm or any associate has an interest, require the approval of the relevant approving party prior to being drawn from the insolvency estate. These are known as 'category 2' disbursements.
- A decision regarding the approval of category 2 disbursements at the rates prevailing at the time the cost is incurred to RSM Restructuring Advisory LLP will be sought from the relevant approving party in accordance with the legislative requirements.
- General office overheads are not re-charged to the insolvency estate as a disbursement.
- Any payments to outside parties in which the office holder or his firm or any associate has an interest will only be made with the approval of the relevant approving party.
- Expenses and disbursements re-charged to or incurred directly by an insolvency estate are subject to VAT at the applicable rate, where appropriate.

## Appendix E

### RSM Restructuring Advisory LLP current charge out and category 2 disbursement rates

Hourly charge out rates		
	Rates at commencement £	Current rates £
Partner	625	625
Directors / Associate Directors	450 to 575	450 to 575
Manager	280 to 345	280 to 345
Assistant Managers	210 to 290	210 to 290
Administrators	105 to 210	105 to 210
Support staff	90 to 190	90 to 190

Category 2 disbursement rates	
Internal room hire	Location dependent
Subsistence	£25 per night (from 3 <sup>rd</sup> September 2013)
Travel (car)	42.5p per mile (from 1 April 2011)
'Tracker' searches	£10 per case

## Appendix F

### Statement of expenses incurred in the period from 24 May 2019 to 23 November 2019

Expenses (excluding category 2 disbursements) Type and purpose	£			
	Original estimate	Incurred to date Period : 24/05/19 - 23/11/19	Paid to date	Unpaid to date
Bond	500.00	127.50	0.00	127.50
Statutory advertising	142.00	71.00	71.00	0.00
Website fee	10.00	10.00	0.00	10.00
Storage agent (collection/storage of records)	2,000.00	0.00	0.00	0.00
Chattel asset agent valuation	2,500.00	2,500.00	0.00	2,500.00
Insurance	2,694.37	16,509.49	16,509.49	0.00
Legal fees	TBC	50,908.06	50,908.06	
Land Registry fees	66.00	453.00	234.00	219.00
Library Services		84.17	55.00	29.17
Stationery and Books	286.64	6,780.42	4,050.52	2,729.90
Travel	7,041.72	12,829.19	8,306.88	4,522.31
Call centre fees	8,176.00	16,583.62	16,583.62	0.00
Room Hire	TBC	2,055.00	2,055.00	0.00
Overnight - Hotel		794.00	444.92	349.08
Phone		390.20	390.20	0.00
Agents/Valuers fees		5,890.00	5,890.00	0.00
Bank Charges		623.07	623.07	0.00
Committee Expenses		229.95	229.95	0.00
Consulting Services		10,676.00	10,676.00	0.00
Contractors		239,419.19	239,419.19	0.00
Critical Supplier - Other		21,818.21	21,818.21	0.00
IT Costs		53,554.02	53,554.02	0.00
Cleaning/ Waste Collection		1,516.95	1,516.95	0.00
Data room costs		897.60	897.60	0.00
FCA Associated costs		9,125.00	9,125.00	0.00
Hardship Creditor payment		27,130.08	27,130.08	0.00
Mail redirection		1,252.00	1,252.00	0.00
Meeting costs		27,406.15	27,406.15	0.00
Other Property Expenses		1,254.78	1,254.78	0.00

Utilities		2,115.40	2,115.40	0.00
Security		7,237.80	7,237.80	0.00
PAYE & NIC		152,059.49	152,059.49	0.00
Payroll Services		1,000.00	1,000.00	0.00
Pension Contribution		11,425.29	11,425.29	0.00
Professional Fees		36,250.00	36,250.00	0.00
Sundry Expenses		1,612.04	1,612.04	0.00
Staff Expenses		2,009.67	2,009.67	0.00
Wages & Salaries		201,779.60	201,779.60	0.00
<b>Sub Total</b>	23,416.73	926,377.94	915,890.98	10,486.96
<b>Category 2 disbursements</b>				
<b>Recipient, type and purpose</b>				
RSM Restructuring Advisory LLP - Mileage	3,148.30	3,082.10	1,524.85	1,557.25
RSM Restructuring Advisory LLP - Subsistence	400	1314.1	909.22	404.88
<b>Sub Total</b>	3,548.30	4,396.20	2,434.07	1,962.13
<b>Total</b>	26,965.03	930,774.14	918,325.05	12,449.09

**NOTE:** This Appendix may include estimated amounts where actual invoices have not been received. The amounts paid in the period are shown in the attached receipts and payments account. Invoices may have been paid in a period after that in which they were incurred.

Several payments in this table aren't reflected in the Receipts and Payments account at Appendix B as they have been settled as a disbursement of RSM and not yet billed to the case.

#### **Category 1 Disbursements**

These comprise external supplies of incidental services specifically identifiable to the insolvency estate. They do not require approval of the relevant approving party prior to being paid.

#### **Category 2 Disbursements**

These are costs which are not capable of precise identification or calculation, or that may include an element of shared or allocated costs. Payments to outside parties that the Office Holder, firm, or any associate has an interest, are also treated as "Category 2" disbursements. These costs require the specific approval of the *relevant approving body before being paid from the insolvency estate. Details of the current rates, costs incurred to date, and any payments are shown above. Approval for the payment of these costs, at the rates prevailing at the date they were incurred will, or have been (as applicable), sought from the relevant approving body.*

Appendix G

Joint Administrators' time cost analysis for the period from 24 May 2019 to 23 November 2019

From 24 May 2019 to 23 November 2019	Time (hrs)										Time Costs		Total Cost
	1	2	3	4	5	6	7	8	9	10	11	12	
Administration and Planning													
Appointment	25.8	0.0	0.0	0.0	0.0	12.7	2.4	40.9				£ 19,218.00	459.88
Background information	0.0	93.7	0.0	0.0	0.0	6.0	9.7	109.4				£ 43,726.50	369.69
Case Management	37.4	213.1	130.8	85.0	116.5	6.6	589.4					£ 209,880.00	366.09
Closure	0.0	0.0	0.0	0.0	3.0	0.0	3.0					£ 630.00	210.00
Director(s)/debtor/bankrupt	14.5	2.3	0.0	1.0	3.6	0.0	21.4					£ 11,421.00	533.69
Pension Scheme	0.0	0.0	0.7	0.0	4.5	0.0	5.2					£ 1,186.50	228.17
Post-appointment - general	0.0	0.0	0.7	1.5	5.1	0.0	7.3					£ 1,732.50	237.33
Pre-appointment matters	13.7	0.0	0.0	6.0	10.2	1.0	30.9					£ 12,419.50	401.93
Receipts and Payments	0.4	0.1	2.4	8.8	101.4	0.0	113.1					£ 24,447.50	216.16
Statement of Affairs	0.0	0.0	1.1	0.0	0.0	0.0	1.1					£ 379.50	345.00
Tax Matters	3.3	0.0	3.2	0.6	1.5	0.0	8.6					£ 4,168.00	484.65
Total	95.1	309.2	138.9	102.9	264.5	19.7	930.3					£ 329,209.00	353.87
Investigations													
Investigations/CDDA	25.3	14.2	336.8	5.6	153.9	27.0	562.8					£ 193,683.50	344.14
Total	25.3	14.2	336.8	5.6	153.9	27.0	562.8					£ 193,683.50	344.14
Realisation of Assets													
Assets - general/other	2.9	0.0	2.5	41.3	29.8	0.0	76.5					£ 20,106.00	262.82
Chattels	0.0	0.0	0.6	0.2	0.0	0.0	0.8					£ 255.00	318.75
Debtors & sales finance	25.2	716.1	11.1	0.0	0.0	0.0	752.4					£ 431,337.00	574.28
Land and Property	67.6	43.2	19.9	13.2	7.6	1.5	153.0					£ 73,015.50	477.23
ROT/ Third Party Assets	1.0	0.0	0.0	0.0	0.0	0.0	1.0					£ 625.00	125.00
Sale of business	0.3	0.0	0.5	0.0	3.6	4.0	8.4					£ 1,564.00	186.19
Total	97.0	759.3	34.6	54.7	41.0	5.5	992.1					£ 626,902.60	531.10
Trading													
Trading	134.9	0.0	211.6	44.0	104.6	0.0	495.1					£ 193,711.00	391.26
Total	134.9	0.0	211.6	44.0	104.6	0.0	495.1					£ 193,711.00	391.26
Creditors													
1st creditors/shareholders meetings and reports	88.1	0.0	32.2	10.1	123.2	2.5	256.1					£ 94,429.00	368.72
Committee	49.4	0.0	4.9	15.6	23.6	0.3	93.8					£ 41,946.50	447.19
Deferred/Postponed Creditors	0.0	0.0	0.0	0.0	26.2	0.0	26.2					£ 5,502.00	210.00
Employees	3.4	0.0	7.8	11.3	4.8	0.0	27.3					£ 8,708.00	318.97
Other Creditor Meetings and Reports	4.4	0.0	20.3	0.9	0.0	5.0	30.6					£ 10,639.50	347.70
Secured Creditors	1.2	0.0	0.0	0.0	0.0	0.0	1.2					£ 750.00	624.00
Unsecured Creditors	86.9	3.5	45.1	147.0	350.3	41.7	674.5					£ 178,262.00	264.29
Total	233.4	3.5	110.3	184.9	528.1	49.5	1109.7					£ 340,237.00	306.60
Case Specific Matters - Legal Matters													
Legal Matters	172.6	14.8	36.3	67.7	36.3	1.5	329.2					£ 153,086.50	465.03
Total	172.6	14.8	36.3	67.7	36.3	1.5	329.2					£ 153,086.50	465.03
Total Hours (24 May 2019 to 23 November 2019)													
Total Time Cost (24 May 2019 to 23 November 2019)	£ 472,849.00	£ 582,986.50	£ 313,076.00	£ 126,632.00	£ 221,846.50	£ 20,631.60	£ 1,736,829.60						393.02
Total Hours													
Total Time	768.3	1,101.0	868.6	469.8	1,128.4	103.2	4,419.2					£ 1,736,829.60	393.02
Total Cost	£ 472,849.00	£ 582,986.50	£ 313,076.00	£ 126,632.00	£ 221,846.50	£ 20,631.60	£ 1,736,829.60						
Average Rates	623.56	529.52	360.48	273.01	196.60	198.96	393.02						

### Updated estimate of the Joint Administrators' fees

[illegible]

## Appendix I

### Proof of Debt

<b>High Court of Justice, Business and Property Courts in Birmingham, Insolvency and Companies List No 443 of 2019</b>		
<b>Lendy Ltd in Administration - Company No: 08244913</b>		
<b>Damian Webb, Phillip Sykes and Mark Wilson appointed as Joint Administrators on 24 May 2019</b>		
Relevant date for creditors' claims: 24 May 2019		
1	Name of creditor If a company please also give company registration number	
2	Address of creditor for correspondence.	
3	Total amount of claim, including any Value Added Tax and outstanding uncapitalised interest as at the relevant date.  Less any payments made after that date in relation to the claim, any deduction in respect of discounts and any adjustment by way of mutual dealings and set off in accordance with relevant legislation	£
4	Details of any documents by reference to which the debt can be substantiated.  There is no need to attach them now, but you should retain them safely as the Joint Administrators may ask you at a future date to produce any document or other evidence which is considered necessary to substantiate the whole or any part of the claim.	
5	If amount in 3 above includes outstanding uncapitalised interest please state amount.	£
6	Particulars of how and when debt incurred  If you need more space append a continuation sheet to this form	
7	Particulars of any security held, the value of the security, and the date it was given.	£  Date

8	Particulars of any reservation of title claimed in respect of goods supplied to which the claim relates.	
	Signature of creditor or person authorised to act on his behalf	
	Name in BLOCK LETTERS	
	Date	
	Position with or in relation to creditor	
	Address of person signing (if different from 2 above)	

**Notes:** 1. This form can be authenticated for submission by email, to [Lendy.Restructuring@rsmuk.com](mailto:Lendy.Restructuring@rsmuk.com), by entering your name in block capitals and sending the form as an attachment from an email address which clearly identifies you or has been previously notified to the office holder. If completing on behalf of a company, please state your relationship to the company.