

WU07

Notice of progress report in a winding-up
by the court



Companies House

MONDAY



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15/06/2020

#236

COMPANIES HOUSE

1 Company details

Company number 0 8 4 1 0 5 6 0

Company name in full SCL Social Limited

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

2 Liquidator's name

Full forename(s) Vincent John

Surname Green

3 Liquidator's address

Building name/number 4 Mount Ephraim Road

Street Tunbridge Wells

Post town Kent

County/Region

Postcode T N 1 1 E E

Country

4 Liquidator's name

Full forename(s) Mark

Surname Newman

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

5 Liquidator's address

Building name/number 4 Mount Ephraim Road

Street Tunbridge Wells

Post town Kent

County/Region

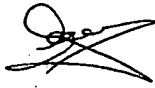
Postcode T N 1 1 E E

Country

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

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6		Period of progress report															
From date	d	1	d	7	m	0	m	4	y	2	y	0	y	1	y	9	
To date	d	1	d	6	m	0	m	4	y	2	y	0	y	2	y	0	
7		Progress report															
		<input checked="" type="checkbox"/> The progress report is attached															
8		Sign and date															
Liquidator's signature	<div style="display: flex; align-items: center;"> <div style="margin-right: 10px;"> Signature X </div> <div style="text-align: center;">  </div> <div style="margin-left: 10px;"> X </div> </div>																
Signature date	d	1	d	5	m	0	m	6	y	2	y	0	y	2	y	0	

WU07

Notice of progress report in a winding-up by the court

**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 **Joe Longhurst**

Company name **Crowe U.K. LLP**

Address **4 Mount Ephraim Road**
Tunbridge Wells

Post town **Kent**

County/Region

Postcode **T N 1 1 E E**

Country

DX

Telephone **01892 700200**

**Checklist**

We may return forms completed incorrectly or with information missing.

Please make sure you have remembered the following:

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

**Important information**

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

**Where to send**

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

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

**Further information**

For further information please see the guidance notes on the website at www.gov.uk/companieshouse or email enquiries@companieshouse.gov.uk

This form is available in an alternative format. Please visit the forms page on the website at www.gov.uk/companieshouse



High Court of Justice Reference No. 2018-006701

**SCL Social Limited
(In Liquidation)**

Annual Progress Report to 16 April 2020

**Vincent John Green
Mark Newman**

**Crowe U.K. LLP
4 Mount Ephraim Road
Tunbridge Wells
Kent
TN1 1EE**

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1. INTRODUCTION

On 17 April 2019, Vincent John Green and Mark Newman of Crowe U.K. LLP were appointed Joint Liquidators of SCL Social Limited ("the Company") by the Court.

This Progress Report summarises the progress of the Liquidation for the period from 17 April 2019 to 16 April 2020 ("the Reporting Period").

Statutory information relating to the Company is attached at **Appendix I**.

2. ADMINISTRATION AND PLANNING

The Joint Liquidators are required to meet a considerable number of statutory and regulatory obligations. Whilst many of these tasks do not have a direct benefit in enhancing realisations for the insolvent estate, they assist in the efficient and compliant progression of the administration of the case, which ensures that work is carried out to high professional standards. A detailed list of these tasks can be found at **Appendix II**.

Reporting

The Joint Liquidators have met their statutory and regulatory duties to report to creditors, as listed below. In consideration of the need for transparency and engagement with creditors, care has been taken to ensure that reports and other communications with creditors have provided useful details of the strategies pursued and the outcomes anticipated.

During the Reporting Period, the following key documents have been issued:

- Notice of the Joint Liquidators' appointment to creditors, directors, members and other interested parties;
- The final Administration report for the period 3 May 2018 to 17 April 2020 ("the Administration Period").

Other administrative tasks

During the Reporting Period, the following material tasks in this category were carried out:

- Informing all relevant persons of the appointment of Liquidators, including filing statutory documents at Companies House and meeting statutory advertising requirements;
- Conducting periodic case reviews to ensure that the Liquidation is progressing efficiently, effectively and in line with statutory requirements;
- Maintaining case files, including documenting decisions made by the Joint Liquidators that materially affect the Liquidation

The Information Commissioners Office ("the ICO")

As previously reported, under the terms of a warrant to enter and search premises granted by the High Court on 23 March 2018, representatives of the ICO removed any documents or other material that may have provided evidence of offences under section 55 of the Data Protection Act 1998. The ICO attended the premises at 55 New Oxford Street, London ("the Premises") and the server hosting sites. The U.K. subsidiaries' file servers were removed together with all laptops and electronic data storage devices at the Premises at the time of the ICO's attendance.

In particular and without wishing to prejudice the ICO's investigations, through various endeavours the Joint Administrators located and provided key information relevant to data platforms, log in scripts, and passwords. The Joint Administrators had a number of meetings with the ICO and there has been a sharing of relevant information. This cooperation has continued in the Liquidation, and in the period

to the writing of this report, the ICO have confirmed that their investigation has now concluded. The ICO have advised that they are in a position to agree to the return of all the remaining material seized under warrant to the Joint Liquidators. The return is subject to various undertakings that are currently being considered by the Joint Liquidators in accordance with legal advice and the return has unavoidably been delayed as a result of the COVID 19 pandemic restrictions.

No data has been processed by the Joint Liquidators, this matter was dealt with in the case of *Smith v The Information Commissioner, re Southern Pacific Loans Ltd* (2014) 2 WLR 1067. In this matter, the Court held that the Liquidators were not Data Controllers within the meaning of the Data Protection Act in respect of data processed by the company prior to its Liquidation.

3. ENQUIRIES AND INVESTIGATIONS

An initial investigation into the Company's affairs was undertaken to establish whether there were any potential asset recoveries or conduct matters that justified further investigation. The detailed narrative at **Appendix II** provides information on the work undertaken.

This initial assessment revealed matters that the Joint Liquidators considers merit further investigation.

The Joint Liquidators continue to investigate the accounting and other information of the Company with a view to enhancing the extent of realisations. So not to prejudice the outcome of any recovery action that may yet be taken, we are unable to release any additional information at this stage. We expect to report fully in respect of these enquiries in subsequent reports to creditors.

Following the conversion to Liquidation, the Joint Liquidators have and will continue to provide assistance to various U.K. and international authorities in their investigations as appropriate. The Joint Liquidators are also being assisted in their investigation by the Public Interest Official Receiver. The Public Interest Official Receiver is a civil servant in The Insolvency Service. The Insolvency Service itself is part of the Government Agency, The Department for Business, Energy and Industrial Strategy.

4. REALISATION OF ASSETS

The Joint Liquidators' Receipts and Payments account is attached at **Appendix III**. This account has been reconciled to the Insolvency Service Account held by the Secretary of State.

Detailed below is key information about asset realisations and the Joint Liquidators' strategy, however, more details about the work undertaken can be found at **Appendix II**. The Joint Liquidators formulated and worked through a realisation strategy that sought to maximise realisations net of costs. The financial benefit of those efforts is described further below.

Asset Realisations

Recovery of Costs

As previously reported, in the Administration Period a contingent creditor opposed the Joint Administrators' petition for winding-up by the Court. The matter was heard by a High Court Judge on 18 March 2019, who subsequently approved the appointment of the Joint Administrators' as Joint Liquidators, pursuant to S.140 of Schedule B1 to the Insolvency Act 1986 ("the Act"), with effect from the date of the Order, being 17 April 2019. The Judge did not accept the claims made against the Joint Administrators.

At the time of the Judgment confirming the appointment of the Joint Administrators as Joint Liquidators, the Court did not make a decision on the Order of Costs nor the application for permission to appeal made by the contingent creditor. Costs submissions were therefore made to the Court by the contingent creditor and the Joint Liquidators.

As a result of the submissions made, on 10 December 2019 the Court found that an interim payment of £78,300 inclusive of VAT was to be made in the Joint Administrators' favour and refused the contingent creditor permission to appeal the appointment of the Joint Administrators. Although refused permission to appeal, the contingent creditor may have chosen to renew an application to appeal directly to the Court of Appeal. No such application was made.

Following receipt of an initial payment of £44,560.64 from the contingent creditor, an offer of \$75,000 to settle all remaining costs to which the Joint Liquidators responded with a counter offer of \$115,000. As a result of discussions the Joint Liquidators have received £111,635.46 in settlement of costs. £101,641.46 of which having been received in the Reporting Period and the remaining £9,994 received in the period to the writing of this report.

These funds are a recovery of costs that relate to the contingent creditors opposition to the appointment of Joint Liquidators over;

- the Company;
 - Cambridge Analytica (UK) Limited;
 - SCL Analytics Limited
 - SCL Commercial Limited;
 - SCL Elections Limited; and,
 - SCL Group Limited
- (together "the Companies")

These costs were settled in full by Emerdata Limited and therefore the recovered costs were due to be reimbursed to Emerdata Limited. However, Emerdata Limited have agreed to the costs recovered to be used in settlement of legal fees and the Joint Liquidators' costs. To avoid complication the recovered funds and payments in respect of legal fees and Liquidators' costs have been allocated solely to SCL Elections Limited.

In the Reporting Period, of the funds recovered, £45,946.87 plus VAT has been used in payment of legal fees and £17,813.90 has been used in payment of Joint Administrators' costs relating to SCL Elections Limited. In the period to the writing of this report, £20,000 plus VAT of the funds received has been used to settle the Joint Liquidators' costs relating to SCL Elections Limited.

Assets still to be recovered

Balance of Funds from Administration

The sum of £107.46, being the balance on the Administration bank account, will shortly be transferred to the Liquidation ISA account.

Administration Period VAT Refund

In the Reporting Period, the sum of £2,576.57 has been received from HM Revenue & Customs ("HMRC") in respect of VAT reclaimed in the period of the Company's Administration. These funds were received into the Joint Administrators' account and will shortly be transferred to the Liquidation ISA account.

A further £18.22 remains due from HM Revenue & Customs ("HMRC") in respect of VAT reclaimed in the period of the Company's Administration.

Computer equipment

According to the director's Statement of Affairs, the book value ("BV") balance of 'Computers' was £286 with an estimated to realise value of nil.



As previously reported, the ICO seized all computer equipment located at the Company's trading premises.

The Company had two computers purchased during 2014 and the Joint Liquidators would concur, given the age of these computers, that there is little likelihood of any realisations being made from this source.

VAT Balances

As previously reported, the Company was part of a group VAT registration. Other than the Company, the VAT Group consists of SCL Social Limited, SCL Commercial Limited and Cambridge Analytica (UK) Limited ("the VAT Group").

According to the director's Statement of Affairs, the BV balance of VAT receivable was £4,642 estimated to be realisable in full.

The director has anticipated a full recovery of this asset but this is dependent upon VAT returns to the date of Administration being submitted to and agreed by HM Revenue & Customs ("HMRC") for the VAT Group.

VAT return forms required for the pre-appointment period have been received and provided to the director for his completion and assistance has been given in the completion of these returns as appropriate. VAT Officer Assessments have been made against the VAT Group and a request for a breakdown of the same has been made.

Any realisations from this source will depend upon the pre-appointment returns submitted by the director and the assessments of HMRC.

Trade debtors

As previously reported, according to the director's Statement of Affairs, the book value ("BV") balance of trade debtors was £66 with an estimated to realise value of nil.

The Company's records show that the balance relates to a transaction in March 2018 and it appears that this may relate to an exchange rate variance or bank charges on the transaction.

The Joint Liquidators concur that it is unlikely that there will be any realisation from this source.

SCL USA Inc

SCL USA Inc. is a U.S. subsidiary of SCL Elections Limited and is subject to a Chapter 7 procedure in the United States.

According to the director's Statement of Affairs, the BV balance is £322,185, with an estimated to realise value of nil.

The Joint Liquidators are unable to finalise the extent of any claims or amounts that can be made against SCL USA Inc. Accordingly, an interim proof of debt was filed in the Administration Period at the United States Bankruptcy Court in the sum of £322,185, being that identified in the directors Statement of Affairs, under the compulsion of the deadline for such proof of debts established in this case. The interim claim submitted by the Joint Administrators will remain for the benefit of the Liquidation.

The Joint Liquidators have reserved the right to submit an amended the proof of debt and/or supplement the proof of debt at any time and in any manner and/or to make additional submissions for any additional claims.



SCL Insight Limited

According to the director's Statement of Affairs, the BV balance is £3,764, with an estimated to realise value of £2,000.

SCL Insight Limited is not subject to an insolvency procedure.

Following receipt of information provided by the director, correspondence has been entered into with SCL Insight Limited in relation to this balance. No realisations have been received in the Reporting Period. The balance shown as being outstanding remains under review and we expect to report fully in subsequent reports to creditors.

5. CREDITORS

Irrespective of whether sufficient realisations are achieved to pay a dividend to creditors, the Joint Liquidators have had to carry out key tasks which are detailed at **Appendix II**. The following sections explain the anticipated outcomes to creditors and any distributions paid.

Secured Creditors

The Company has not granted any charges over its assets.

Preferential Creditors

The Company had no employees and instead relied upon the resources of staff employed by SCL Elections Limited. Upon receiving confirmation from the Agents that no acceptable offers had been made relating to the sale of the business assets, the Joint Administrators had no alternative but to terminate the employment contracts for all members of staff of SCL Elections Limited.

As the Company had no employees, there are therefore no known preferential creditors.

Unsecured Creditors

According to the director's Statement of Affairs, the director has shown 4 unsecured creditors with a book value of £144,255.55.

To date claims from 4 unsecured creditors (excluding HMRC) have been received totalling £125,416.03. Of this sum, 2 claims totalling £115,575.24 were received from creditors not included on the director's Statement of Affairs. Accordingly, the Joint Liquidators have not received claims from 2 unsecured creditors with original estimated claims in the Statement of Affairs to date.

Please be advised that proofs of debt may still be received and therefore the total value of unsecured claims is not known at present.

HMRC

HMRC was not including in the directors statement of affairs. However, a claim has been received from HMRC specifically in the name of the Company in the sum of £141,235.32. However, the Company is part of a VAT Group and a claim has been received from HMRC in respect of the VAT Group in the sum of £301,130.03.

Of HMRC's claim of £301,130.03, £141,235.32 relates to VAT. It is currently being determined how much relates solely to the Company and not the other members of the VAT Group. A breakdown of the claim submitted is currently awaited.

The remaining £159,894.71 claimed by HMRC relates to direct taxes, being PAYE and Corporation Tax. A breakdown has been requested, but to date the only response has been advised that the

majority (no exact sums have been provided) relates to PAYE rather than Corporation Tax. Considering the Company had no employees, it is therefore assumed that the majority of the remaining £159,894.71 claimed by HMRC does not relate to the Company.

Dividend Prospects

The Company has not granted a floating charge to any creditor after 15 September 2003 and consequently the prescribed part provisions do not apply.

Any dividend to the unsecured creditors is dependent upon the recoverability of assets, the costs of Administration, the Liquidation and the other outstanding matters detailed within the body of this report. Accordingly, it is currently uncertain whether funds will be available to pay a dividend to the unsecured creditors.

6. FEES AND EXPENSES

The Joint Liquidators' Fees

It is the firm's practice to ensure that work is conducted by the appropriate staff member at the appropriate level of experience. Junior members of staff deal with the day to day administration on cases and a manager and partner then oversees the work undertaken. Where the issues are complex and litigious, the work will be closely supervised or undertaken by a manager or partner.

The Joint Administrators' fees were approved by creditors on 11 July 2018 on a fixed fee basis of £50,000 plus VAT. This authorisation carries over to the Liquidation.

As previously reported, funds have been paid directly by Emerdata Limited to a client account operated by Crowe U.K. LLP. These monies were advanced to partially discharge the Joint Administrators' and Joint Liquidators' costs for each of the U.K. subsidiaries.

In the Reporting Period, no fees have been paid from asset realisations or third party funds.

The costs discharged by Emerdata Limited do not fall under the fee approval agreed by creditors on 11 July 2018 as the funds used to discharge these costs are being supplied by a third party. For the avoidance of doubt, should asset realisations be achieved sufficient to repay Emerdata Limited for the funds paid to discharge the Joint Administrators' costs, these will be limited to the £50,000 fixed fee approval given by creditors.

Expenses & Disbursements

The expenses and disbursements incurred and paid in the Reporting Period are detailed at **Appendix IV** together with a comparison to the Expenses Estimate that were estimated at the outset of the Administration.

There have been no Category 1 disbursements paid in the Reporting Period from asset realisations.

The recovery of Category 2 disbursements was approved by creditors on 11 July 2018. There have been no Category 2 disbursements incurred or paid in the Reporting Period.

Guidance in respect of insolvency practitioners' fees is available to download at:

<http://www.insolvency-practitioners.org.uk/regulation-and-guidance/guides-to-fees>

Information about insolvency processes can be found on the R3 website at:

<http://www.creditorinsolvencyguide.co.uk/>

A hard copy of this guidance information will be provided on request.

Crowe U.K. LLP's charge out rate and disbursements policy is attached at **Appendix V**.

7. CREDITORS' RIGHTS

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

An unsecured creditor may, with the permission of the Court or with the concurrence of 10% in value of the creditors (including the creditor in question), apply to Court to challenge the amount and/or basis of the Joint Liquidators' fees and the amount of any proposed expenses or expenses already incurred, within 8 weeks of receipt of this report. Any secured creditor may make a similar application to court within the same time limit.

8. EU REGULATIONS (WHETHER PROCEEDINGS ARE MAIN PROCEEDINGS OR TERRITORIAL)

The Company's centre of main interest was in the UK as its registered office address and trading address was located in the UK. Therefore, it is considered that the EU Regulations apply. These proceedings are main proceedings as defined in the EU Regulation.

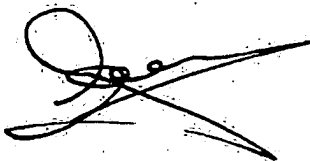
9. CONCLUSION

The administration of the Liquidation will continue in order to finalise the following outstanding matters that are preventing the case from being closed:

- Pursuit of the various assets detailed in the body of this report.
- Pursuit and progression of the investigative matters.
- If possible, the payment of a distributions to unsecured creditors.

The Joint Liquidators anticipate that the Liquidation will remain open for a further 24 months to enable these matters to be dealt with.

Should you have any queries, please contact Joe Longhurst at this office.



Signed _____

Vincent Green
Joint Liquidator

Date 15 June 2020

Appendix I**Statutory Information**

Court Reference	In the High Court of Justice Reference No. 2018-006701
Title of Proceedings	I [The Honourable Mr. Justice Norris] shall therefore appoint the Joint Administrators to be the joint liquidators of the Relevant Companies in the expectation that they will conduct the liquidations for the benefit of the creditors as a whole, faithfully discharging their statutory reporting duties, and generally co-operating with the supervisory authorities (including in particular the Official Receiver) to the extent that their resources permit, even though there may be no direct economic benefit to the general body of creditors.
Company Name	SCL Social Limited
Company Number	08410560
Registered Office	4 Mount Ephraim Road, Tunbridge Wells, Kent, TN1 1EE
Former Registered Office	c/o PKF Littlejohn LLP, 1 Westferry Circus, London, W11 4RD
Nature of Business	Data Analytics
Office holders	Vincent John Green and Mark Newman
Office holders' address	Crowe U.K. LLP, 4 Mount Ephraim Road, Tunbridge Wells, Kent, TN1 1EE
Office holders' telephone	01892 700 200
Date of appointment	17 April 2019

Appendix II

List of Work Undertaken in Reporting Period

Administration and Planning:

- Statutory/advertising - Filing of documents to meet statutory requirements; Advertising in accordance with statutory requirements
- Document maintenance/file review/checklist - Filing of documents; Periodic file reviews; Periodic reviews of the application of ethical, anti-money laundering and anti-bribery safeguards; Maintenance of statutory and case progression task lists/diaries; Updating checklists
- Bank account administration - Preparing and submitting correspondence in respect of the Insolvency Service Account (ISA); Obtaining bank statements; Bank account reconciliations; Correspondence with the Insolvency Service regarding specific transfers; Maintenance of the estate cash book; Banking remittances and issuing cheques/BACS payments
- Planning / Review - Discussions regarding strategies to be pursued; Meetings with team members and independent advisers to consider practical, technical and legal aspects of the case
- Books and records / storage - Dealing with records in storage; Sending job files to storage
- Creditor reports - Preparing annual progress report, investigation, meeting and general reports to creditors

Realisation of assets:

- Debtors - Collecting supporting documentation; Correspondence with debtors; Reviewing and assessing debtors' ledgers; Dealing with disputes, including communicating with directors/former staff;
- Insurance - Identification of potential issues requiring attention of insurance specialists; Correspondence with insurer regarding initial and ongoing insurance requirements; Reviewing insurance policies; Correspondence with previous brokers

Investigations:

- SIP 2 Review - Collection, and making an inventory, of company books and records; Correspondence to request information on the company's dealings, making further enquiries of third parties; Reviewing questionnaires submitted by creditors and directors; Reconstruction of financial affairs of the company; Reviewing company's books and records; Preparation of deficiency statement; Review of specific transactions and liaising with directors regarding certain transactions; Liaising with the committee/creditors or major creditors about further action to be taken; Advising Official Receiver of any matters that may be relevant to their reporting requirements in respect of the Directors' conduct
- Litigation / Recoveries - Strategy meeting regarding litigation; Seeking funding from creditors; Reviewing terms of solicitors' fee agreements; Preparing brief to solicitors/Counsel; Liaising with solicitors regarding recovery actions; Attending to settlement matters
- Reviewing books and records to identify any transactions or actions the office holder may take against a third party in order to recover funds for the benefit of creditors
- Seeking information and explanations from the director (and senior employees) relating to asset, financial and employee matters
- Endeavouring to reconcile SAGE and NetSuite accounting records to establish the financial position of the Company
- Reconciliation of the Company's bank accounts with the Company's accounting records.
- Making enquiries of the Company's interim financial accountant regarding financial transactions, employee matters and physical and intangible assets
- Making enquiries of the Company's accountants and bookkeepers



- Reviewing information received from creditors
- Collecting and examining the Company's bank statements, accounts and other records
- Instructing specialist IT agents to secure and confidentially collect information held on the Company's IT systems and platforms for investigative purposes
- Liaising with specialist IT agents to interrogate information held on the Company's IT systems and platforms.

Creditors:

- Creditor Communication - Receive and follow up creditor enquiries via telephone; Review and prepare correspondence to creditors and their representatives via facsimile, email and post
- Dealing with proofs of debt - Receipting and filing POD when not related to a dividend
- Corresponding with the representatives of parties claiming to be creditors of the Company connected to their misuse of data representations
- Dealing with a significant volume of email communications from members of the public regarding alleged misuse of data

Case Specific Matters:

- Liaising with the ICO and assisting with their enquiries
- Liaising and dealing with the ICO regarding its enforcement notice, its implications and the computer and other equipment seized
- Communications with U.S. Attorneys, representatives of U.S. subsidiaries (including the US Trustees) and authorities in the U.S.
- Liaising with law enforcement agencies worldwide
- Dealing, considering and responding to legal matters and enquiries
- Making enquires of the director regarding various matters including press enquiries, the ICO investigation, financial transactions, employee matters and physical and intangible assets
- Dealing with substantial media coverage and responses
- Responding to the significant number of Subject Access Requests received
- Meeting and liaising with solicitors regarding the winding up petition, the associated potential appeal and cost applications
- Meeting and liaising with counsel regarding the winding up petition, the associated potential appeal and cost applications
- Preparing and filing cost applications to the Court
- Dealing with press regarding the winding up petition



Appendix III

Receipts & Payments Account

SCL Social Limited
(In Liquidation)
Joint Liquidators' Summary of Receipts & Payments

Statement of Affairs £	From 17/04/2019 To 16/04/2020 £	From 17/04/2019 To 16/04/2020 £
COST OF REALISATIONS		
ISA Balance on Appointment	9,400.00	9,400.00
ISA Banking Fees	88.00	88.00
	(9,488.00)	(9,488.00)
	<u>(9,488.00)</u>	<u>(9,488.00)</u>
REPRESENTED BY		
ISA NIB		(9,488.00)
		<u>(9,488.00)</u>

Appendix IV

Expenses & Disbursements Information

However, for the avoidance of doubt, legal advice has been provided to the Joint Administrators/Liquidators in regards to claims made against the Company and the U.K. subsidiaries prior to and also during the Administration/Liquidation mostly relating to the alleged misuse of data, communications with the ICO, clarity on the position of not being Data Controllers, on case strategy, general employment advice, legal advice on the legal action against the Company in relation to an alleged failure to comply with the Enforcement Notice, legal advice on the Joint Administrators' Proposals, assistance with applications to Court to place the Companies into Compulsory Liquidation and the resulting costs applications following the appointment of Joint Liquidators.

Of the £103,574.55 paid by Emerdata Limited to Underwoods in the Reporting Period, £62,575 relates to Counsel's fees.

The Joint Liquidators have instructed Solicitors, being Howard Kennedy LLP, to assist them during the Liquidation period. This instruction has been given to provide legal advice in regards to claims made against the Company and the U.K. subsidiaries prior to and also during the Administration/Liquidation mostly relating to the alleged misuse of data, communications with the ICO, on case strategy and investigations including legal advice on potential actions to be undertaken.

Expenses do not have to be approved, but when reporting to the committee and creditors during the course of the Liquidation the actual expenses incurred will be compared with the original estimate provided and we will explain any material differences (e.g. where legal costs rise due to escalated recovery action).

In this case, legal costs have been incurred above those originally estimated, primarily as a result of the applications of the contingent creditor as previously mentioned.

Disbursement Information

The following category 1 expenses have been incurred and paid by the Joint Liquidators since their appointment:

Type of expense	Original Estimate	Amount accrued	Paid by Third Party	Paid from Asset Realisations	Amount still to be paid
ISA Balance on Handover	N/A	£9,400.00	£0.00	£0.00	£9,400.00
ISA Bank Charges	N/A	£88.00	£0.00	£0.00	£88.00
Postage	Uncertain	£28.19	£0.00	£0.00	£28.19
Statutory Advertising	Uncertain	£73.55	£0.00	£0.00	£73.55
Online Reporting Fee	Uncertain	£10.00	£0.00	£0.00	£10.00
Total	£0.00	£9,599.74	£0.00	£0.00	£9,599.74

Insolvency Service accounts ("ISA") balance on handover

Administration and General fees of £5,000 and £6,000 respectively are charged to Insolvency Service accounts ("ISA") in respect of compulsory liquidations. Following the reduction of the Petition costs of £1,600 incurred by the Joint Administrators to facilitate the petition for winding-up by the Court, a debit balance of £9,400 was held on the account when the case was handed over by the Official Receiver.

ISA Banking Fees

The Secretary of State charges a quarterly banking fee in respect of the ISA for the duration of the Liquidation. The fee payable is currently £22 per quarter. Banking fees of £88 have been charged in the Reporting Period.



Appendix V

Charge out rate and Disbursements policy

CROWE U.K. LLP

RECOVERY SOLUTIONS

CHARGE-OUT RATES AND DISBURSEMENTS

The table below sets out the charge-out rates utilised by Recovery Solutions at Crowe U.K. LLP for charging staff time:-

Partner	£385 per hour
Director	£300 per hour
Senior Manager	£280 per hour
Manager	£250 per hour
Assistant Manager	£200 per hour
Senior Administrator	£170 per hour
Administrator	£130 per hour
Trainee/Support Staff	£70 per hour

It should be noted that the above rates may increase from time to time over the period of the administration of each insolvency case. The above rates are effective from 1 April 2020. Time is charged in six minute units.

Category 1 disbursements are charged at the actual cost at which they are incurred and are directly attributable to the case. Category 1 disbursements include statutory advertising, specific bond insurance, external records storage and postage. Reimbursement of Category 1 disbursements does not require the approval of creditors.

Category 2 disbursements are those incurred by Crowe U.K. LLP and re-charged to the case and they may include a profit element. Category 2 disbursements are reimbursed from the case only when the basis of the disbursement charge has been approved by creditors in advance.

It is the firm's policy to recover the following disbursements:

Photocopying	Re-charged at 10p per sheet
Internal room hire	Charged at £50 per meeting held in house
Company searches	£15 per corporate case
Mileage	Charged at 45 pence per mile

GUIDES TO FEES AND BEST PRACTICE

Guidance in respect of insolvency practitioners' fees is available to download at:

<http://www.insolvency-practitioners.org.uk/regulation-and-guidance/guides-to-fees>

Information about insolvency processes can be found on the R3 website at:

<http://www.creditorinsolvencyguide.co.uk/>