



To all known creditors

Joint Administrators' Progress Report For the period from 9 August 2023 to 8 February 2024

JFN Limited (formerly James Fisher Nuclear Limited) - in
Administration, Company Number: SC204768

Report pursuant to Rule 3.93 of the Insolvency (Scotland) (Company Voluntary
Arrangements and Administration) Rules 2018

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Glossary

Commonly Used Terms	Definition
Act / IA86	Insolvency Act 1986 (as amended)
c.	Approximately
CDDA	Company Directors Disqualification Act 1986
CIS	Construction Industry Scheme
CT	Corporation Tax
CVL	Creditor's Voluntary Liquidation
DBT	Department of Business and Trade
FTI / FTI UK	FTI Consulting LLP
HMRC	HM Revenue and Customs
ICAEW	Institute of Chartered Accountants in England & Wales
IP	Intellectual property
IR18 / the Rules	The Insolvency (Scotland) (Company Voluntary Arrangements and Administration) Rules 2018
P&M	Plant and machinery
PAYE / NIC	Pay-as-you-earn tax / National Insurance Contributions
PII	Professional indemnity insurance
The Pre-Pack Regulations	The Administration (Restrictions on Disposal etc. to Connected Persons) Regulations 2021
Preferential creditors	First ranking: Principally employee claims for unpaid wages (max £800 per employee), holiday pay, and certain unpaid pension contributions. Second ranking: HMRC in respect of certain specified debts.
Prescribed Part	Amount set aside for unsecured creditors from floating charge net realisations in accordance with Section 176A IA86
RPS	Redundancy Payments Service
Sch B1 IA86	Schedule B1 IA86
SIP	Statement of Insolvency Practice
SIP 2	Investigations by office holders in administration and insolvent liquidations
SIP 9	Payments to insolvency office holders and their associates from an estate
SIP 13	Disposal of assets to connected parties in an insolvency process
SIP 16	Pre-packaged sales in administrations
TSA	Transitional Services Agreement
TUPE	Transfer of Undertakings (Protection of Employment) Regulations 2006
Unsecured creditors	Creditors who are neither secured nor preferential. Principally trade creditors, landlords, intercompany debts and utility providers. HMRC and employee-related claims that do not rank preferentially are also included here.

Case Specific References	Meaning
Administration(s)	The Administration of the Company
Administrators / Joint Administrators / we / our / us	Oliver Stuart Wright, Matthew Boyd Callaghan and Christopher Jon Bennett
Appointment date	9 August 2023
The Company / JFN	JFN Limited
ERA Solutions	ERA Solutions Limited, employee specialists
Hilco	Hilco Appraisal Limited, trading as Hilco Valuation Services; an independent specialist agent with adequate PII
HTSL / the Purchaser	High Technology Sources Limited, an associated company and purchaser of the business and assets of the Instrumentation division
JCP	JCP Five Limited
JFS	James Fisher and Sons Plc
Magnox	Magnox Limited, a nuclear decommissioning Site Licence Company under the Nuclear Decommissioning Authority, a UK government body set up specifically to deal with the nuclear legacy under the Energy Act 2004. In September 2019, it became a direct subsidiary of the NDA.
Myneration	Myneration Limited, an intermediate holding company and a wholly-owned investment vehicle of Rcapital
NDA	Nuclear Decommissioning Authority
The Period / Accounting Period	9 August 2023 to 8 February 2024
Proposals	Our statement of proposals and all its appendices
Rcapital	Rcapital Partners LLP
RTI	Real Time Information: electronic information sent to HMRC as part of routine payroll processes
Secured Creditors / Secured Lenders	Creditors with security in respect of their debt in accordance with Section 148 IA86. In this case, the Secured Creditor is JCP Five Limited, acting as security agent for itself and Rcapital Partners LLP.
Secured Debt	An amount of c.£0.5m secured by a debenture dated 3 March 2023 containing fixed and floating charges over the Company's assets.
SGHWR	Steam Generating Heavy Water Reactor
SPA	Agreement relating to the sale and purchase of certain of the assets of JFN Limited dated 19 September 2023 (Instrumentation division)
Squires	Squire Patton Boggs (UK) LLP, a law firm



Purpose of this report

Purpose of this report

- Oliver Stuart Wright, Matthew Boyd Callaghan and Christopher Jon Bennett were appointed as joint administrators of the Company on 9 August 2023.
- Pursuant to Rule 3.93 IR18, we are required to provide creditors with a report setting out what has happened in the Administration during the six-month period since our appointment.
- This report covers the period from 9 August 2023 to 8 February 2024 (referred to as the ‘Period’ or ‘Accounting Period’) and contains:
 - An explanation of the work we have done in the Period and how the Administration has progressed;
 - An update on the estimated outcome for each class of creditor;
 - Details of the work we still need to do before the Administration can be concluded and the manner in which we currently believe the Administration will come to an end;
 - A statement of our receipts and payments and details of expenses we have incurred;
 - An update on our remuneration for acting as joint administrators; and
 - Further information required by statute regarding our appointment as administrators.
- Background information on the Company and events leading up to the Administration can be found in our Proposals, which continue to be available online (see How to Contact Us).
- If you are unfamiliar with insolvency, we have included as an appendix a brief overview that you may wish to read before continuing to read this report.
- Certain legal notices regarding this report, our appointment and creditors’ rights are also included as an appendix.
- If you have any questions regarding this report or the Administration generally, please contact us.



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Oliver Wright
Joint Administrator

How to Contact Us

- Creditors can contact us using the preferred methods below:

Email: JFN_Administrators@fticonsulting.com

Post: JFN Limited – in Administration

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- Further information can be found online at:
www.fticonsulting.com/uk/creditors-portal/jfn

Actions Required by Creditors

- No action is required by creditors in connection with this report. It is for information purposes only.
- **However, there is a prospect of a small dividend for unsecured creditors. If you have not already submitted your claim, please do so as soon as possible. Claims must be submitted by no later than eight weeks before the end of the next accounting period (which is yet to be determined).**



Progress of the Administration

Background to the Administration

In our Proposals, we set out the events leading up to the Administration and the proposed strategy for achieving its purpose. A summary is provided here.

Background to the Company and the Administration

- A background on the Company and the events leading up to the appointment of administrators were included in our Proposals and are not repeated in detail here for the purposes of this report unless considered necessary or beneficial to do so. Therefore, creditors may wish to review this report in conjunction with our Proposals.

Events leading up to Administration

- Until March 2023, the Company was owned by James Fisher and Sons Plc, a provider of marine services. On 3 March 2023, JFS sold the entire issued share capital of the Company's immediate parent (James Fisher Nuclear Holdings Limited) to Myneration, a wholly-owned investment vehicle of Rcapital.
- The net liquidity available under the facilities as part of the transaction was £5.3m but following further diligence, the Company's funding requirement was forecast to peak at £10.8m in October 2023.
- Following engagement with (and ongoing support from) key stakeholders, the Company approached a trade party (the "Interested Party") on 23 April 2023 with a view to exploring an accelerated sale of the Company on a solvent basis.
- However, on 2 August 2023, the Interested Party informed the Company that it would no longer be able to progress with the proposed solvent transaction as existing stakeholders were unwilling to fund additional liabilities the Interested Party had identified during the negotiations process.
- The Interested Party also took professional advice on whether it was possible to pursue a 'pre-pack' transaction of the Company. However, it was concluded not to be a viable option given the contractual nature of the business.
- Without reasonable prospects of a sale, the directors filed a notice of intention to appoint administrators in the Court of Session on 3 August 2023, and subsequently served it on JCP and JFS (as qualifying floating charge holders) and on the Company. We were appointed as joint administrators on 9 August 2023.

Our initial strategy

- In preparation for the Administration, we concluded that the Company would not be able to continue trading in an insolvency process. Therefore, our initial strategy to achieve the objective of the Administration for the Company's creditors, was principally three-fold:
 - Carry out an orderly wind-down of the Company's core business, including facilitating the removal of third-party equipment (subject to third-party funding) to mitigate potential creditor claims;
 - To pursue a sale of the Instrumentation business and assets on a going concern basis; and
 - Realise value from debtors, plant and machinery, cash at bank, and other assets to the extent possible, and make distributions to creditors accordingly.

Pre-pack administration

- The term 'pre-pack' refers to an administration process, in which the sale of all or part of a company's business or assets is negotiated with a purchaser prior to the appointment of an administrator and the administrator effects the transaction or transactions immediately on or shortly after appointment.

Winding-down operations

The wind-down process principally involved facilitating the removal of third-party equipment and pursuing the sale of the Company's assets, where beneficial for creditors to do so.

- As previously reported in our Proposals, immediately after our appointment, members of our team attended each of the Company's premises to give notice of the appointment to employees and commence the wind-down process.
- Our teams remained on site for the period necessary for the wind-down process to be completed at each location.
- We explain later the impact on the Company's employees and our work in this regard.
- We appointed Hilco to attend each of the locations to physically secure the sites and carry out a valuation of the Company's assets.
- The properties at Malton (Building 1), Egremont and Bower, which were acquired from James Fisher Properties Limited by Myneration as part of the transaction in March 2023, were occupied by the Company on an informal basis. After our appointment, a licence to occupy at each of the premises was agreed with Myneration.
- We have set out in this section a brief overview of our work at each of the Company's premises, with the exception of Deeside which is discussed later as part of the sale of the Instrumentation division.

Magnox

- Magnox requested the continuation of certain services to support the orderly disassembly and relocation of Magnox's assets in respect of the Bower site.
- In respect of the Malton site (Building 2), staff were retained initially to maintain and ensure the security of the equipment whilst Magnox determined their future strategy for the staff, equipment and premises.
- We agreed to provide certain services on the condition that Magnox agreed to pay for them on a cost-plus basis. A Funding Agreement between the Joint Administrators and Magnox was entered into upon appointment and more details on its application to date are set out later.

Preston (Bamber Bridge)

- The Company's head office was located at Bamber Bridge, near Preston. It was occupied on a leasehold basis under a formal lease with a third-party landlord. The Company continued to occupy the site after our appointment, for the following key reasons:
 - to secure access to IT servers and data, and physical books and records;
 - to gather information required for the Administration process, with the support of a small number of retained finance and administrative staff;
 - to provide head office support to the remaining active sites; and
 - to facilitate the transfer of customer data (where possible) back to customers.
- A TSA was agreed in principle between the Company, the Joint Administrators and JFS, who continue to provide critical IT and payroll services to the Company. The TSA was originally agreed to remain in place until 29 February 2024 but was recently extended to 15 March 2024 to ensure completion of the remaining data transfers to the Company's customers, for value. No further extension has been agreed at this stage, although a short extension remains under consideration to transfer data belonging to one final customer.
- The premises were vacated on 31 August 2023, after an extensive exercise to relocate the Company's physical books and records to our firm's records storage provider.
- An invoice for rent incurred during the short period of occupation in the Administration has been received and paid in the sum of £21.4k plus VAT.
- Following the exercise of the break option pursuant to the lease, the lease was determined as of 1 December 2023. Prior to this, a surrender of the lease had been offered to the landlord but had not been accepted.
- To date, the landlord has issued a schedule of dilapidations and wants of repair totalling £1.16m but is yet to submit a final claim, which is expected to include loss of rent, loss of service charge and other related matters. This is an unsecured claim against the Company and will be adjudicated in due course alongside other creditor claims.

Winding-down operations

The Company's sites at Malton and Bower included significant assets owned by Magnox and the wind-down process at these locations was part of the funding agreement with Magnox.

Malton

- The site consists of two buildings, for design, manufacturing and support functions.
- Building 1 contained the main workshop and office premises. The principal Company-owned P&M was located in this building. Building 1 is owned by Myneration.
- Following a sale and collection of the P&M, we gave the required two-weeks' notice in respect of the licence to occupy and formally vacated the premises on 26 January 2024. Further details on the outcome of P&M realisations are set out later.
- Building 2 was leased from a third-party and the Company occupied this unit subject to a formal lease, which was due to expire in 2025, and was predominantly used for the Magnox project. Prior to our appointment, the Company would assemble and construct certain tooling and machinery for testing. Once commissioned, they would be disassembled at Malton and transported to Magnox's sites to be reassembled ready for use in decommissioning activities.
- On appointment, 14 staff members were initially retained at this site. One member of staff resigned within the first few days with two resigning in the following weeks, and six further employees were subsequently made redundant when their services were no longer required.
- The remaining staff that had been retained to assist with the maintenance and security of certain Magnox equipment had been selected due to their specific skills and knowledge, and/or prior experience of working on the Magnox project. They ultimately transferred under TUPE to Magnox following the decision by Magnox to continue to operate from the Malton premises.
- As a result of this, Magnox occupied Building 2 under a licence to occupy from 19 November 2023. The licence was due to be brought to an end on assignment of the Company's lease to Magnox, which ultimately completed on 24 January 2024.
- All costs associated with the licence to occupy are included in the Funding Agreement with Magnox.

Bower

- Similar to Malton, the site at Bower contained a significant amount of Magnox's assets and therefore the Company continued to occupy this site to enable the safe dismantling (for transfer and storage) of Magnox's plant and tooling located at the Company's facilities.
- Work to dismantle the equipment commenced on the 4 September 2023 after a period of planning that included negotiations with certain subcontractors and the settlement of certain of their arrears.
- The work took around three months to complete (from commencement) and the costs incurred are part of the Funding Agreement with Magnox.
- On 7 November 2023, we gave four weeks' notice under the licence to occupy and formally vacated the premises on 5 December 2023.

Egremont

- An asset valuation confirmed that there was no material value in the Company's assets at this site, and that any value would be offset by the costs of disposing of the assets and remaining in the property for the time necessary to do so.
- Similarly, we received no offers of funding from any third parties with respect to the removal of their equipment.
- Therefore, it would have been detrimental to creditors to remain in the property and the site was taken back by the landlord on 17 August 2023 and the small number of retained staff were made redundant.
- A licence fee of £5,000 was incurred for the short period of occupation and this has been paid.

Employees

Our work on employee matters principally related to the initial redundancies, ongoing management of retained staff and responding to a high volume of queries regarding their employment matters or claims against JFN.

Redundancies

- As the core business ceased to trade immediately on our appointment, unfortunately it was necessary to make the majority of the workforce redundant.
- On the day of our appointment, we deployed members of our team to each of the Company's locations, in order to communicate the redundancies to the affected employees. Our teams were supported at key locations by ERA Solutions and the relevant redundancy notices were issued to the Insolvency Service.
- Employees were provided with details on how to submit claims for any amounts owed to them and in respect of their redundancy entitlements. Confirmation of the redundancies was issued by email later that day and by post the following day.
- In total, some 195 of the Company's 247 employees were made redundant on 9 August 2023, the date of our appointment.
- The other 29 employees were either subsequently made redundant or resigned.
- UK payroll and associated taxes and other deductions (such as pensions) due for the post-Administration period have all been settled, with the relevant filings and payments having been made to HMRC. Unpaid pension contributions for the pre-appointment period have been claimed from the RPS and are awaited. Once they have been received, the Company's pension scheme will be closed.
- The enclosed Receipts and Payments Account at Appendix B shows what has been paid during the Period in respect of wages, PAYE/NIC and pension contributions. We do not expect any further payments to be made and the Company's two PAYE schemes are expected to be closed shortly.
- As required by employment legislation, in the period following our appointment, we undertook the steps possible in the circumstances to consult directly with the affected employees about their proposed redundancy.

Retained staff

- Some 52 employees that were not made redundant when the Company entered Administration, were retained for the following reasons:
 - To assist in the winding-down of the core business, including the removal and repatriation of property and equipment belonging to customers and other third parties;
 - To assist us with other matters relating to the Administration and managing the Company's affairs during this wind-down period, including payroll, IT and health and safety.
 - Staff employed in the Instrumentation division of the Company were retained in anticipation of a sale of that business and the transfer of their employment to the Purchaser. Details of the sale and transfer of 18 employees is set out later.
- Of the 52 retained employees, 18 transferred under TUPE as part of the sale of the Instrumentation business and five transferred at the Malton site under TUPE to Magnox, mitigating potential claims against the Company.
- During the Period, we have also been contacted in respect of several employment tribunal claims ongoing against the Company. Although we have taken the decision to not be involved in the process as any agreed claims will represent a preferential or unsecured claim against the Company, each tribunal referral has required a response from us providing consent to the action and, where appropriate, details of any consultation undertaken in respect of each employee.

Claims process

- Employees made redundant may make a claim to the RPS for statutory entitlements in respect of redundancy pay, holiday pay, arrears of wages and (if and when eligible) pay *in lieu* of notice. Throughout the Period, we have maintained a regular dialogue with ERA Solutions to monitor the submission of claims and assist with queries as and when they have arisen.
- Employees were also invited to submit a proof of debt to us for any outstanding claims not relating to salary, such as expenses incurred before the date of Administration that remain unpaid.

Sale of the Instrumentation business

A transaction to a connected party has been undertaken in the Period. Details of (and justification for) the sale are given below in accordance with SIP 13.

Sales process

- Whilst a sale of the Company's business and assets as a whole could not be achieved, prior to our appointment we identified potential interest in (and received an offer for) the business and assets of Instrumentation from a connected party.
- As a standalone division it was profitable, generating an EBITDA of c.£150k in FY22. However, it was heavily reliant on a single customer contract (Magnox) which accounted for c.90% of its turnover.
- It was not possible to trade the Instrumentation business during an administration process due to the radioactive sources used to calibrate equipment, the insurance required and the necessity for environmental permits.
- Similarly, a closure of Instrumentation's operations was not deemed to be in the interests of creditors, principally due to the crystallisation of employee claims, the minimal anticipated asset realisations for an *ex situ* sale (following an independent valuation), substantial contractual liabilities on closure, and the costs and risks associated with environmental decommissioning were likely to be significant.
- Consequently, it was decided that the optimum approach for creditors would be to seek a rapid sale of the business and assets whilst effectively mothballing operations for a short period of time in which to conclude a sale.
- Our Proposals set out the competitive sales process that was undertaken, and therefore creditors may wish to review this report in conjunction with our Proposals.
- As a result of the sales process, we progressed the offer from the Purchaser, a Connected Person as defined by Paragraph 60(A)(3) Sch B1 IA86, and ultimately completed the sale on 19 September 2023.

Sale consideration

- Consideration for the sale of the business and assets was cash in the sum of £400k, plus a £250k reduction in secured debt and a release of the Company's unsecured liability to the Purchaser amounting to £190k.

- A reduction in the secured debt significantly reduces the shortfall owing to the Secured Creditor, which in turn increases the amount available to be distributed to the ordinary unsecured creditors.
- Further, the transfer of employees as part of the sale also avoided certain preferential and unsecured claims against the Company that those employees would have had, had they been made redundant in circumstances where a sale was not achieved.

Rationale for the sale to a connected party

- The reasons for concluding that the sale to the connected party would be in the best interest of creditors and would assist in the purpose of the Administration being achieved, include the following:
 - Cash consideration was higher than other parties and the accepted offer had material further non-cash consideration;
 - Unlike other offers received, there was no conditionality on the offer terms meaning there were no concerns on deliverability of the agreement;
 - Legal documentation was at a more advanced stage with the Purchaser, with therefore lower costs to completion; and
 - In seeking to leave behind certain assets, there was increased risk and cost associated with another party's best and final offer as further time and cost would have been required to guarantee certainty of the asset recovery.
- Our independent asset valuation agents (Hilco, holding PII) also confirmed that the offer received was at an acceptable level and exceeded the assessed value of the plant on both an *ex situ* basis (£3.5k) and *in situ* (c.£61k) basis.

Asset realisations

The Company's largest single asset was a cash balance of £3.4m, which has been transferred to the Administration. Other assets realisations have been pursued where it was cost effective and beneficial to do so.

Cash at bank

- The Company's largest single asset was a cash balance in its GBP bank account. Following our appointment, we instructed the Company's bank to freeze all of its accounts and transfer the credit balances to the Administration account.
- The amount of cash held by the Company had increased significantly in the period prior to the Administration. As the Company was unable to pay all of its debts as and when they fell due and an insolvency could not be ruled out, the Company's directors restricted payments to only those that were critical, to avoid preferring any particular creditors (payments which could be later subject to challenge).
- On 18 August 2023, we received the sum of £3.4m from the Company's GBP account which is understood to represent the entirety of the Company's credit balances (at the time of our appointment), with the exception of small balances on two foreign currency accounts that were subsequently received.
- A number of amounts have been received into the Company's pre-appointment account that relate principally to debtors, and which have been periodically transferred to the Administration account. An update on debtor recoveries is set out below.
- As at 15 January 2024, there remained an amount of £13,933.08 in the Company's pre-appointment account, representing a further third-party debtor receipt of £2,848.60, and a Company debtor receipt in the sum of £10,979.02. The remainder comprises a small rates refund, bank charges, commission and sundry refunds. Barclays will transfer the balance to the Administration account in due course and amounts will be reflected in the Receipts and Payments Account once received. Barclays are also looking into whether any bank charges incurred can be refunded into the estate.

Debtors

- According to the Company's records, around 40 debtors owed amounts to the Company totalling c.£4.2m, including debtors of the Instrumentation business (c.£0.2m).
- Shortly after our appointment, we wrote to all debtors to give notice of our appointment and requested debtors make settlement of the amounts due. Details of the new bank account for the Administration were provided for payments to be made into.

- During the Period, some £276,929 was recovered from debtors and reconciled to the Company's ledger, as shown on the enclosed Receipts and Payments Account.
- The above amount excludes debtors in the sum of £167,331 that were received on behalf of (and paid over to) the purchaser of the Instrumentation business.
- Further, we negotiated recoveries in the sum of £930,632 plus interest from one large debtor. This is not shown on the Receipts and Payments Account as it was received after the end of the Period. We are also awaiting funds of £249,000 in relation to another two negotiated settlements.
- Where debtor settlements have required the return of customer data, we have facilitated this, instructing JFS to provide this under the TSA.
- To date, we have received several counterclaims with regards to breach of contract and disruption caused by the cessation in the service provided by the Company. We continue to liaise with our legal counsel as to their validity.
- Due to the nature of the business, further counterclaims may be received from other debtors. However, we continue to engage with debtors, where it remains beneficial to do so, to establish the position in each case and make an assessment of any further counterclaims. At this stage, following our review, we expect minimal further realisations in respect of debtors.

P&M

- On appointment, we arranged for the Company's plant and machinery to be valued by asset valuation and disposal specialists, Hilco, at each of the Company's sites. Inbound interest in property, plant and machinery, or sites as a whole, was recorded; and inventory lists were issued to 20 parties. Staff at each site were instructed to make safe and isolate machinery where appropriate.
- Supported by Hilco, an orderly marketing and sale process by online auction has generated over £0.4m of realisations, materially exceeding both initial expectations and an early bulk sale offer that we did not consider to be acceptable. Separately, we are continuing to explore any potential value in certain IP.

Dealing with Stakeholders and Creditors

We have reported regularly to the Secured Creditors and have responded to queries that we received from creditors and other stakeholders, to the extent reasonably possible.

- We set out below the work done in the Period relating to each class of creditor.
- The current estimates for amounts owed to the various classes of creditors, the anticipated recovery in each case and (where appropriate) the likely timing of distributions, are set out later in this report.
- There will be no return to the Company's shareholder as there will be a material shortfall to the Company's creditors.

Secured Creditors

- A regular dialogue has been held with the Secured Creditors, given their proprietary interest over the Company's assets and this will continue until such time as they have been repaid in full.
- They have been updated as required on Administration expenses, funding, transition, asset realisations and other matters of interest to them.

Preferential creditors

- Preferential creditors are described in the highlighted box opposite.
- Immediately following our appointment, we engaged specialist agents (ERA Solutions) to assist us with certain employee matters, including:
 - Collation of employee data from the Company's records to ensure that employee claims could be accurately processed for payment;
 - Completion of the RP14 / RP14a and submission to the RPS;
 - Completion of the RP15 / RP15a in respect of the Company's pension scheme arrears;
 - Assistance in the resolution of queries from employees and the RPS; and
 - Processing the RP1 claims from the redundant employees.
- In due course, ERA Solutions will assist us with the agreement of employee claims and the submission of RTI returns following the anticipated payment of dividends.

- We currently await the initial claim from the RPS in order that a dividend to preferential creditors can be distributed thereafter.
- In October 2023, we submitted the necessary VAT return up to the date of our appointment (based on the Company's records). HMRC had previously submitted an interim proof of debt and a final proof of debt is expected shortly.

Unsecured creditors

- In preparation for our appointment, we set up a dedicated email address and helpline number in order for creditors to contact us, other than by post. We have received a large volume of queries and information requests from creditors on matters relating to their claim or the impact of the Administration. We have responded to queries to the extent possible and using the information currently available to us.
- We have invited creditors to submit their claims to us via the Turnkey IPS Portal as a dividend is expected, as explained later.
- In addition to this, we have spent considerable time responding to queries and liaising with creditors in respect of the submission of their claims and the timing of any dividend, reissuing paperwork and dealing with general queries in respect of the progress of the Administration.

Preferential creditors

- Preferential creditors are certain categories of unsecured creditors that have preferential status under insolvency legislation.
- They are typically employee-related debts in relation to arrears of wages and unpaid holiday pay, subject to statutory limits. The RPS becomes a preferential creditor in place of the employees once it has paid their statutory entitlements.
- Since December 2020, HMRC is also a preferential creditor for certain specified debts but ranks behind the preferential debts described above.

Managing the Company's affairs

Until such time as the Company is dissolved, it must continue to fulfil many of its usual obligations. Whilst appointed to manage the affairs of the Company, we are responsible for ensuring these obligations are met.

VAT

- Following our appointment, we notified HMRC (for both VAT and tax purposes) that the Company had been placed into Administration, a consequence of which is the creation of a new period for both CT and VAT reporting that commences on the date of Administration.
- Our internal VAT and CT specialists performed a review of the Company's tax affairs to understand the position in relation to the filing of returns and whether any tax assets may exist.
- As mentioned earlier, the final pre-appointment VAT return for the period 1 July 2023 to 8 August 2023 was submitted in the Period, which resulted in a payment position in the sum of £622,913. This amount will form part of HMRC's preferential claim in the Administration and is expected to be included in their final claim.
- The first post-appointment VAT return in the Administration for the period 9 August 2023 to 31 December 2023 was also submitted in the Period. This resulted in a payment position to HMRC in the sum of £141,374. This was principally due to having received significant sums from Magnox under the Funding Agreement.
- The next return due in the Administration is for the period 1 January 2024 to 31 March 2024 and is due for submission at the end of April 2024. We expect this to also be a payment position, primarily due to VAT on the sale of P&M, the proceeds for which were received in January 2024.
- Returns will continue to be prepared and filed until such time as the Company is deregistered for VAT purposes.

CT

- After our appointment, we notified HMRC of the Administration and a new tax period commenced on the date of our appointment. During the Period, pre-appointment returns for the periods ending 31 December 2022 and 8 August 2023 have been prepared and will be submitted shortly.
- The first return in the Administration for the period to 31 December 2023 will be prepared in due course. Returns will continue to be prepared and filed until no further taxable income is expected to arise.

CIS

- Whilst trading prior to the Administration, the Company had been registered for CIS and filed monthly returns.
- During the Period, several payments were made to subcontractors, and we were therefore required to undertake a detailed analysis of any potential liabilities under the scheme. Following consultation with our PAYE colleagues, it was determined that the work undertaken by the subcontractors was outside the scope of CIS.
- However, during the Period, in the course of the commissioning works at the Bower site, the Company required scaffolding services for which payments under CIS have been withheld and paid over to HMRC. Returns have been filed accordingly and, given that no more payments to subcontractors will be made, we have deregistered from CIS.

Managing the Company's affairs

Until such time as the Company is dissolved, it must continue to fulfil many of its usual obligations. Whilst appointed to manage the affairs of the Company, we are responsible for ensuring these obligations are met.

Treasury and accounting

- An account of our receipts and payments for the period covered by this report is provided at Appendix B.
- Receipts in the Period consist largely of cash swept from the pre-appointment bank account, the sale of P&M, book debt recoveries and cash received from Magnox under the Funding Agreement.
- Payments in the Period principally relate to employee-related costs, such as wages, PAYE/NIC and pension contributions, subcontractor payments including duress/ransom payments, and professional and legal fees.
- We have made regular transfers into fixed term treasury deposit accounts with Barclays, in order to maximise the interest earned from the cash at bank. Interest earned on cash balances in the Period is shown in our Receipts and Payments Account at Appendix B.
- Our Receipts and Payments Account (also known as the account of intromissions with the Company's assets) was provided to the Creditors' Committee on 22 February 2024, with an invitation for them to audit the accounts should they wish to do so. On 7 March 2024, the Creditors' Committee confirmed that it did not wish to audit them, and therefore agreed that the accounts were correctly stated.
- As required by Rule 3.96 IR18, the accounts submitted for audit to the Committee are available for inspection by the members of the Company and the creditors. Anyone wishing to do so, should contact us in writing using the details provided earlier.

Property management

- During the Period, we have spent time dealing with the Company's properties. This has involved arranging licences to occupy, lease assignments and a reconciliation of the rates and utilities liabilities across the portfolio of properties to finalise the position in respect of the multiple accounts that the Company held pre-appointment.

- This has involved extensive liaison with solicitors, landlords and their property managers, business rates agencies, utility providers and local authorities to determine the extent of the Company's liability and arrange payment where necessary.
- Aspects of this work are ongoing and should be completed within the next few weeks.

Books and records

- During the Period, we safeguarded and arranged secure storage (with our third-party storage provider, MJF) for a large volume of company books and records.
- The records were all held at Bamber Bridge, the former head office of the Company. We also captured and stored data in the form of the Company's electronic records, took possession of the statutory books and other records likely to be required for the purpose of the Administration, including in respect of our duties to review the conduct of the directors.
- Now that the TSA has come to an end (and following confirmation that it will not be extended further), we will be taking control of the Company's electronic records currently held by JFS, by transferring the information held on servers relating to JFN to external hard drives.
- Where applications and corresponding data have no benefit to the Administration or to the Joint Administrators in conducting their statutory duties, we have requested that JFS delete this data (the majority of such applications being historic engineering drawing systems).
- Once the appropriate time has passed upon closure of the Administration, we will securely dispose of the Company's books and records, in accordance with statutory and legislative requirements.

Fulfilling our Statutory Duties

As a consequence of the Company's insolvency, we have a number of responsibilities that do not necessarily or directly have a financial benefit for creditors but are required by insolvency legislation.

Statutory investigations

- As required by Section 7A CDDA, we have submitted information in regard to the conduct of the Company's directors to BEIS. The content of our investigatory findings is confidential. However, it was concluded that there were no recovery actions that could be pursued.
- Our investigation work was performed in accordance with SIP 2 and included a review of:
 - Questionnaires submitted by the directors of the Company who held office in the three-year period prior to the Administration;
 - The statements of affairs prepared by the directors of the Company;
 - The Company's Board Minutes in the 12 months leading up to appointment;
 - Correspondence received from creditors (who had been invited to bring any matters to our attention) in respect of the management of the Company;
 - Specialist forensic reports commissioned in respect of the Company's pre-appointment bank transactions in the two-year period prior to Administration; and
 - Certain of the Company's financial information.

Investigations and submission of conduct reports

- An administrator has a duty to investigate what assets there are (including potential claims against third parties including the directors) and what recoveries can be made. This gives rise to the need for an administrators to carry out appropriate investigations, in order to satisfy their specific duties and to allay, if possible, the legitimate concerns of creditors and other interested parties.
- An administrator also has a duty to report to the DBT on the conduct of those that formerly controlled the company.



Other statutory matters

- Other work in the Period as a consequence of our appointment as joint administrators has included:
 - Sending required statutory notices of our appointment;
 - Assessing statutory bonding requirements and arranging cover;
 - Preparing and issuing our Proposals for achieving the purpose of the Administration, seeking their approval by way of a creditors' decision procedure, and giving notice of their approval;
 - Taking steps to formally establish a creditors' committee (see below); and
 - Undertaking internal periodic case reviews to ensure the strategy continues to be appropriate, and that the Administration is progressing on a timely basis.

Creditors' committee

- As part of the creditors' decision procedure to approval to our Proposals, on 17 October 2023, creditors also voted in favour of establishing a creditors' committee.
- A further decision procedure was required to establish the membership of the Committee, and a virtual meeting was held on 14 November 2023 where five creditors were voted in as members and their nominated representatives were recorded.
- We held the first meeting of the Committee on 9 January 2024 where we gave information as to the background and progress of the Administration and responded to queries raised by members of the Committee. In particular, the Committee requested further information in respect of antecedent transactions.
- At the second meeting of the Committee on 7 March 2024, we presented our analysis of the Company's transactions in the two-year period leading up to insolvency and highlighted those transactions with connected parties. The Committee have not requested any further work in this regard.
- At the same meeting, the Committee approved several resolutions, the details of which are contained in this report, and include approval to the basis for our remuneration.

Fulfilling our Statutory Duties

Insolvency legislation sets a 12-month maximum duration for an administration, unless the duration is extended by the Court or the creditors. We expect the Company to be placed into liquidation once the Administration ends.

Extension to the period of the Administration

- Insolvency legislation sets a 12-month maximum duration for administrations, unless this period is extended by the Court or creditors. This initial period ends in August 2023.
- On the basis of present information, we believe that the Administration will move to CVL prior to its anniversary, meaning that an extension to the period of our appointment beyond the statutory 12-month period will not be required.

Exit route from Administration

- In our Proposals we explained the manner in which we anticipated the Administration would be brought to an end once its purpose had been achieved and our work had been completed.
- As we expect a dividend to be available for unsecured creditors, the anticipated exit route is for the Company to be placed into CVL with Oliver Wright, Matthew Callaghan and Christopher Bennett (and/or any subsequent or replacement administrator holding office at that time) being appointed joint liquidators of the Company; and authorised to act either jointly or separately in undertaking their duties as liquidators.
- In the event that there are no funds available for distribution to the unsecured creditors (aside from the Prescribed Part), the Company will exit the Administration by way of dissolution. In this scenario, an extension to the period of our appointment would likely be required.

Joint Administrators' Remuneration

- In Appendix C, we have provided an update on matters relating to our remuneration and expenses, including the costs that have been incurred, what creditors have approved and how much has been drawn to date.

Discharge from liability

- Pursuant to Paragraph 98 of Sch B1 IA86, our discharge from liability (in respect of our actions as joint administrators) takes effect at a time determined by the relevant class of creditors, or the Court. In the circumstances of this case, it is for the Committee to make that determination.

- We are likely to propose that discharge should take effect at the time our appointment ceases to have effect. We will seek approval to this at the appropriate time.

Future reporting

- We are required to provide a further progress report to all creditors within six weeks of the end of the period ending 8 August 2024, or when the Administration comes to an end, whichever is sooner.
- All documents will be retained on the website and will remain available until at least two months after the conclusion of the proceedings. If you require any hard copy documents, please contact us using the details provided earlier, and you will be provided (free of charge) with a hard copy of documents posted to the website, either now or in the future.

Objective of the Administration

- As set out in our Proposals, the statutory objective of the Administration is objective (b), to achieve a better result for the Company's creditors as a whole than would be likely if the Company was wound up (without first being in Administration).
- We continue to believe the objective of the Administration will be achieved by virtue of:
 - Taking control of the Company's affairs immediately on appointment to protect value in key assets;
 - Effecting an orderly wind-down of the business, including the mitigation of certain liabilities, the initial benefit of existing insurance policies and with the protection of the statutory moratorium on legal actions against the Company;
 - Selling the Instrumentation business, which included reductions in actual and contingent liabilities of the Company and safeguarding a number of jobs;
 - Pursuing and realising significant value from the Company's debtor ledger; and
 - Undertaking an orderly marketing and sale process in respect of the Company's P&M, which has generated over £0.4m of realisations.



Estimated Outcomes for Creditors

Secured and Preferential Creditors

Secured and preferential creditors are currently expected to be paid in full. The remaining surplus (including the Prescribed Part) will be distributed to the unsecured creditors.

Secured Creditors

- The Company granted debentures dated 3 March 2023 containing fixed and floating charges over the assets of the Company to JCP (as security agent for itself and Rcapital) and JFS. In relation to JFS, at the time of our appointment there was no debt outstanding under the security facility and therefore JFS does not meet the definition of a secured creditor under Section 248 IA86.
- As shown in the directors' Statement of Affairs, JCP (as security agent) was owed c.£517k on appointment in relation to unpaid interest, arrangement fees, management fees and recharges, secured by a debenture containing fixed and floating charges over the Company's assets. Unpaid interest and charges will continue to accrue until the debt is discharged in full.
- As part of the sale of the Instrumentation business and assets, the Purchaser paid £100,000 for goodwill that was subject to fixed charge security in favour of the Secured Creditors. Following this, we made a fixed charge distribution to the Secured Creditors of £70,000 and we propose to allocate the remaining £30,000 as follows: £25,000 towards our remuneration and £5,000 for SPB's legal fees connected with this part of the sale.
- We will seek to agree this allocation with the Secured Creditors in due course. However, as the Secured Creditors are expected to be paid out in full, this allocation will not affect the outcome for any class of creditor.
- The Purchaser also agreed to procure a reduction of the claim of the Secured Creditors in the sum of £250,000. Whilst this is not a distribution from the Company's assets realised in the Administration, it reduces the amount to be claimed under floating charge security (with a consequential benefit for unsecured creditors as it reduces the dilution of the surplus available to be shared amongst that group of creditors).
- Taking into account the net floating charge realisations, it is currently expected that the Secured Creditors will be paid in full.

Preferential Creditors

- In their Statement of Affairs, the directors' estimated that preferential claims against the Company would be £2,677,176. Preferential claims are paid from the realisation of assets subject to a floating charge after the costs of the Administration have been paid or provided for.
- According to the latest schedule received from ERA Solutions, first-ranking preferential claims from employees are expected to be £115,699. This may increase or decrease in due course, should further claims from employees be received.
- We have not yet received a claim from the RPS but the value of their claim, including preferential pension arrears, is estimated to be in the region of £264k from estimated calculations prepared by ERA Solutions. The RPS have confirmed that we can expect to receive their claim within the next six to eight weeks.
- In terms of second-ranking preferential creditors, we have received an interim claim from HMRC in the sum of £1,683,056. However, following submission of the final VAT return for the pre-Administration period to 8 August 2023, we estimate HMRC's second-ranking preferential claim to be £1,969,724, which is made up of unpaid VAT, PAYE/NIC and student loan deductions. HMRC is expected to submit a final claim in due course when their claim amount will be confirmed.
- Based on current information, we anticipate that both first and second-ranking preferential creditors will be paid in full in due course. The timing of the dividend is largely dependent on receiving final claims from the RPS and HMRC.
- Any employee dividends will be subject to the deduction of PAYE/NIC that are paid over to HMRC, with the support of ERA Solutions on RTI submissions.

Unsecured Creditors and Prescribed Part

A small dividend for unsecured creditors is expected. We currently anticipate that the Company will move into liquidation sometime in the next few months, in order to make the distribution at the earliest possible time.

- In an administration, dividends may become available for unsecured creditors from two sources:
 1. The statutory (ring-fenced) Prescribed Part fund; and/or
 2. The surplus remaining after any secured and preferential creditors have been repaid in full.
- In this case, the Prescribed Part provisions will apply, and the specified amount will be calculated and set aside for creditors.
- If the Secured Creditors are paid in full as expected, there will be surplus funds available for distribution to the unsecured creditors in addition to the Prescribed Part. As there is no difference in creditors qualifying for distributions from the Prescribed Part and any surplus, these funds will be treated as one pot of funds available for distribution purposes.

Creditor claims

- In their Statement of Affairs, the directors estimated that non-preferential unsecured claims against the Company would be £9,226,875.
- At present, we are unable to give a reliable estimate of the net amount available to distribute to the ordinary unsecured creditors at this stage. This is due to the uncertainties surrounding the contractual liabilities incurred as a result of the Company's insolvency. To date, we have received over £52m of claims from unsecured creditors but we expect that to increase in due course.
- We are continuing to receive claims through the Turnkey Insolvency Portal. During the Period, we did not adjudicate any received claims due to the uncertainty regarding the quantum of the distributable funds and the extent of work that would be appropriate and commensurate to the level of dividend.

Distributable surplus funds

- As a result of recent debtor recoveries (but still subject to the final level of preferential claims), we are now more reliably able to estimate the value of the funds available to distribute to unsecured creditors (including the Prescribed Part) to be c.£700k.

Dividends and timing

- The total return to unsecured creditors is currently expected to be less than 1.5p in the £. Whilst realisations are higher than initially expected, the total value of anticipated claims is significantly higher due to contractual liabilities arising on cessation of the business. Please note that this guidance is only an indication and should not be used as the main basis of any bad debt provision. The amount distributed will be determined by the final level of admitted claims and the value of the surplus fund.
- As the Company is registered in Scotland, the timing of dividends is dictated by accounting periods; specifically, that dividends (where available to distribute) must be paid eight weeks after the accounting period end. The first two accounting periods in a liquidation are fixed at six months each, meaning the earliest a distribution could be made is around eight months after the commencement of the liquidation.
- We would prefer to move the Company into liquidation as soon as possible, as we believe the above timing will align with our readiness to make the distribution once the adjudication of unsecured claims (and all other work) has been completed.
- However, as we are still awaiting final claims from the RPS and HMRC, we are likely to move the Company to liquidation once these have been received, in order to avoid missing the first opportunity to distribute to creditors, which would delay the dividend by a further six months.
- To participate in any distribution, claims must have been submitted no later than eight weeks before the end of the accounting period. As that date is not yet known and no formal notice needs to be given to creditors to confirm the deadline date, **creditors are strongly advised to submit their claims via the Turnkey Insolvency Portal as soon as possible.**
- As we are not in a position to make distribution to unsecured creditors in respect of the first accounting period, no 'scheme of division' has been included in this report.

Shareholders





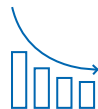
- There will be no return to the Company's shareholders as there will be a material shortfall to the Company's creditors.



Key Matters Remaining

Work We Still Need To Do

The remaining steps that need to be taken ahead of concluding the Administration are shown below, in addition to certain periodic statutory duties we must fulfil whilst we remain appointed.

Area	Company Affairs 	Other assets 	Tax / VAT 	Distributions 	Winding-down 
Work Required	<ul style="list-style-type: none"> Administering the affairs of the Company while it continues to be in Administration or moves to CVL, including cashiering, maintaining creditor information, reporting to creditors, liaising with Companies House and responding to <i>ad hoc</i> queries from creditors and shareholders. 	<ul style="list-style-type: none"> Realisation of other assets where possible, including the possible sale of some of the Company's IP. Future realisation values are uncertain. Instrumentation post-sale obligations (finalising the debtor position). Further debt recoveries and negotiation. The extent of these is uncertain given contractual set-off arrangements and counterclaims. Final reconciliation of expenses incurred under the Funding Agreement. 	<ul style="list-style-type: none"> Preparation and submission of VAT and CT returns when required. VAT deregistration and potential preparation of VAT 427 forms (for input VAT recovery post-deregistration). 	<ul style="list-style-type: none"> Ongoing responses to inbound queries received, including supporting creditors on the Turnkey Insolvency Portal. Agreement of preferential and unsecured claims (with support from creditors). Distributions of funds to secured, preferential and unsecured creditors. Exit the Administration into a liquidation process or make an application to court for distribution to unsecured creditors if that is considered to be the best outcome for creditors. 	<ul style="list-style-type: none"> Progress any other matters required to wind-down the Company's affairs generally prior to the Administration concluding and the Company moving to CVL. Complete statutory requirements to conclude the Administration.
Timing	<ul style="list-style-type: none"> Management of the Company's affairs is continuous while we remain in office. We continue to report to creditors on accordance with statutory requirements. 	<ul style="list-style-type: none"> Three to six months. 	<ul style="list-style-type: none"> Periodic returns until such time as the Company is deregistered, which will be dependent on confirmation that all the Company's assets have been sold (some IP remains, which may be sold for value plus VAT). 	<ul style="list-style-type: none"> Six to twelve months. 	<ul style="list-style-type: none"> Uncertain, but prior to the first anniversary of the Administration. Should the Administration continue beyond its first anniversary, an extension will be sought in due course.



Appendices

Appendix A: Statutory Information

Company Name: JFN Limited

Previous Name(s)	James Fisher Nuclear Limited	Administrators' Address	FTI Consulting LLP, 200 Aldersgate, Aldersgate Street, London EC1A 4HD
Trading Names(s)	James Fisher Nuclear, JF Nuclear, JFN	Administrators' Recognised Professional Body	ICAEW
Registered Number	SC204768	Functions of Administrators	For the purposes of paragraph 100(2) of Sch B1 IA86 the administrators may exercise any of the powers conferred on them by the IA86 jointly or individually.
Date of Incorporation	9 March 2000	Appointment Date	9 August 2023
Registered Office	c/o FTI Consulting LLP, Unit C, First Floor, Logie Court Stirling University Innovation Park, Stirling, FK9 4NF	Appointer / Applicant	The Directors of the Company, pursuant to Paragraph 22 of Sch B1
Former Registered Office	c/o BTO Solicitors LLP, 48 St. Vincent Street, Glasgow, G2 5HS	Objective being pursued	(b) Achieving a better result for the company's creditors as a whole than would be likely if the company were wound up (without first being in Administration).
Court Name / Address	Court of Session, Parliament House, Parliament Square, Edinburgh, EH1 1RQ	EC Regulation	We consider that these are "COMI proceedings" since the Company's registered office and its trading address is in the United Kingdom, such that its centre of main interest is in the United Kingdom.
Court Reference	P640/23	Changes in Administrator	n/a
Administrators' Names	Oliver Stuart Wright, Matthew Boyd Callaghan and Christopher Jon Bennett	Current Administration End Date	8 August 2024

Appendix B: Receipts and Payments Account

For the period from 9 August 2023 to 8 February 2024

Receipts and Payments (£)	Notes	Statement of 9 August 2023 to Affairs 8 February 2024	
Fixed Charge Receipts			
Goodwill	1		100,000.00
Fixed Charge Payments			
Distribution to Chargeholder	2		(70,000.00)
Balance on the Fixed Charge Account			30,000.00
Floating Charge Receipts			
Plant and Machinery	3	250,000	421,657.90
Furniture and Fittings		10,000	345.00
Stock			3,231.70
Third Party Funds - Book Debts	4		301.90
Book Debts	5		276,929.43
Rental Income	6		982.85
Third Party Funds - Rent	7		3,540.08
Business Rates Refunds	8		5,058.67
Cash at Bank		3,404,907	3,401,753.37
Funding Agreement	9		975,968.51
Bank Interest Gross	10		57,800.38
Sale of Business	1	300,000	300,000.00
Sundry Realisations			910.42
Subtotal		3,964,907	5,448,480.21
Funds represented by:			
Barclays Treasury Deposits			3,750,000.00
Floating Charge Account			723,138.53
Vat Account			(54,502.03)
Total			4,418,636.50

Receipts and Payments (£)	Notes	Statement of 9 August 2023 to Affairs 8 February 2024	
Floating Charge Payments			
Courier			(300.24)
TSA Fees			(48,000.00)
Ransom Payments			(69,705.56)
Bordereau Premium			(225.00)
Professional Fees			(86,449.36)
Professional Disbursements			(15,056.37)
Subcontractor Costs			(80,217.55)
Hire/Lease Costs			(18,514.40)
Legal Fees			(95,072.95)
Irrecoverable VAT			(14,948.00)
Pension Contributions			(43,430.77)
Rent			(39,751.20)
Office costs			(280.00)
Utilities			(23,981.69)
Storage Costs			(7,675.36)
Re-direction of Mail			(570.00)
Statutory Advertising			(198.00)
Licence Fee			(55,000.00)
Rates			(25,588.37)
Other Property Expenses			(11,911.69)
Wages and Salaries			(275,191.87)
PAYE/NIC			(145,074.84)
Employee Expenses			(2,060.64)
Sundry Expenses			(639.85)
Subtotal			(1,059,843.71)
Net Floating Charge Receipts			4,388,636.50

Appendix B: Receipts and Payments Account

Notes to the Receipts and Payments Account

1. Relates to the sale of Instrumentation, split between fixed and floating charge security.
2. To date, £70,000 has been distributed to the Secured Creditors under their fixed charge security .
3. Amount realised from the Hilco auction process for plant and machinery.
4. Relates to an overpayment of book debts in relation to the Instrumentation debtors. Further book debts have been recovered into the Company's pre-appointment bank account and will be received into the Administration bank account in due course. On receipt, a final reconciliation of the third-party book debt position will be undertaken, and funds remitted to the Purchaser accordingly.
5. Relates to the book debt settlements received so far. Please see earlier in this report for more information in respect of the current debtor settlement position.
6. Rental income relates to rent received from the Purchaser from 20 to 28 September 2023 for the Deeside site. This period of rent had been prepaid by the Company in the pre-appointment period and therefore this is an asset recovery into the estate.
7. We have invoiced the Purchaser for the Deeside rent from 29 September 2023 to 31 October 2023. This amount will be transferred to the landlord of the Deeside site in due course on receipt of their invoice.
8. Rates refunds relates to both pre-appointment and post-appointment credit balances across several sites.
9. Funds received from Magnox in respect of the Funding Agreement.
10. Bank interest earned primarily from regular transfers into fixed term treasury deposit accounts with Barclays, to maximise interest earned on the cash at bank.
11. All amounts are stated in GBP and are shown net of VAT unless otherwise stated and all bank accounts have been reconciled as at the end of the Period.
12. Further information in respect of some of the amounts included in the Receipts and Payments Account are included in our later analysis of expenses.
13. The Statement of Affairs amounts have been taken from the directors' Statement of Affairs dated 19 September 2023 and for asset values, represents the directors' estimated to realise value (not book value).

Appendix C: Joint Administrators' Remuneration and Expenses

The basis of our remuneration and fees for the first accounting period have been approved by the Creditors' Committee. No further remuneration is expected to be sought in the Administration.

Claim for Remuneration

- Following the end of the first accounting period on 8 February 2024, we submitted a claim for the outlays (expenses) reasonably incurred by us as joint administrators and for our remuneration.
- With regards to remuneration, we sought a determination that the basis should be fixed by reference to the time properly given by us as joint administrators and our staff in attending to matters arising in the Administration (a "time cost basis").
- To 8 February 2024, our total time costs were £2,166,291.50, at the hourly rates set out later. The table opposite shows the breakdown of these costs by the main categories of work. A more detailed analysis is included later in this Appendix.
- However, whilst there continues to be a significant amount of work remaining in the Administration, we reduced our claim for remuneration in order to protect the recoveries for creditors. Specifically, we capped the amount at the estimate given to the Committee at the first meeting in January 2024.
- As a consequence:
 - We did not seek to draw the time costs incurred in the Period in full. Instead, we sought a determination from the Committee for our remuneration to be fixed on a time cost basis for the period to 8 February 2024 in the sum of £2,090,633.25, plus VAT.
 - We are not currently anticipating making any further claim for remuneration in the Administration in respect of work done in the second (and any subsequent) accounting periods, or in any subsequently liquidation, effectively capping our fees at the level set out opposite.
- However, as we are continuing to pursue further asset realisations, we may seek to draw additional remuneration in due course and in relation to our work in this regard on the basis that there is a net benefit to the estate. Should this be the case, we will inform the Committee at the relevant time.

Area of work	Hours	Cost (£)
Controlling the Appointment	436.30	324,147.00
Realising the Assets	411.40	337,658.50
Wind-down process	771.00	602,478.00
Managing the Company's affairs	657.80	333,077.00
Dealing with creditors and stakeholders	554.70	248,202.00
Fulfilling our statutory duties	483.30	320,729.00
Total time costs to 8 February 2024	3,314.50	2,166,291.50
Remuneration not claimed		(75,658.25)
Total claim for remuneration		2,090,633.25
Proposed allocation		£
Fixed charge		25,000.00
Funded by Magnox and other		268,022.50
Floating charge		1,797,610.75
Total allocations		2,090,633.25

- Our claim for remuneration in relation to the first accounting period was approved by the Committee at a meeting held on 7 March 2024. There are no business or personal relationships with parties responsible for approving remuneration where the relationship could give rise to a conflict of interest.
- No remuneration can be drawn until the expiry of the period within which creditors may lodge an appeal to this determination, as explained at the end of this report.

Appendix C: Joint Administrators' Remuneration and Expenses

As we proposed a time cost basis for our remuneration, the manner in which we allocate staff, charge our time and the hourly rates we use, are all important factors.

Staff allocation and time charging policy

- Our general approach to resourcing our assignments is to allocate staff with the skills and experience to meet the specific requirements of the case. The constitution of the case team at any point in time will usually consist of one or more of the grades shown in the table opposite, depending on the anticipated size and complexity of the assignment.
- Work is delegated to suitable grades of staff, taking into account their experience and any specialist knowledge that is needed and they are supervised accordingly to maximise the cost effectiveness of the work done. Complex issues or important matters of exceptional responsibility are handled by more experienced senior staff or the office-holders themselves.
- All of our staff who work on the case charge time directly to it and are included in any analysis of time charged. Only if there is a large block of time incurred by a member of the secretarial team, e.g. report compilation and distribution, do we seek to charge and recover our time in this regard. Time is charged in six-minute units. We don't charge general overhead costs.
- During the administration of the insolvency, will also utilise the services of specialist teams within FTI Consulting LLP, principally in relation to VAT and tax matters and the costs of which are included within our fees estimate. We consider that the rates chargeable for these services are in line with general market practice and that the service is at least comparable to similar firms of professional advisors. In addition, by working closely with our internal teams, we believe a more coordinated and efficient approach to the relevant workstreams is possible.

Hourly charge-out rates

- In the table below, we set out the hourly charge-out rates for the various grades of staff who may work on the case. In common with many professional firms, these rates may be subject to change periodically, for example to cover annual inflationary cost increases.

Grade of staff	From 1-Oct-23 Restructuring Rate (£/hour)	From 1-Oct-23 Tax Rate (£/hour)	To 30-Sep-23 Restructuring Rate (£/hour)	To 30-Sep-23 Tax Rate (£/hour)
Senior Managing Director	1,145	1,250	1,080	1,015
Managing Director	985	1,000	930	855
Senior Director	915	900	865	790
Director	815	795	770	750
Senior Consultant	725	480	685	455
Consultant	620	410	585	385
Associate (experienced)	420	-	395	305
Associate	290	275	275	260
Secretarial	225	195	210	185

Appendix C: Joint Administrators' Remuneration and Expenses

Analysis of cumulative time costs for the period from the date of our appointment to 8 February 2024.

SIP 9 Category	Senior Managing Director	Managing Director	Senior Director	Director	Senior Consultant	Consultant	Associate	Total Time (hours)	Senior Managing Director	Managing Director	Senior Director	Director	Senior Consultant	Consultant	Associate	Total Cost (£)	Average Cost (£)
Controlling our Appointment																	
Strategy & Planning	120.0	7.6	-	96.9	35.0	8.5	47.4	315.4	130,554.5	7,117.5	-	75,454.5	24,423.0	4,972.5	16,766.0	259,288.0	822.1
Appointee & Manager Reviews	14.8	1.3	-	-	2.7	-	6.0	24.8	14,119.0	1,220.0	-	-	1,957.5	-	1,677.0	18,973.5	765.1
Budgets, Fee Approval & Remunerat	-	11.6	-	0.3	5.8	-	66.9	84.6	-	11,277.5	-	244.5	4,205.0	-	22,281.0	38,008.0	449.3
Closure Matters	-	-	-	11.5	-	-	-	11.5	-	-	-	7,877.5	-	-	-	7,877.5	685.0
	134.8	20.5	-	108.7	43.5	8.5	120.3	436.3	144,673.5	19,615.0	-	83,576.5	30,585.5	4,972.5	40,724.0	324,147.0	742.9
Realising the Assets																	
Sale of Business	105.7	1.4	-	41.0	7.1	-	0.3	155.5	114,156.0	1,318.5	-	33,257.5	5,067.5	-	82.5	153,882.0	989.6
Property (Management)	9.1	2.0	-	12.0	32.1	6.5	5.3	67.0	9,984.5	1,909.5	-	9,240.0	22,364.5	3,802.5	2,059.0	49,360.0	736.7
Book Debt Realisations	14.8	0.7	-	58.0	27.7	4.5	17.8	123.5	16,549.5	656.5	-	47,000.0	19,918.5	877.5	5,981.0	90,983.0	736.7
Other Assets	6.2	3.8	-	0.2	11.0	19.4	8.9	49.5	6,696.0	3,561.5	-	154.0	7,847.0	11,349.0	2,614.5	32,222.0	650.9
Retention of Title & Duress	3.9	0.1	-	-	2.8	-	1.0	7.8	3,927.0	98.5	-	-	1,918.0	-	275.0	6,218.5	797.2
Insurance & Bonding	-	0.6	-	-	-	7.5	-	8.1	-	563.5	-	-	-	4,429.5	-	4,993.0	616.4
	139.7	8.6	-	111.2	80.7	37.9	33.3	411.4	151,313.0	8,108.0	-	89,651.5	57,115.5	20,458.5	11,012.0	337,658.5	820.8
Wind-down Process	125.2	2.9	-	274.2	309.2	32.9	26.6	771.0	137,005.0	2,735.5	-	218,694.0	217,266.0	19,246.5	7,531.0	602,478.0	781.4
Dealing with Creditors																	
Secured creditors	42.3	1.0	-	-	0.4	-	-	43.7	45,419.0	968.5	-	-	290.0	-	-	46,677.5	1,068.1
Preferential Claims Agreement	-	0.9	-	-	-	-	-	0.9	-	837.0	-	-	-	-	-	837.0	930.0
Unsecured Claims Agreement	-	6.1	-	-	2.1	-	11.3	19.5	-	5,997.5	-	-	1,502.5	-	4,057.0	11,557.0	592.7
Creditor Queries	-	3.6	-	19.1	66.2	4.0	397.7	490.6	-	3,452.5	-	15,157.0	46,855.0	2,340.0	121,326.0	189,130.5	385.5
	42.3	11.6	-	19.1	68.7	4.0	409.0	554.7	45,419.0	11,255.5	-	15,157.0	48,647.5	2,340.0	125,383.0	248,202.0	447.5
Managing the Company's Affairs																	
Tax	1.0	5.0	3.0	6.5	12.4	-	5.8	33.7	1,250.0	4,964.0	2,507.5	4,452.5	8,843.0	-	1,490.5	23,507.5	697.6
VAT	-	0.4	7.4	-	11.1	-	22.7	42.1	-	394.0	7,505.0	-	7,802.5	-	7,658.0	23,359.5	554.9
Employees	19.1	3.8	-	59.7	91.7	8.0	68.4	250.7	17,954.5	3,594.5	-	46,149.0	64,146.0	4,680.0	19,992.5	156,516.5	624.3
Pensions	-	0.8	-	-	7.0	-	3.1	10.9	-	760.5	-	-	5,055.0	-	899.0	6,714.5	616.0
Books & Records	-	2.6	-	-	14.1	26.4	21.5	64.6	-	2,429.0	-	-	9,754.5	15,444.0	5,995.0	33,622.5	520.5
Bank Account Management	-	2.5	-	-	4.0	-	8.4	14.9	-	2,413.0	-	-	2,824.0	-	2,395.5	7,632.5	512.2
Receipts, Payments & Journals	-	8.6	-	-	9.1	-	223.2	240.9	-	8,284.0	-	-	6,473.5	-	66,966.5	81,724.0	339.2
	20.1	23.7	10.4	66.2	149.4	34.4	353.1	657.8	19,204.5	22,839.0	10,012.5	50,601.5	104,898.5	20,124.0	105,397.0	333,077.0	506.3
Fulfilling our Statutory Obligations																	
CDDA & SIP2 Assessment	5.0	2.8	-	-	8.0	-	23.4	39.2	5,725.0	2,719.5	-	-	5,784.0	-	6,786.0	21,014.5	536.1
Initial Letters & Notices	4.0	16.6	-	10.7	6.3	1.5	41.6	80.7	4,320.0	15,438.0	-	8,239.0	4,315.5	877.5	11,440.0	44,630.0	553.0
Other Statutory Matters	12.8	0.2	-	-	-	-	28.1	41.1	14,656.0	197.0	-	-	-	-	8,129.5	22,982.5	559.2
Proposals	25.0	37.0	-	8.0	34.5	2.7	44.9	152.1	27,520.0	34,850.0	-	6,160.0	24,056.5	1,579.5	14,372.0	108,538.0	713.6
Statement of Affairs	2.0	3.3	-	0.8	3.7	3.5	5.5	18.8	2,290.0	3,069.0	-	616.0	2,534.5	2,047.5	1,512.5	12,069.5	642.0
Committees	30.1	23.8	-	21.5	26.6	-	49.4	151.4	34,464.5	23,426.5	-	17,522.5	19,285.0	-	16,796.0	111,494.5	736.4
	78.9	83.7	-	41.0	79.1	7.7	192.9	483.3	88,975.5	79,700.0	-	32,537.5	55,975.5	4,504.5	59,036.0	320,729.0	663.6
Total	541.0	151	10.4	620.4	730.6	125.4	1135.2	3314	586,590.5	144,253.0	10,012.5	490,218.0	514,488.5	71,646.0	349,083.0	2,166,291.5	

Appendix C: Joint Administrators' Remuneration and Expenses

In broad terms our work includes realising the Company's assets, quantifying its liabilities and returning funds to creditors, managing the Company's affairs and fulfilling our statutory obligations as joint administrators.

Earlier in this report, we described the main areas of our work in the Administration during the Period covered by this report. The table below provides more detail but is not an exhaustive list of all work performed. Also provided is an indicated of whether the work provided a financial benefit for creditors or whether (for example) it was required by statute.

Area of Work	Description of Work	Reason and Benefit for Creditors
Controlling our Appointment	<ul style="list-style-type: none"> ■ Strategy and planning: we devised and maintained appropriate strategies for achieving the purpose of the Administration, this included holding engagement team meetings and documenting key decisions. We have delegated work to appropriate grades of staff and supervised them accordingly. ■ Case reviews: we have conducted periodic reviews of the Administration. ■ Financial Management: we have prepared and maintained cost budgets, and estimated outcome statements etc., to ensure the funds of the estate are managed appropriately. ■ Remuneration: we provided information to creditors, commenced the process for seeking fee approval in accordance with insolvency legislation requirements, and have maintained budgets. 	<ul style="list-style-type: none"> ■ We have a duty to perform our functions as quickly and efficiently as reasonably practicable, in the best interests of the creditors as a whole. ■ Whilst not necessarily generating a direct financial benefit for creditors, these areas of our work ensure that our strategies to maximise realisations and minimise costs (and liabilities where possible), are kept under review and amended as appropriate.
Realising the Assets	<ul style="list-style-type: none"> ■ We identified both Company and customer-owned assets, secured sites, inspected property and catalogued assets. Physical assets such as computers, furniture and stock have also been sold where beneficial and cost-effective to do so. ■ Sale of assets: following the sale of the Instrumentation business, we fulfilled post-sale obligations and undertook the reasonable work required to support the transfer of assets to the Purchaser. ■ Cash at bank: we liaised with the Company's bankers regarding the collection of cash from the Company's pre-Administration bank account, the Company's largest single asset. ■ Book debts: we have recovered significant values in respect of book debts owed to the Company for work performed prior to its insolvency. Some of the recoveries have required substantial work in respect of negotiating settlement agreements and the instruction of solicitors to assist in the asset recovery. ■ P&M: we instructed agents in respect of a piecemeal sale by auction of the Company's P&M achieving total realisations in excess of offers received for a bulk sale. 	<ul style="list-style-type: none"> ■ Our work in realising the Company's assets provides a direct financial benefit for creditors. Any surplus following the deduction of the costs of the Administration and distributions to secured and preferential creditors, is available to be distributed to the unsecured creditors.

Appendix C: Joint Administrators' Remuneration and Expenses

In broad terms our work includes realising the Company's assets, quantifying its liabilities and returning funds to creditors, managing the Company's affairs and fulfilling our statutory obligations as joint administrators.

Area of Work	Description of Work	Reason and Benefit for Creditors
Realising the Assets (continued)	<ul style="list-style-type: none"> ■ We have also explored the potential of selling some of the Company's IP. The value of this IP is highly uncertain and therefore no value has been assumed for this in the estimated surplus available for unsecured creditors. ■ Insurance: we arranged 'open cover' insurance immediately on appointment and worked with our insurance brokers to agree the scope of any ongoing insurance requirements and manage the policies as required; including cancellation and payment of premiums. ■ Bonding: we arranged a specific penalty bonding for each of the joint administrators following their appointment. 	<ul style="list-style-type: none"> ■ Insurance cover is a necessary financial loss protection for the Company, their creditors and the Administrators in respect of assets held (and any insurable risks arising) during the course of the Administration. ■ Similar to insurance, bonding provides financial protection for preferential and unsecured creditors in respect of the actions of the insolvency practitioners and up to the value of the Company's assets estimated to be available for those classes of creditors. ■ Bonding is a statutory requirement for all insolvency practitioners.
Wind-down Process	<ul style="list-style-type: none"> ■ We oversaw the wind-down process following the ceasing of trading of the majority of the Company's business. This included the oversight and project management of the dismantling of SGHWR equipment at the Company's Bower site as well as the maintenance of robots at the Malton site under the Funding Agreement. ■ The wind-down process involved detailed forecasting and cashflow analysis, invoicing, debtor collection and bank account management, including receipts, payments and journals. Operations call were also held regularly with key stakeholders to determine ongoing strategy. ■ During the wind-down process we managed the payroll, benefits and employee communications, including the consultation process and ultimate redundancies. ■ Throughout this process, we received and responded to a large number of inbound queries from both ex-employees and retained employees in respect of their individual circumstances and position. ■ We have liaised with and reported to Magnox periodically and where necessary under the Funding Agreement. 	<ul style="list-style-type: none"> ■ The orderly wind-down has been necessary and complex given the nature of the business. Where work has been performed solely for the benefit of third parties (for example the dismantling of assets and return of data) we have sought to recharge those costs on a cost-plus basis to avoid any impact on creditors. ■ It was funded in part by Magnox under the Funding Agreement on a 10% cost-plus basis, for the benefit of creditors. ■ The extended wind-down process allowed us to run an orderly process for the sale of assets, as the funding covered wind-down running costs, such as the retention of certain key employees. Their knowledge assisted the process in respect of debtor collections, and we ultimately avoided the need for a rapid sale. For example, we were able to run and hold an auction process for the P&M sale, as opposed to accepting a reduced value for a bulk sale of assets.

Appendix C: Joint Administrators' Remuneration and Expenses

In broad terms our work includes realising the Company's assets, quantifying its liabilities and returning funds to creditors, managing the Company's affairs and fulfilling our statutory obligations as joint administrators.

Area of Work	Description of Work	Reason and Benefit for Creditors
Dealing with Creditors	<ul style="list-style-type: none"> ■ We set up a dedicated website, helpline and claims portal, and responded to high volumes of creditor and stakeholder queries. We have also organised the collection of third-party-owned assets and data. This has enabled customer projects to be continued swiftly and with minimal impact, in turn mitigating claims against the Company. ■ Secured creditors: we have liaised with the Secured Creditors on matters of interest and have made an initial distribution from asset realisations under security entitlements of £70k. Further distributions are expected using the funds remaining after the prescribed part is set aside. ■ Preferential creditors: we have requested and received preferential claims from HMRC (interim) and have received and reviewed the schedule of expected RPS and employee claims from ERA Solutions. ■ We also took steps during the Period to claim the pension contributions from the RPS for the month of July 2023, which remained unpaid since the Company's insolvency. ■ During the Period, we have also been contacted in respect of several employment tribunal claims ongoing against the Company. Although we have taken the decision to not be involved in the process, as the claims will represent a preferential or unsecured claim against the Company, each tribunal referral has required a response from us in respect of any consultation undertaken in respect of each employee. ■ Unsecured creditors: we have responded to inbound queries received to the extent possible and necessary. In particular, we have spent time responding to queries and liaising with creditors in respect of the approval of the Proposals and the subsequent decision procedure in respect of the formation of the Committee. ■ We have maintained our specialist insolvency system to record and maintain creditor details, claims received, the determination thereon and the payment of dividends. 	<ul style="list-style-type: none"> ■ Where available, distributions and dividends represent a repayment to creditors in respect of the amounts owed to them by the Company and therefore is a tangible financial benefit from the insolvency proceedings. ■ During the course of claims agreement, we perform a proportionate level work with an appropriate degree of scrutiny taking into account the quantum of the dividend available, to avoid incurring unnecessary costs and to avoid adversely impacting the recovery for creditors. ■ The objective of our adjudication work is to ensure that only genuine and accurate claims are admitted for dividend purposes and where necessary we apply our expertise and commercial judgement to mitigate liabilities where possible; for the benefit of the wider body of JFN creditors. ■ Responding to general inbound queries can take considerable time and does not have a direct financial benefit for creditors, except for example (for individual creditors) where it is to provide debt confirmations for the purpose of credit insurance claims. To the extent possible, we encourage creditors to review information already available on our website. ■ Ensuring employees understand their position in light of the Administration assists in the employees being correctly compensated.

Appendix C: Joint Administrators' Remuneration and Expenses

In broad terms our work includes realising the Company's assets, quantifying its liabilities and returning funds to creditors, managing the Company's affairs and fulfilling our statutory obligations as joint administrators.

Area of Work	Description of Work	Reason and Benefit for Creditors
Managing the Company's Affairs	<ul style="list-style-type: none"> ■ Company Employees: we have made employee redundancies, undertaken consultation and dealt with other employee-related matters and queries, including the payments of PAYE/NIC and pension contributions. We have also liaised with employment tribunals where appropriate and to the extent necessary. ■ Corporation Tax: we obtained the initial corporation tax information and carried out an initial tax review. Pre-appointment returns have been prepared and will be reviewed before submission. ■ VAT: we have prepared and submitted the necessary and periodic VAT returns falling due during the Administration. Future work relating to VAT will include making payments to (or requesting refunds from) HMRC and maintaining adequate VAT accounts. During the Period, we also assessed the Company's pre-appointment VAT information and submitted the return to HMRC. Significant work was undertaken in respect of the impact of the pre-appointment return on the potential for post-appointment recoveries in the first VAT return in the Administration. ■ To facilitate the above work, we conducted an initial review performed by our internal Tax and VAT specialists; and all the information likely to be required was obtained from the Company's records and HMRC. ■ Property Management: during the Period, we have spent significant amounts of time dealing with the Company's properties. This has involved arranging licences to occupy, lease assignments and a reconciliation of the rates and utilities liabilities across the portfolio of properties. This has involved extensive liaison with solicitors, landlords and their property managers, business rates agencies, utility providers and local authorities to determine the extent of the Company's liability and arrange payment where necessary. 	<ul style="list-style-type: none"> ■ We have a statutory responsibility to complete and submit post-insolvency tax and VAT returns and account for any tax due. We have used the assistance and expertise of our specialist tax team in order to do so. ■ As circumstances can often be complex, the involvement of our VAT and tax specialists ensures that the Company pays the correct amount of tax, to avoid adversely impacting any amounts available for creditors.

Appendix C: Joint Administrators' Remuneration and Expenses

In broad terms our work includes realising the Company's assets, quantifying its liabilities and returning funds to creditors, managing the Company's affairs and fulfilling our statutory obligations as joint administrators.

Area of Work	Description of Work	Reason and Benefit for Creditors
Managing the Company's Affairs (continued)	<ul style="list-style-type: none"> ■ Books and records: we safeguarded and arranged storage (with our third-party storage provider, MJF) for a large volume of company books and records. The company records were all held at Bamber Bridge, the former head office of the Company. We also captured and stored data in the form of the Company's electronic records, took possession of the statutory books and other records likely to be required for the purpose of the Administration; including in respect of our duties to review the conduct of the directors. ■ Bank account management: we opened a bank account (under our control) for the purpose of depositing sale proceeds and other receipts, paying expenses and making distributions to creditors. We have also undertaken reviews of the Company's bank pre-appointment bank account, arranged for regular sweeps into the Administration account and allocated receipts accordingly. Accounts are reconciled on a monthly basis. ■ We have also undertaken an appropriate investment strategy, regularly investing funds in a Barclays Treasury Deposit Account. ■ Receipts, payments and accounting journals: we maintain adequate accounting records for the period of the Administration, including the payment of costs and expenses. ■ CIS: we have undertaken a detailed analysis of any potential liabilities under CIS in the Period and filed CIS returns periodically as and when required. 	<ul style="list-style-type: none"> ■ The books and records of the Company included records that were owned by third parties. The safe storage and collation of this information has facilitated debtor recoveries that were dependent on getting access to this information. ■ Dealing with the Company's books and records does not necessarily give a financial benefit to creditors, although they are essential when any defending actions against the Company from third parties and when adjudicating creditor claims. ■ Opening bank accounts for the Administration avoids the costs and logistics of taking control of the Company's existing accounts (which are usually closed shortly after appointment). Regular reconciliations of the new accounts assist in maintaining accurate records for the Administration. ■ Managing the investment of funds ensures proper and secure stewardship of the funds and maximises the interest payable to the estate for the benefit of the Company's creditors.
Fulfilling Our Statutory Duties	<ul style="list-style-type: none"> ■ Initial letters and notices: we have issued all necessary correspondence following our appointment to directors, Companies House, HMRC and others, including to over 480 creditors. ■ Statement of affairs: we requested the statements from the directors, responded to queries from the directors and filed signed statements with Companies House. 	<ul style="list-style-type: none"> ■ Due to the impact of insolvency on a company's creditors and members, there are statutory requirements to give notice of the appointment of administrators to affected parties. There is no financial benefit to creditors. ■ The various other workstreams arise from statutory requirements due to the Company being in an insolvency process and similarly do not have any financial benefit for creditors. Many requirements are for the purpose of keeping creditors informed about the Administration and to protect their interests generally and ensuring the effective management of the case.

Appendix C: Joint Administrators' Remuneration and Expenses

In broad terms our work includes realising the Company's assets, quantifying its liabilities and returning funds to creditors, managing the Company's affairs and fulfilling our statutory obligations as joint administrators.

Area of Work	Description of Work	Reason and Benefit for Creditors
Fulfilling Our Statutory Duties (continued)	<ul style="list-style-type: none"> ■ Proposals: we prepared and issued our statement of proposals (for achieving the purpose of the Administrations) to creditors, members and filing with Companies House. We obtained approval of the proposals via a decision procedure and gave notice of the approval of the proposals to the above parties and the Court. ■ Remuneration report for the Creditors' Committee: we prepared a report to the Creditors' Committee providing information on progress of the remuneration, time costs and expenses incurred, and work done in the Period. ■ CDDA and SIP2 Assessment: we gathered information from the directors and other sources, conducted an initial assessment of the Company's affairs and the conduct of their current and former directors. We conducted an initial investigation with a view to identifying potential asset recoveries by seeking and obtaining information from relevant third parties, such as the bank. We subsequently reviewed Company books and records to identify any transactions or actions the officeholder could take against a third party to recover funds for the benefit of creditors. ■ We submitted a confidential report to the DBT (Secretary of State) regarding the conduct of all directors and shadow directors who were in office during the three years before the Administration. We responded appropriately to and escalated any concerns raised by creditors on the conduct of the Directors. ■ Creditors' Committee: actions relating to the Creditors' Committee, including a review of nominations and voting, and drafting reports and presentation materials. ■ We took steps to formally establish the Committee by delivery of certain documents to the Registrar of Companies. We held the first meeting of the Committee, and prepared and distributed the presentation materials and minutes of the meeting. 	<ul style="list-style-type: none"> ■ Due to the impact of insolvency on a company's creditors and members, there are statutory requirements to give notice of the appointment of administrators to affected parties. There is no financial benefit to creditors. ■ The various other workstreams arise from statutory requirements due to the Company being in an insolvency process and similarly do not have any financial benefit for creditors. Many requirements are for the purpose of keeping creditors informed about the Administration and to protect their interests generally and ensuring the effective management of the case.

Appendix C: Joint Administrators' Remuneration and Expenses

The Committee has agreed that the unpaid pre-Administration costs can be paid as an expense of the Administration.

Pre-Administration costs

- Details of our pre-Administration costs were set out in our Proposals, including the scope of work undertaken prior to the Administration, why that work was required prior to the appointment and how the work was intended to further the objective of the Administrations. A brief summary is set out below:
 - Gathering and assimilating information from the Company that was required to prepare the strategy and for its delivery;
 - Negotiating the terms of the funding agreement with Magnox and its legal advisors;
 - Briefing team members on strategy and key actions and mobilising staff around the UK in readiness for the appointment;
 - Preparing communications and liaising with our agents as required (including ERA Solutions on employee matters and Hilco for site security);
 - Preparing a financial databook, approaching multiple trade parties and conducting negotiations for the potential sale of the Instrumentation business, for as soon as possible once the Company entered Administration;
 - Liaising with our insurance brokers to ensure appropriate levels of cover were in place on appointment;
 - Necessary further work and considerations required in order to consent to act as administrator and confirm that the purpose of the Administration was reasonably likely to be achieved; and
 - Preparation of other key documents, including Forms HR1 (notification of redundancies) and key initial assessments on data security and Bribery Act risks.
- At the meeting on 7 March 2024, the Committee gave approval for our pre-Administration costs of £224,637 (plus VAT), as reported in our Proposals dated 2 October 2023, to be paid as an expense of the Administration.
- These are expected to be paid shortly.

Appendix C: Joint Administrators' Remuneration and Expenses

Costs are necessarily incurred by the Company and its administrators during the course of the Administration. Certain categories of these costs must be approved in the same manner as remuneration prior to payment.

SIP9 Definition of Expenses

- SIP9 states that expenses are any payments from the estate which are neither officeholders' remuneration nor a distribution to a creditor or a member. Expenses also include disbursements. Disbursements are payments which are first met by the officeholder and then reimbursed to the officeholder from the estate.
- Expenses are divided into those that do not need approval before they are charged to the estate (category 1) and those that do (category 2):
 - Category 1 expenses: these are payments to persons providing the service to which the expense relates who are not an associate of the officeholder. Category 1 expenses can be paid without prior approval.
 - Category 2 expenses: these are payments to associates or which have an element of shared costs. Before being paid, category 2 expenses require approval in the same manner as an officeholder's remuneration. Category 2 expenses require approval whether paid directly from the estate or as a disbursement.
- The types of disbursements categorised as Category 1 expenses typically include external supplies of incidental services specifically identifiable to the case such as postage, statutory case advertising, bonding, invoiced travel and external services such as printing, room hire and document storage. Also included would be any properly reimbursed expenses incurred by personnel in connection with the case.
- The types of disbursements categorised as Category 2 expenses typically include mileage, in-house printing and electronic data storage.
- On this case, we have incurred Category 2 disbursements in relation to mileage only.

Professional Advisors and Subcontractors

- The following professional advisors and subcontractors have been engaged to support our work in the Administration. The list does not include any suppliers or other third parties used by the Company prior to the Administration, that may have continued to provide goods or services during the Administration.

Firm	Services	Fee Arrangement	Reason Selected
ERA Solutions	Employee Claims	Fixed fee based on the number of employees	Experienced provider of employee services to insolvency practitioners
EPE Reynell Advertising Limited	Gazette Notices	Fixed cost per advert	Specialists in dealing with legal advertising
Aon UK Limited	Insurance Risk Services	Insurance premiums	Experienced provider of insurance services to insolvency practitioners
Prism 339 Limited	Forensic investigation services	Fixed fee	Specialist provider of forensic analysis services to insolvency practitioners
Hilco	Selling and valuation	Percentage of realisations and fixed fee	Experienced provider of valuation and auction services
SPB	Legal Advice	Time costs	Experienced legal advisors with specialist knowledge in insolvency law

- Our choice of professional advisors and subcontractors was based on our perception of their experience and ability to perform this type of work and the complexity and nature of the assignment. We also considered that the basis on which they will charge their fees is appropriate in the circumstances. Other than the legal advice and insurance services, the work could have been undertaken by our teams, but we have outsourced it as we consider it to be more cost effective and the providers have relevant specialist experience.

Appendix C: Joint Administrators' Remuneration and Expenses

Under Scottish law, a claim for reasonably incurred outlays (expenses) in the Period was also made to the Creditors' Committee.

Claim for Outlays

- Insolvency law required that we make a claim for reasonably incurred outlays in the Period.
- A claim for outlays should be made for the full amount of expenses/outlays incurred in the Period, regardless of whether paid or not, and regardless of their SIP9 category. This is to provide the approving body with an opportunity to scrutinise the outlays and to ensure that they were reasonably incurred in the Administration.
- Therefore, the tables on the following page, and the accompanying notes, provide a breakdown of the outlays (Category 1 and 2 expenses) that were incurred in the Period. For illustration purposes, we have shown separately the outlays in relation to the professionals and subcontractors referred to on the previous page.
- The tables should be read in conjunction with the Receipts and Payments Account at Appendix B, which shows outlays actually paid during the Period.
- At the meeting on 7 March 2024, the Committee agreed that our outlays incurred in the period from 9 August 2023 to 8 February 2024 were fair, reasonable and proportionate, and accordingly they were approved.
- Whilst the tables on the next page detail the outlays incurred and paid, as explained in the accompanying notes, it has been necessary to estimate certain of the outlays as they are pending final determination, for example where invoices for rates and utilities are still awaited. Further, the tables exclude any potential tax liabilities incurred in the Period, that we may need to pay as an Administration outlay, as amounts becoming due will depend on the position at the end of the tax accounting period. We do not intend to seek further approval from the Committee in respect of these presently unquantified amounts, unless the Committee specifically requests us to do so.
- At the same time, the Committee also gave approval to the basis and quantum of Category 2 expenses, as required by SIP 9. A breakdown of our Category 1 and Category 2 disbursements is provided later. To date, no disbursements have been drawn in the Administration but will be drawn in due course.
- We are satisfied that the amounts incurred are reasonable for the work commissioned and that they were reasonably incurred in the Administration.
- In the same manner as the determination in respect of our remuneration, creditors may apply to court for an order that the outlays be reduced on the grounds that they are, in all the circumstances, excessive. Further details are set out at the end of this report.

Appendix C: Joint Administrators' Remuneration and Expenses

These summary tables showing the outlays in the first accounting period should be read in conjunction with the accompanying notes on the following page.

ADMINISTRATION EXPENSES

Firm	Notes	Services	Expenses incurred (£)	Expenses paid (£)
ERA Solutions Limited		Employee Claims	12,935.00	12,935.00
EPE Reynell Advertising Limited		Gazette Notices	198.00	198.00
Aon UK Limited		Bonding	225.00	225.00
FTI		Category 1 Disbursements	9,290.76	-
FTI		Category 2 Disbursements	438.99	-
Royal Mail		Re-direction of mail	570.00	570.00
Hilco	1	Selling and valuation agents	88,370.73	88,370.73
Prism 339 Limited		Forensic investigation services	200.00	200.00
SPB	2	Legal Advice	172,710.05	95,072.95
Total			284,938.53	197,571.68

OPERATIONAL EXPENSES

Services	Notes	Expenses incurred (£)	Expenses paid (£)
Business Rates	3	38,040.96	25,588.37
Rent/Licence Fees	4	94,751.20	94,751.20
Subcontractors	5	80,217.55	80,217.55
Hire & Lease Costs	6	18,514.40	18,514.40
Utilities	7	44,704.23	23,981.69
Courier/Office Costs		580.24	580.24
Irrecoverable VAT	8	14,948.00	14,948.00
Data Storage Costs		7,675.36	7,675.36
Employee Costs	9	465,758.12	465,758.12
TSA Fees	10	48,000.00	48,000.00
Other Property Costs	11	11,911.69	11,911.69
Bank Charges/Sundry Costs	12	639.85	639.85
Ransom	13	69,705.56	69,705.56
Total		895,447.16	862,272.03

Notes to the above are shown on the following page.

Due to the number of suppliers and service providers in respect of the operational expenses, we have only shown these by category of service.

Appendix C: Joint Administrators' Remuneration and Expenses

These notes provide further details of the outlays incurred and highlight where it has been necessary to use estimates where final determination is pending.

Notes to the Expenses Tables

1. An element of Hilco's agreed fees were on a percentage of realisations basis.
2. SPB's unpaid costs are made up of fees in the sum of £73,293.50 and disbursements in the sum of £4,343.60.
3. Business rates are payable as an expense of the Administration for any periods of occupation. An exemption from business rates applies for companies in administration where a property is unoccupied. We have been working closely with the relevant local authorities to obtain the rate demands for the correct periods of occupation. The incurred cost is a *pro rata* estimate based on historic and received demands and the actual cost incurred may be more or less than the amount shown. Final demands are expected to be received and paid in due course.
4. Rent was paid for the period of occupation for one of the Malton sites together with the Bamber Bridge head office. Licences to occupy were agreed for the other Malton site, the Bower site and for two of the units at Egremont.
5. This represents payments to subcontractors for commissioning works and expenses at the Bower site.
6. Hire and lease costs consist of the hiring of various machinery and scaffolding to assist with the wind-down process.
7. The incurred utilities figure includes *pro rata* estimates based on historic and received invoices for gas, electricity and water at all sites for any periods of occupation, and the actual final cost incurred may be more or less than the amount shown. Final invoices are expected to be received and paid in due course.
8. This represents the withholding VAT held back by Hilco, as some of the P&M was sold to a non-UK buyer. On production of approved HMRC documents, this amount will be refunded to the buyer and the sale would instead be subject to 0% VAT. If the buyer is unable to produce the required documentation, the sale would remain subject to 20% VAT and the amount of £14,948 will be payable into the Company's bank account.
9. This comprises PAYE/NIC, salaries, pension contributions and employee expenses incurred in the post-appointment period.
10. TSA fees relate to payments made to JFS for services performed under the TSA.
11. Other property costs includes costs such as cleaning, waste disposal, security and site clearance work in the post-appointment period.
12. Some unidentified charges have been made to the Company's pre-appointment bank account in the Period. Barclays are looking into these charges, and it may be the case that charges are subsequently refunded.
13. Ransom (duress) payments were made to certain subcontractors in the Period, to ensure continuation of their services in respect of the wind-down process at Bower. The amount shown is the gross amount, but we expect to be able to reclaim a small amount of the VAT paid (£2,784) on our next quarterly VAT return, as the relevant invoices had not previously been included on the Company's pre-appointment VAT returns. As this is a cost that was funded by Magnox, this VAT adjustment has formed part of our final Funding Agreement reconciliation.
14. A significant proportion of the Operational Expenses (£739,457.45) have been met by the Magnox Funding Agreement and therefore the net cost to the estate is substantially lower.
15. All amounts shown are net of VAT, unless otherwise stated.

Appendix C: Joint Administrators' Remuneration and Expenses

Along with the claim for outlays generally (as explained earlier), we are also sought the Committee's approval to our Category 2 expenses, as required by SIP9. This approval was given on 7 March 2024.

Disbursements and recovery policy

- The majority of our Category 1 disbursements relate to those costs incurred by our team at the time of our appointment and in relation to attending the Company's various locations for the necessary period of time.
- Whilst these Category 1 costs do not require approval prior to payment, we propose to draw them simultaneously with our remuneration once we are able to do so.
- The only Category 2 disbursements in this case relate to mileage incurred by certain of our team who used their own vehicle to attend the Company's premises.
- Along with the claim for outlays generally (as explained earlier), at the meeting on 7 March 2024, the Committee also gave approval to the following resolutions:
 - That we be authorised to draw Category 2 expenses, calculated on the basis outlined in the table opposite; and
 - That our Category 2 expenses for the period 9 August 2023 to 8 February 2024 should be fixed at £438.99 (plus VAT).

Category	Description	Incurring in the Period (£)
1	Reimbursed at cost:	
	■ Rail travel	2,816
	■ Hotels and subsistence	3,690
	■ Taxis	1,958
	■ Other transport costs	504
	■ Storage costs	86
	■ Information Commissioner's Office renewal fee	40
	■ Courier/delivery costs	198
	Total	9,291

Category	Description	Incurring in the Period (£)
2	■ Mileage at 45 pence per mile	439
	Total	439

Appendix D: An introduction to insolvency

If you are unfamiliar with an insolvency process, please read this page which describes the typical work and role of an insolvency practitioner. This is only a general overview and does not necessarily reflect our work in this case.

What is an insolvency process?

There are several types of insolvency process, but all are intended to achieve the same basic objective: to realise assets that the company owns and repay (to the extent possible) what it owes to creditors.

The type of process depends on the circumstances and the amount distributable to creditors (in accordance with statutory priorities) depends on the value of assets, the costs of the process and level of claims received.

What is an insolvency practitioner?

Commonly referred to as an 'IP', an insolvency practitioner is an experienced and qualified individual who is licensed and authorised to act in relation to an insolvent company, partnership or person.

IPs typically use the staff and resources of their own firm to complete the work, supported by third party professionals and other specialists as required.

IPs are routinely monitored by their professional body to ensure continued adherence to standards.

Realising the Assets

The IP evaluates possible options and pursues the best route for maximising value for creditors. Options could include an immediate sale of the business, a period of ongoing trading (prior to a sale) or a closure/wind-down of operations.

The costs of realising the assets can vary significantly, so an IP is looking to maximise the net value (after costs). Securing the ongoing employment of the workforce can materially reduce claims against the company.

Work done on realising the assets has a direct financial benefit for creditors.

Managing the Company's Affairs

Until such time as the company is dissolved, it must continue to fulfil many of its usual obligations, such as submitting VAT/tax returns and keeping adequate accounting records.

Whilst appointed to manage the affairs of the company, the IP is responsible for ensuring these obligations are met. Support from VAT/tax specialists in insolvency situations helps to ensure accuracy and minimise liabilities.

Other work might include complying with any licensing or regulatory requirements.

Dealing With Creditors

It can take several months, often longer, but if and when funds become available, the IP will distribute these to creditors once their claims have been received and agreed.

As secured creditors usually have priority rights over the assets, the amount left over for other non-preferential unsecured creditors can often be very small.

IPs keep creditors updated on their work, either through periodic reports or responding to their queries and correspondence.

Fulfilling our Statutory Duties

The impact of an insolvency can be wide ranging, so IPs are required to issue notices and periodic reports to notify those affected parties and keep them updated.

The company's affairs and conduct its directors must also be investigated to see whether any asset recovery (or other actions) need to be taken.

Whilst this work does not have any direct financial benefit for creditors, the purpose of insolvency law is to protect the interests of creditors.

Regular internal case reviews ensure the process progresses cost effectively and on a timely basis.

Appendix E: Legal Notices

We have set out below some important notices regarding this report and the appointment of administrators.

About this report

- This report has been prepared by the Joint Administrators solely to comply with their statutory duty to report to creditors under the Insolvency (Scotland) (Company Voluntary Arrangements and Administration) Rules 2018 on the progress of the insolvency proceedings.
- It is not suitable to be relied upon by any other person, or for any other purpose, or in any other context.
- This report has not been prepared in contemplation of it being used, and is not suitable to be used, to inform any investment decision in relation to the debt of or any financial interest in the Company or Companies subject to these insolvency proceedings.
- Any person that chooses to rely on this report for any purpose or in any context other than under the Rules does so at its own risk. To the fullest extent permitted by law, the Joint Administrators do not assume any responsibility and will not accept any liability in respect of this report to any such person.
- Any estimated outcomes for creditors included in this report are illustrative only and cannot be relied upon as guidance as to the actual outcome for creditors.

Provision of Services Regulations

- To comply with the Provision of Services Regulations, some general information about FTI Consulting LLP, including about our complaints policy and Professional Indemnity Insurance, can be found online at: <https://www.fticonsulting.com/uk/creditors-portal>.

Information on creditors' rights

- A creditors' guide to administrations can be found on our website below. It includes information to help creditors understand their rights and describes how best these rights can be exercised.
<https://www.fticonsulting.com/uk/creditors-portal/forms-and-information>
- The website also has a creditors' guide to administrators' fees which is intended to help creditors be aware of their rights under legislation to approve and monitor fees; and explains the basis on which fees are fixed and how creditors can seek information about expenses incurred by the administrator and challenge those they consider to be excessive.
- The above documents on our website are called:
 - Creditors Guide to Administration (Scotland)
 - Guide to Administrators' Fees (Scotland, January 2022)
- Details of the above rights are also set out on the right.

Data Protection

- FTI Consulting LLP ("FTI") uses personal information in order to fulfil the legal obligations of its insolvency practitioners under the Insolvency Act and other relevant legislation, and also to fulfil the legitimate interests of keeping creditors and others informed about the insolvency proceedings. You can find more information on how FTI uses your personal information in our Data Privacy statement on our website at <https://www.fticonsulting.com/uk/creditors-portal>.

Creditors' Right to Challenge Remuneration and/or Outlays

- Any creditor or creditors of the Company representing in value at least 25 percent of the creditors may apply to the court not later than eight weeks after the end of an accounting period for an order that the administrators' remuneration or outlays be reduced on the grounds that they are, in all the circumstances, excessive (in accordance with Rule 3.100 IR18).

Creditors Right to Inspect the Accounts

- As required by Rule 3.96 IR18, the accounts submitted to the Committee for audit and the Committee's determination of our remuneration, are available for inspection by the members of the Company and the creditors. Anyone wishing to do so, should contact us in writing using the details provided earlier.



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