



To All Known Creditors

**The Collective (Living) Group Limited
The Collective (Living) Limited
(in Administration)**

Joint Administrators' Final Progress Report

Pursuant to Rule 3.53 of the Insolvency (England and Wales) Rules 2016

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Glossary

GLOSSARY

Commonly Used Terms	Definition
Act / IA86	Insolvency Act 1986 (as amended)
BEIS	Department for Business, Energy and Industrial Strategy
c.	Approximately
CDDA	Company Directors Disqualification Act 1986
CT	Corporation Tax
CVL	Creditor's Voluntary Liquidation
EBITDAP	Earnings Before Interest, Taxes, Depreciation, Amortization and Pension Income
EGM	Extraordinary general meeting
FTI / FTI UK	FTI Consulting LLP
HMRC	HM Revenue & Customs
ICAEW	Institute of Chartered Accountants in England & Wales
IP	Intellectual property
IR16 / the Rules	Insolvency (England and Wales) Rules 2016 (as amended)
NDA	Non-Disclosure Agreement
PAYE / NIC	Pay-as-you-earn tax / National Insurance Contributions
Preferential creditors	Principally employee claims for unpaid wages (max £800 per employee), holiday pay, and certain unpaid pension contributions
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
ASA	Asset Sale Agreement
TUPE	Transfer of Undertakings (Protection of Employment) Regulations 2006
Unsecured creditors	Principally trade creditors, landlords, utility providers and HMRC

Case Specific References	Meaning
Administration(s)	The Administrations of The Collective (Living) Group Limited and The Collective (Living) Limited
AMA	Asset Management Agreement
Appointment Date	15 September 2021
Joint Administrators / we / our / us /	Matthew Boyd Callaghan, Andrew James Johnson and Lisa Jane Rickelton
the Companies	TCLGL and TCLL collectively
Gerald Eve	Gerald Eve LLP, specialist property agents
the Group / The Collective Group	TCLGL and all its subsidiaries
GLAS	GLAS Trust Corporation Limited, Security Agent for the Lenders
GT	Grant Thornton Limited
HPL	Harewood Properties Limited – in Administration
the Period	15 March 2023 to 14 September 2023 (TCLGL and TCLL)
PMA	Property Management Agreement
The Proposals	The Statement of Proposals dated 5 November 2021
Prescribed Part	Amount set aside for unsecured creditors from floating charge net realisations in accordance with Section 176A IA86.
Scape	Windmill Opportunities Limited (formerly Scape Student Living Limited), trading as Scape (Company Number: 07120364) and TC Services Limited (Company Number: 13608402)
Secured Creditors/Lenders	Deutsche Bank AG, London Branch; GCP Asset Backed Income (UK) Limited and AC Advantage – Credit Strategies. Creditors with security in respect of their debt in accordance with Section 248 IA86.
TCLGL	The Collective (Living) Group Limited – In Administration
TCLL / OpCo	The Collective (Living) Limited – In Administration
TCS	TC Services Limited (Company Number: 13608402)
TCR	TC Revalerstrasse LLP



Purpose of this Report

Purpose of this Report

- Matthew Callaghan, Andrew Johnson, and Lisa Rickelton were appointed as joint administrators of The Collective (Living) Group Limited and The Collective (Living) Limited on 15 September 2021. The appointments were made by the holder of a qualifying floating charge under Paragraph 14 Sch B1 IA86.
- The Administrations have now come to an end and this final report is prepared pursuant to Rule 3.53 IR16, to provide:
 - A summary of our Proposals;
 - An explanation of the work we have done in the Period and how the Administrations were progressed;
 - Confirmation of the outcome of the Administrations and for each class of creditor;
 - A statement of our receipts and payments and details of the expenses we have incurred;
 - An update on our remuneration for acting as joint administrators; and
 - Further information required by statute regarding our appointments as joint administrators.
- Background information on the Companies and events leading up to the Administrations can be found in our Proposals, which continue to be available online. You may also wish to read this document in conjunction with our previous Progress Reports and our Remuneration Reports; all of which can continue to be found online (see 'How to Contact Us', opposite).
- Certain legal notices regarding this report, our appointment and creditors' rights are included in Appendix B.
- On 16 September 2021, we were also appointed as joint administrators of Harewood Properties Limited and have previously included HPL in our reports to creditors of the Companies. We can confirm that the Administration of HPL was concluded by court order on 8 September 2023 and a separate report was issued to HPL's creditors on that date. Nevertheless, we have continued to refer to HPL in this final report where it was appropriate or beneficial to do so.
- If you have any queries regarding the content of this report or if you would like a hard copy of this report or any of the documents made available online, please contact us using the details provided opposite.



Andrew Johnson

Joint Administrator

How to Contact Us

- Creditors can contact us using the preferred methods below:

Email: CollectiveLiving@fticonsulting.com

Post: The Collective (Living) Group Limited /
The Collective (Living) Limited
c/o FTI Consulting LLP
200 Aldersgate
Aldersgate Street
London, EC1A 4HD

Tel: 0203 0770 468

- Further information can be found online at:
<https://www.fticonsulting.com/emea/cip/the-collective-living-group-limited>

Actions Required by Creditors

- **No actions are required by creditors. This report is for information purposes only.**
- This is the final progress report for the Administrations and no further reports will be issued.
- The Administrations will conclude by moving to dissolution pursuant to Paragraph 84 of Sch B1 IA86; further details are set out later in this report.



Summary of our Proposals

Summary of our Proposals

Our Proposals were delivered to creditors on 5 November 2021 and were deemed approved on 17 November 2021. There have been no amendments to, or deviations from, those Proposals.

Background to the Administrations

- A background on the Companies and the events leading up to the appointment of administrators were included in our Proposals and are not repeated 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.
- In summary, following unsuccessful attempts by the Group to find a buyer, the Secured Creditors decided to enforce their security (in order to protect their interests in the Group's key assets) and appointed us as joint administrators of the Companies and HPL in September 2021.
- The three companies subject to Administration appointments were:
 - TCLGL - the parent company;
 - HPL - an intermediate holding company which is the borrower under the Group Facility Agreement; and
 - TCLL - the operating company that provided central services to the UK entities that owned property assets.
- Whilst these entities were unable to avoid insolvency, the appointments could allow other trading businesses to continue with minimal disruption whilst preserving the possibility of rescuing the Group's asset-owning entities as going concerns on a solvent basis.

Strategy

- Due to the nature of the Companies, they did not own any material tangible assets. It was therefore not expected that any class of creditor would receive a distribution or dividend from the Administrations.
- The records of TCLGL and HPL showed their interests in subsidiaries and intercompany debts, the value of which were negligible due to the fixed charge nature of the Group's key assets, with a combined value significantly less than the associated secured debt. However, the Administrations would facilitate the recovery of value from those subsidiaries' assets on behalf of the Secured Creditors.

- TCLL was a Group-funded head office and services provider and similar to TCLGL and HPL, had insufficient assets to discharge the expenses of the Administrations. Therefore, the strategy was to transfer the services to a new provider as part of a commercial agreement between the Secured Creditors and Scape, through TCS, with the latter committed to providing the initial funding to the Administrations.

Objective of the Administration

- As set out in our Proposals, the statutory objective of the Administration was to achieve a better result for the Companies' creditors as a whole than would be likely if the Companies were wound up (without first being in Administration).
- We believed the objective of the Administrations was achieved by virtue of:
 - implementing immediate changes to the board of directors to help stabilise the platform;
 - protecting value in certain subsidiary companies through financial support derived from the funding agreement;
 - limited ongoing trading of TCLL (that provided central support functions to the Group) to avoid disruption to the wider business and subsequent transitioning of these support functions to a specialist third party provider; and
 - supporting the Secured Creditors in protecting their interests in those subsidiary companies that owned the trading assets and where appropriate, facilitating the recovery of value.
- As set out in our Proposals, the mostly likely exit route for the Administrations would be the filing of a notice of dissolution with the Registrar of Companies before the automatic end of the Administrations.
- Such a notice results in deemed dissolution by the Registrar of Companies three months after the notice is registered.

Summary of our Proposals

In broad terms our work included protecting value in the Group's assets to maximise recoveries for Secured Creditors, managing the Companies' affairs and fulfilling our statutory obligations as joint administrators.

Managing and financing the Companies' business and affairs

- At the time of issuing the Proposals, the following key actions had been undertaken with respect to the Administration of the Companies and HPL:
 - We had deployed several of our FTI team to the various operational and head office locations in the UK immediately after our appointment, in order to speak with employees (of TCLL) and communicate the circumstances and purpose of the Administrations. Further communication was provided to residents occupying operating properties.
 - We also immediately appointed Nicholas John Pike of Pike Restructuring Limited as an independent director of HPL, which then enabled similar board changes to take place in certain entities in the Group.
 - Our team worked with head office employees (in TCLL) to implement the temporary additional controls that would be required whilst TCLL operated under our control.
 - New bank accounts were set-up for the purposes of the Administrations and to receive funding from TCS.
- In our Proposals, we anticipated undertaking the following further work:
 - Stabilise the TCLL business and then to continue trading it for a short period until the services had fully transitioned to the third-party operator, Scape, through TCS;
 - Continue to consider options for the Group, in conjunction with the various key stakeholders. In particular, continue to work with the Secured Creditors to assist in realisations, in order to achieve the best outcome;
 - Consider options in respect of the intellectual property (owned by TCLL) that was subject to a fixed charge in favour of the Secured Creditors;
 - Supervise and control the ongoing services of TCLL and the transition to TC Services Limited;
 - Keeping the Secured Creditors and other stakeholders updated on the progress of our work;
- Reducing the indebtedness to the Companies' creditors through the mitigation of claims, the transfer of contracts and supporting recoveries from elsewhere in the Group, where security entitlements permitted;
- Receiving and responding to general queries from other creditors and stakeholders from time to time;
- Reporting on the Directors' conduct as required under CDDA;
- Managing the Companies' affairs in respect of (where relevant) Tax, VAT and PAYE, including the submission of appropriate post-appointment returns; and maintaining adequate accounting records; and
- Undertaking the necessary statutory and compliance work including tasks that were required by statute or regulatory standards (and as a consequence of the Companies entering Administration), or were necessary for the orderly conduct of the proceedings, such as notifications, bonding, reporting, collection of books and records, and internal reviews.

Remuneration

- As part of negotiating the necessary funding for the Administrations and in order to give the Secured Creditors a degree of certainty in respect of our remuneration, we proposed (and the Secured Creditors agreed) that our remuneration would be determined as a set fee.
- For simplicity, the fixed fee was set at £3.138m, pursuant to the funding agreements with the Secured Creditors and TCS that provided an aggregate total funding of £3.15m to the Companies upon our appointment and with respect to our remuneration and expenses.
- We initially expected that these costs would be principally drawn from TCLL (£3.078m) and the remainder from HPL (£50k) and TCLGL (£10k). However this would be subject to change depending on where other costs arose.



Progress of the Administrations

TCLL – Transition and Funding

The strategy for TCLL was to continue the business until such time that it transferred to TCS. The transition is complete and has supported the Lenders with their strategy for the secured assets around the Group.

Transition of Services

- Our strategy was to initially stabilise the business and then to continue trading it for a short period until the services fully transitioned to TCS, with the third-party operator, Scape, having minimal ongoing involvement.
- As has been previously reported, and following the termination of the AMA and PMA in place, the transition process is complete with an orderly transfer of management services achieved.

Transition of Suppliers and Contracts

- Suppliers who provided services to TCLL have now transferred their relationship to TCS. Certain undertakings between TCLL and suppliers (e.g., card providers) are terminated now that the UK operating assets have transferred to TCS.
- Payments were also made to critical IT suppliers where it was identified that there was a risk of termination of service that would be detrimental to the operating assets or the transition of services. The preservation of these services allowed us to fulfil our statutory duties in other respects e.g., maintaining and securing the Companies' books and records.

Administration Funding and Reporting

- TCLL is a central services company historically funded by the Group. Initial funding of c.£3.9m in TCLL included some £785.7k for the purpose of continuing to trade the business and transition key services to TCS. The remaining funds were drawn on appointment under a funding agreement provided by TCS.
- The initial funding together with existing cash at bank (£608k swept to the Administration bank account) was sufficient to cover Administration expenses and therefore no additional requests were made under the TCLL funding agreement.
- We continued to report to Lenders on funding matters on a regular basis throughout the Administration.

- Once final costs in the Administration had been paid, we were able to repay £82,435 to TCS under the terms of the agreement.
- Further information on receipts, payments and expenses can be found in Appendices C and D.

Asset realisations

- Our work in relation to various other assets throughout the Administrations is summarised below.
 - Intellectual property: as previously reported we sold the IP for £1 (cash consideration) together with a reduction in the Group Lenders' guarantee in TCLL for £100,000 (non-cash consideration) to TCS. The Group Lenders had a fixed charge over the IP.
 - The purchaser (TCS) is considered to be a party connected to TCLL in accordance with the definitions in SIP 13, due to the shared lender group. We made the relevant disclosures in accordance with SIP 13 in our progress report covering the previous period.
 - Cash at bank: some £608k was received, representing the residual balance of funding provided by the Secured Creditors to ensure the continuity of the business during the attempted sale process pre-appointment, as detailed in our Proposals.
 - Intercompany receivable: following a prepack sale of its principal assets (being the 50% ownership of MPTC S.à.r.l and intercompany receivables), the purchaser of TCS repaid an intercompany debt owed from MPTC S.à.r.l to TCLL of €33,004.10. This was converted to £27,081 on receipt.
 - As previously reported, we appointed specialist property agents (Gerald Eve) to assist with a potential business rates recovery on the Group's head office premises. However, due to the former occupier having been the recipient of significant rates relief that gave them an 80% reduction to the full rates liability, Gerald Eve confirmed that business rates recoveries were unlikely. There were no realisations in respect of business rates recoveries.

TCLGL

The appointment of joint administrators to TCLGL provided the necessary control and funding support for subsidiary companies, helped to preserve value and facilitated the realisation of certain Group assets.

Strategy

- The key assets owned by TCLGL are interests in subsidiary undertakings and intercompany loans. As the administrators of TCLGL, we considered options for the Group, in conjunction with the various key stakeholders, including the Secured Creditors.
- The assets that were held within the subsidiary companies of the Group were under the control of their directors. The Secured Creditors assessed the value of underlying assets in subsidiaries ("AssetCos") and where they believed value was in excess of the AssetCo debt, they initiated a number of fixed charge receiverships through security enforcement, as previously reported.
- Therefore, in addition to the continuation of the TCLL services, it was established that our appointment as joint administrators of TCLGL would:
 - provide the ability to implement changes to the board of directors in HPL and certain of the asset-owning subsidiaries;
 - allow funding to HPL to be used to provide targeted support to subsidiary companies in order to protect and preserve value; and
 - facilitate support for the realisation of the Group's joint venture interests and assessment of options to maximise value in the Group's UK assets.

Funding and expenses

- The only Administration expenses paid in the Period have been officeholders' fees and expenses in the sum of £15,000 and £30 respectively, plus irrecoverable VAT, settled from funds received from HPL to fund the costs of the Administration.
- As previously reported, TCLGL received funding on appointment under an agreement with TCS in the sum of £12,000 on appointment, primarily for office-holders' agreed initial remuneration. Due to the cash sweep from the pre-appointment bank account in the sum of £5,000, following the deduction of other expenses, we have repaid £4,462 of the loan to TCS.
- Further details are provided in the Receipts and Payment account in Appendix C and in our Statement of Expenses at Appendix D.

Jersey liquidation of HPL

- Due to being a Jersey-registered entity, we were unable to take the normal steps to fully wind-down HPL's affairs, ultimately leading to its dissolution. Therefore, prior to ceasing to act and following the order of the English Court 25 August 2023, we took the necessary steps to commence the process for placing HPL into a local liquidation process in Jersey.
- On 29 August 2023, as joint administrators of TCLGL (HPL's sole shareholder), we received notice from GT of an EGM to be held on 13 September 2023, with details of the relevant resolutions to be proposed in order to place HPL into liquidation.
- The relevant special resolutions were as follows:
 - That it has been proved to the satisfaction of HPL that it cannot, by reason of its liabilities, continue its business and that it is advisable to wind up the same and that accordingly HPL be subject to a creditors' winding up in accordance with Chapter 4 of Part 21 of the Companies (Jersey) Law 1991, as amended; and
 - That Alan John Roberts and James Richard Pirie of Grant Thornton Limited, Third Floor, Kensington Chambers, 46/50 Kensington Place, St Helier, Jersey, JE1 1 ET (together the "Joint Liquidators") be and hereby nominated joint liquidators of HPL for the purposes of such winding up and that any act required or authorised under any enactment or resolution of HPL to be done by them, may be done by them jointly or by each of them alone.
- The Joint Administrators of TCLGL (as shareholder of HPL) voted in favour of all special and ordinary resolutions by way of proxy, nominating the chairman of the meeting to vote on their behalf at the meeting.
- The liquidation of HPL therefore commenced on 13 September 2023 and no further involvement of TCLGL is required.

Managing the Companies' Affairs

As agents of the Companies, we were required to manage certain of the Companies' affairs, particularly in respect of corporation tax and VAT.

Corporation Tax

- After our appointment, we notified HMRC of the Administrations and a new tax period commenced on the date of our appointment.
- During the Period, returns were submitted for the period ended 14 September 2022. Final returns were also submitted in the Period up to the end of each of the Administrations. There was no CT payable in either of the Administrations.
- Pre-appointment CT returns were submitted earlier in the Administrations, as has been previously reported. Any pre-appointment CT liabilities will be unsecured claims.

VAT (TCLL only)

- Shortly after our appointment, we notified HMRC of the Administration and a new VAT period commenced on the date of our appointment. Post-appointment VAT returns have been submitted for all periods up to 28 February 2023. TCLGL was not registered for VAT and therefore VAT returns are not required to be submitted for that entity.
- In the Period, a final nil VAT return was submitted to HMRC on 20 July 2023, for the period 1 March 2023 to 21 April 2023, which is the date TCLL deregistered from VAT.
- A VAT 426 has been submitted in the sum of £131,599.51 for all remaining input VAT to be reclaimed from 22 April 2023 to the end of the Administration. We are awaiting its receipt and a Deed of Assignment has been signed by the Joint Administrators, assigning the VAT to FTI to settle the remaining unpaid remuneration invoices.
- We are also awaiting the refunds in respect of the VAT returns from the period ending 31 August 2022 to the period ending 28 February 2023. HMRC have acknowledged there has been a delay in returning these funds and they were subsequently released for payment in August 2023. As the funds were not received into our bank account before the end of the Administration, these funds have also been assigned to FTI in respect of unpaid invoices.
- The Receipts and Payments account at Appendix C shows the final position having presumed that all VAT has been received and accounted for, and all payments have been made. Notes to the account show where amounts remain unpaid and not yet received.

Treasury and Accounting

- An account of our receipts and payments for the Period covered by this report is provided at Appendix C. Monthly bank reconciliations have been performed for all Administration bank accounts.
- Receipts in the Period consist of bank interest.
- Payments in the Period predominantly consist of officeholders' fees, professional fees and legal fees.
- As the Administrations have now concluded, all funds have been utilised and requests to close the bank accounts have been made.

Dealing with Stakeholders and Creditors

Secured Creditors

- A regular dialogue has been held with the Companies' Secured Creditors and they were frequently updated on Administration expenses, funding, transition, asset realisations and other matters of interest to them. The Secured Creditors had the principal financial interest in the Administrations.
- We have also supported the Secured Creditors in respect of their Group-wide asset recovery strategy, to the extent possible and appropriate for our role as joint administrators of the Companies.

Inbound Queries

- We continued to respond to enquiries from creditors and other stakeholders of the Companies, including enquiries from customers of the operating assets and suppliers to the development assets.
- Correspondence received (via mail redirection following vacation of the head office) in relation to Group companies over which we are not appointed, was continually forwarded to the relevant directors or management of those entities, together with their legal advisers, and the Secured Creditors' legal advisers.

Fulfilling our Statutory Duties

As a consequence of the Companies' insolvency, we had a number of responsibilities that included investigating the affairs of the Companies, seeking fee approval and arranging for the closure of the Administrations.

Directors' Conduct and Investigations

- In our first progress report, we confirmed that we had submitted information in regard to the conduct of the Companies' directors to the Department for Business, Energy and Industrial Strategy. The content of our investigatory findings is confidential. However, it was concluded that there were no recovery actions relating to the directors' conduct that could or should be pursued.
- No further information has come to light during the Period that has required further investigations regarding the directors' conduct or any potential asset recovery actions.

Other Statutory Matters

- In addition to the work required in bringing the Administrations to an end, which is described later in this section, other work arising in the Period as a consequence of our appointment as joint administrators has included:
 - Preparing and issuing to creditors (in April 2023) our third progress report on the Administrations and filing with Companies House;
 - Internal case reviews to ensure the strategy continued to be appropriate and the Administrations were progressing on a timely basis; and
 - Reviewing the adequacy of bonding cover (TCLGL only, as TCLL was bonded at the maximum amount).

Joint Administrators' Remuneration

- In Appendix D, we have provided an update and the final position on matters relating to our remuneration and expenses, including the costs that have been incurred, what creditors approved and how much was drawn in the Administrations.

Extensions to the Period of the Administration

- As previously reported, in order to allow sufficient time for outstanding matters to be resolved, we sought consent of the relevant creditors of the Companies, as permitted by Paragraph 76(2)(b) of Sch B1 IA86, for the period of the Administrations to be extended.

- A request to extend the Administrations to 14 September 2023 was approved by the Secured Creditors on 5 July 2022.
- Ending the Administration of TCLL after one year, and moving the company to dissolution, would have meant that entities that sit under TCLL would transfer to the Crown as *bona vacantia* (ownerless) property. Extending the Administration of TCLL whilst the Group assets are still being sold allowed for any employees to remain under the Collective umbrella and facilitate the sales process.
- Extending the TCLL Administration also provided the necessary time to sell the intellectual property, providing a financial benefit to the Secured Creditors.
- In respect of TCLGL, the extension was required to benefit the Secured Creditors by continuing to facilitate payments across the Group on their behalf.
- Furthermore, as previously reported, as joint administrators of TCLGL (as shareholder of HPL) we were required to initiate the creditors' winding up of HPL following a resolution of the board of HPL.
- A further extension of the Administrations was not required, with the Administrations now concluded prior to the expiry of the extended period of the Administrations.

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 the specific time determined by either the court, the creditors (either via any creditors' committee or by decision of the creditors) or, in specific circumstances, by consent of the Secured Creditors and (if appropriate) a decision by the preferential creditors.
- In respect of TCLGL and TCLL, we obtained approval on 24 August 2023 from GLAS, as Security Agent on behalf of the Secured Creditors to be discharged from liability, with effect from the date that our appointment as joint administrators ceases to have effect.

Fulfilling our Statutory Duties

The Administrations of the Companies will end prior to their second anniversary on 15 September 2023.

Exit route from the Administrations

- Now that we have concluded all matters in the Administrations and given that there will not be a dividend available for any preferential creditors or the unsecured creditors of either of the Companies, the exit route for the Administrations of TCLL and TCLGL will be the filing of a notice of dissolution with the Registrar of Companies before the automatic end of the Administrations on 14 September 2023.
- Such a notice results in deemed dissolution by the Registrar of Companies three months after the notice is registered.



Outcomes for Creditors

Outcome for Creditors

The Administrations were separately funded as the Companies had insufficient realisable assets to discharge costs of the processes. Consequently, no dividends were paid to any class of creditor.

Key Message

- As expected throughout, we did not pay a dividend to any class of creditors as the Companies had insufficient assets. In order to pay the necessary costs, expenses and commitments during the Administrations, the Companies were separately funded by TCS.
- As explained earlier in this report, there were insufficient assets to repay the non-recourse funding from TCS in full.
- However, repayments have been made to TCS from the Administrations of TCLL and TCLGL, in the sum of £82,435 and £4,462 respectively, with the remaining balances outstanding.

Secured Creditors

- The Group Facility Agreement is secured by way of a debenture creating fixed and floating charges over the assets of the Companies as well as other Group entities. It also benefits from a comprehensive net of guarantors across the Group.
- We have set out the amount owed to Secured Creditors in the adjacent tables per the directors' statements of affairs. Since that date, accrued interest and default interest has been charged to the facilities increasing the total amount owed to £114m (as agreed with the Security Agent).
- The Secured Creditors have not made recoveries from the realisation of assets in the Companies, although the continuation of the central services function in TCLL and director appointments at holding company levels, provided a platform for the Secured Creditors to recover value under their security entitlements elsewhere in the Group. We set out in our previous progress reports the transactions delivered to date.
- Such transactions allowed the Secured Creditors to achieve a reduction in indebtedness under the Group facilities.
- The sale of the intellectual property and brand by TCLL resulted in a further reduction in the Lenders' guarantee in TCLL for £100k.

Unsecured Creditors

- In an administration, dividends may become available to unsecured creditors from two sources:
 - The statutory (ring-fenced) Prescribed Part fund; and/or
 - The surplus remaining after any secured and preferential creditors have been paid in full.
- Given the insufficient level of assets, there was no dividend payable to the unsecured creditors of the Companies, via the Prescribed Part or otherwise.

Shareholders

- No return was made to the Companies' shareholders as there was a material shortfall to the Companies' creditors.

TCLGL Creditor Class	Amount Owed	Recovery
■ Secured Creditors	£107.5m	0 %
■ Preferential Creditors	£nil	0 %
■ Unsecured Creditors	£47.7m	0 %
TCLL Creditor Class	Amount Owed	Recovery
■ Secured Creditors	£107.5m	0 %
■ Preferential Creditors	£2.3m	0 %
■ Unsecured Creditors	£66.2m	0 %



Appendices

Appendix A: Statutory Information

Company Information	The Collective (Living) Group Limited	The Collective (Living) Limited
Previous name:	No previous names	Share in the City Ltd (until 13 April 2018)
Trading name:	Non-trading parent company	"The Collective"
Company number:	12441000	07271022
Date of incorporation:	4 February 2020	2 June 2010
Trading address:	Non-trading company	14 Bedford Square, London, WC1B 3JA
Current registered office:	c/o FTI Consulting LLP, 200 Aldersgate Aldersgate Street, London, EC1A 4HD	c/o FTI Consulting LLP, 200 Aldersgate Street, London, EC1A 4HD
Former registered office:	14 Bedford Square, London, WC1B 3JA	14 Bedford Square, London, WC1B 3JA
Principal trading activity:	Non-trading parent company	Other letting and operating of own or leased real estate
Administrators:	Matthew Boyd Callaghan, Andrew James Johnson and Lisa Jane Rickelton	Matthew Boyd Callaghan, Andrew James Johnson and Lisa Jane Rickelton
Administrators' address:	200 Aldersgate, Aldersgate Street, London, EC1A 4HD	200 Aldersgate, Aldersgate Street, London, EC1A 4HD
Date of appointment:	15 September 2021	15 September 2021
Court name and reference:	High Court of Justice Business and Property Courts of England and Wales Insolvency and Companies List (ChD) CR-2021-001677	High Court of Justice Business and Property Courts of England and Wales Insolvency and Companies List (ChD) CR-2021-001676
Appointment made by:	GLAS	GLAS

Appendix A: Statutory Information

Company Information	The Collective (Living) Group Limited	The Collective (Living) Limited
Estimated Value of Net Property and Prescribed Part *	Nil / Nil	Nil / Nil
Actions of Administrators for the purposes of Paragraph 100(2) Sch B1 IA86	The Joint Administrators may exercise any of the powers conferred on them by the IA86 jointly or individually.	The Joint Administrators may exercise any of the powers conferred on them by the IA86 jointly or individually.
Registered Officers of the company:	Mohammed Reza Aslam Merchant Stephen Townsend Conley, Jr Paul Gardi Jonathan Teklu	Mohammed Reza Aslam Merchant
Company Secretary:	None	None
Shareholdings held by the directors and company secretary:	Mohammed Reza Aslam Merchant (67.8%) Stephen Townsend Conley, Jr (0.7%) Paul Gardi (2.5%) Jonathan Teklu (1.4%)	N/A
Share Capital:	Authorised: 1,388,889 ordinary shares GBP 0.00001 each Allotted, called up and fully paid: 1,388,889 ordinary shares of GBP 0.00001 each	Authorised: 12,417,341 ordinary shares GBP 0.00001 each Allotted, called up and fully paid: 12,417,341 ordinary shares of GBP 0.00001 each
EU Regulation on Insolvency Proceedings:	We consider that these are proceedings to which the EU Regulation (as defined in IR16) as it has effect in the law of the UK, does not apply. This is because the company is a UK-incorporated company and was therefore placed in Administration under UK domestic law and not in reliance on the EU Regulation.	We consider that these are proceedings to which the EU Regulation (as defined in IR16) as it has effect in the law of the UK, does not apply. This is because the company is a UK-incorporated company and was therefore placed in Administration under UK domestic law and not in reliance on the EU Regulation.

* We did not make an application to the court under Section 176A(5) IA86 (for the Prescribed Part to be disapplied) because no Prescribed Part funds were expected as there was insufficient Net Property in the Companies.

Appendix B: 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 (England and Wales) Rules 2016 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 Insolvency (England and Wales) Rules 2016 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.

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.

www.fticonsulting.com/emea/cip/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. Details of these 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 on our website at <https://www.fticonsulting-emea.com/~media/Files/emea--files/creditors-portal/cip-emea-forms-info/cip-data-privacy.pdf>

About this report

Creditors' Right to Challenge Remuneration and/or Expenses

- Any secured creditor, or unsecured creditor with the support of at least 10% in value of the unsecured creditors, or with the leave of the Court, may apply to the Court for one or more orders (in accordance with Rule 18.36 or 18.37 IR16), challenging the amount or the basis of the remuneration which the Joint Administrators are entitled to charge or otherwise challenging some or all of the expenses incurred.
- Such application must be made within eight weeks of receipt by the applicant(s) of the report detailing the remuneration and/or expenses in question, in accordance with Rule 18.34 IR16.

Creditors Right to Request Information

- Any secured creditor or unsecured creditor with the support of at least 5% in value of the unsecured creditors, or with the leave of the Court, may, in writing, request the Joint Administrators of the Company to provide additional information regarding remuneration or expenses to that already supplied within this document. Such requests must be made within 21 days of receipt of this report, in accordance with Rule 18.9 IR16.

Appendix C: Receipts and Payments Account (TCLL)

GBP	Statement of Affairs (Estimated to Realise)	15-Sep-21 to 14-Mar-22	15-Mar-21 to 14-Sep-22	15-Sep-22 to 14-Mar-23	15-Mar-23 to 14-Sep-23	Total
	£	£	£	£	£	£
Funding Receipts						
Funding for Trading Expenses	3	-	803,201	-	-	803,201
Funding for Administration Expenses	4	-	3,078,000	-	-	3,078,000
Funding Transfer to TCLGL	4	-	(2,510)	-	-	(2,510)
Secured Creditor Commitments	5	-	(201,887)	(76,432)	-	(278,320)
Trading Surplus/(Deficit) - see opposite		-	(544,546)	(8,518)	-	(553,064)
Repayment to TCS	6	-	-	-	(82,434)	(82,434)
Net Funding Balance		-	3,132,257	(84,950)	-	(82,434)
						2,964,873
Fixed Charge Receipts						
Intellectual Property	7	-	-	-	100,001	100,001
Subtotal		-	-	-	100,001	100,001
Fixed Charge Payments						
Release of Guarantee	7	-	-	(100,000)	-	(100,000)
Distributions	7	-	-	(1)	-	(1)
Subtotal		-	-	(100,001)	-	(100,001)
Fixed Charge Surplus/(Deficit)		-	-	-	-	-
Floating Charge Receipts						
Bank Interest Gross	8	-	305	372	1,868	1,173
Cash at Bank	9	-	609,803	-	-	609,803
Intercompany Receivables	10	-	27,081	-	-	27,081
Other Sundry Refunds		-	891	-	-	891
Office and Computer Equipment	11	1,000	-	-	-	-
Subtotal		1,000	638,080	372	1,868	1,173
						641,493
Floating Charge Payments						
Office Holder Fees	12	-	(2,249,815)	(400,000)	(656,443)	(3,306,258)
Office Holder Expenses	12	-	(185)	-	(1,555)	(1,740)
Bank Charges		(45)	(90)	-	-	(135)
Legal Fees		(71,964)	(81,150)	(45,449)	-	(198,564)
Pre-Administration Costs		(90,665)	-	-	-	(90,665)
Re-Direction of Mail		(321)	-	-	(352)	(673)
Statutory Advertising		(184)	-	-	-	(184)
Rates		-	-	(7,812)	-	(7,812)
Irrecoverable VAT	13	(64)	-	-	(270)	(335)
Subtotal		(163,243)	(2,331,240)	(453,261)	(658,620)	(3,606,365)
Floating Charge Surplus/(Deficit)		1,000	474,836	(2,330,869)	(451,393)	(657,447)
						(2,964,873)
Net Receipts and Payments		1,000	3,607,094	(2,415,819)	(451,393)	(739,881)
						0

Trading Statement	15-Sep-21 to 14-Mar-22	15-Mar-21 to 14-Sep-22	15-Sep-22 to 14-Mar-23	Total
	£	£	£	£
Income	-	-	-	-
Direct Costs				
Direct Labour	418,811	-	-	418,811
Direct Expenses	817	-	-	817
Subtotal	419,628	-	-	419,628
Trading Expenditure				
Rents	19,324	-	-	19,324
Heat & Light	522	-	-	522
Bank Charges	84	-	-	84
Ransom Payments	97,562	8,518	-	106,080
Employee Expenses	200	-	-	200
Agent's Fees	7,225	-	-	7,225
Subtotal	124,918	8,518	-	133,436
Trading Deficit	544,546	8,518	-	553,064

Appendix C: Receipts and Payments Account (TCLL)

Notes to the Account

1. All amounts are shown net of VAT, unless otherwise stated. Duress (ransom) payments include VAT.
2. The trading statement is prepared on a cash basis and therefore does not necessarily represent the actual trading position for the Period shown.
3. Funding for OpCo (trading) expenses is comprised of:
 - the initial funding (£785,700, being the estimate of costs and expenses anticipated to be incurred by the borrower for providing the initial transitional services); and
 - employee costs recharged to other Group entities (payroll in the amount of £98,635) less a partial refund payment to Lenders pursuant to the funding agreement (£81,134).
4. Funding received from the Secured Creditors to fund the initial costs of the Administration in the sum of £3,078,000. Of this, £2,510 was transferred to TCLGL to fund the insurance costs and the costs of advertising our appointment, including VAT (TCLGL is not registered for VAT).
5. Secured Creditor Commitments include an August 2021 pension contribution payment to Scottish Widows funded by the Secured Creditors. Subsequent payments for September and October 2021 pension amounts are also included in this category for consistency. However, an element of these payments relates to the post-appointment period and could alternatively be shown as a trading expense.
6. Once final costs in the Administration had been paid, we were able to repay £82,435 to TCS under the terms of the agreement, as detailed earlier in this report.
7. The intellectual property was sold for cash consideration of £1 and the procurement by the buyer of the release of £100,000 of the guarantee liability of TCLL under the Facility Agreement (the non-cash consideration).
8. Gross interest has been received in the sum of £3,718. In the Period, TCLL's bank account was removed from interest-bearing in order to submit our final tax return in the Administration.
9. Cash at Bank represents swept cash from NatWest accounts, which at the appointment date was holding the remainder of the Facility C funding provided by the Secured Creditors during the attempted (pre-Administration) sale process that ensured continuity of the business.
10. Full and final settlement of intercompany debt owed by TC Revalerstrasse LLP to TCLL (converted from €33k).
11. Office and Computer Equipment is categorised as a fixed charge asset in the directors' Statement of Affairs, though given the nature of the asset we have recognised the asset as floating charge in this account. An invoice was raised for this but this was never settled. The VAT payable on this invoice was deducted from a prior VAT return and offset against input tax. The VAT on the invoice (£200) has been moved to irrecoverable VAT.
12. Officeholder fees and expenses have been paid in full (£3,306,258), except for c.£182k that will be paid on receipt of the final VAT refund by way of a Deed of Assignment. Further, of our Total Set Fee in the sum of £3,493,000, £186,742 was paid to Mayer Brown in respect of legal fees, agreed with the Secured Creditors.
13. As detailed above, £200 of output VAT that had been deducted from a prior VAT return will not be paid into the Administration. Therefore, this has now been moved to irrecoverable VAT along with a small amount of VAT that was irrecoverable for the costs of the mail redirection.

Appendix C: Receipts and Payments Account (TCLL)

Breakdown of Secured Creditor Commitments by transaction category.

GBP	15-Sep-21 to 14-Mar-22	15-Mar-22 to 14-Sep-22	15-Mar-23 to 14-Sep-23	15-Mar-23 to 14-Sep-23	Total
	£	£	£	£	£
Legal Fees	18,309	-	-	-	18,309
Pension Scheme	88,721	-	-	-	88,721
Third Party Services	82,415	76,432	-	-	158,847
Bank Charges	109	-	-	-	109
Irrecoverable VAT	1,859	-	-	-	1,859
IT Expenses	10,475	-	-	-	10,475
	201,887	76,432	-	-	278,320

Notes to the Account

1. All amounts are shown net of VAT as TCLL is registered for VAT. The small amount of Irrecoverable VAT is due to having received an invalid VAT invoice.
2. These payments were funded by the Secured Creditors and have been made on behalf of Group companies. Therefore they have not been included in our Statements of Expenses at Appendix D. Further, due to the nature of these expenses, no estimate was made for these costs at the time our remuneration was agreed pursuant to Rule 18.16 IR16.
3. The amounts shown represents actual costs paid and the account is therefore not prepared on an accruals basis.

Appendix C: Receipts and Payments Account (TCLGL)

GBP	Statement of Affairs					Total	
	(Estimated to Realise)	15-Sep-21 to 14-Mar-22	15-Mar-22 to 14-Sep-22	15-Sep-22 to 14-Mar-23	15-Mar-23 to 14-Sep-23		
	£	£	£	£	£	£	
Funding Receipts							
Funding for Administration Expenses	2	-	14,510	-	-	18,000	32,510
Funding Received (Other)	3	-	195,399	38,256	-	-	233,655
Secured Creditor Commitments	4	-	(195,429)	(38,286)	-	-	(233,715)
Repayment to TCS	5	-	-	-	-	(4,462)	(4,462)
Net Funding Balance			14,480	(30)	-	13,538	27,988
Floating Charge Receipts							
Bank Interest Gross	6	-	2	19	18	15	53
Cash at Bank	7	-	5,000	-	-	-	5,000
Subtotal			5,002	19	18	15	5,053
Floating Charge Payments							
Officeholder Fees	8	-	-	-	(10,000)	(15,000)	(25,000)
Officeholder Expenses	9	-	-	-	-	(30)	(30)
Irrecoverable VAT	10	-	(437)	(64)	(2,000)	(3,006)	(5,507)
Statutory Advertising		-	(184)	-	-	-	(184)
Insurance	11	-	(2,000)	-	-	-	(2,000)
Re-Direction of Mail		-	-	(321)	-	-	(321)
Subtotal			(2,621)	(385)	(12,000)	(18,036)	(33,042)
Floating Charge Surplus/(Deficit)			2,381	(366)	(11,982)	(18,021)	(27,989)
Net Receipts and Payments			16,861	(396)	(11,982)	(4,483)	(0)

Notes to the Account

- All amounts are shown net of VAT, unless otherwise stated. TCLGL is not VAT-registered and therefore VAT is not recoverable.
- Includes initial funding amounts from TCS to fund officeholders' initial fees, additional intragroup funding from TCLL for insurance and statutory advertising costs, and intragroup funding from HPL for officeholders' final fees.
- Comprised of funding from HPL for professional fees (Secured Creditor Commitments).
- A full breakdown of the Secured Creditor Commitments costs is shown on the following page.
- Surplus funding received from TCS has been returned.
- The Administration bank account was been taken off interest-bearing and no further interest will be received.
- On appointment, £5k was transferred from TCLGL's pre-appointment bank account.
- Our remuneration in the sum of £25k has been approved and been charged in full. No further officeholder fees will be drawn.
- Officeholder expenses relate to specific penalty bonding.
- As TCLGL is not registered for VAT, any VAT charged on costs an expense is irrecoverable.
- Insurance costs relate to costs across the Administrations of TCLGL, TCLL and HPL. Our insurance brokers advised that open cover was not required. However, our brokers charged a fee of £2k plus VAT for their time spent.

Appendix C: Receipts and Payments Account (TCLGL)

Breakdown of Secured Creditor Commitments by transaction category.

GBP	16-Sep-21 to 15-Mar-22	16-Mar-22 to 15-Sep-22	16-Mar-22 to 15-Sep-22	15-Mar-23 to 14-Sep-23	Total
	£	£	£	£	£
Professional Fees	56,427	38,256	-	-	94,683
Legal Fees	138,972	-	-	-	138,972
Bank Charges	30	30	-	-	60
	195,429	38,286	-	-	233,715

Notes to the Account

1. All amounts are shown gross of VAT. TCLGL is not VAT-registered and therefore VAT is not recoverable.
2. These payments were funded by the Secured Creditors and have been made on behalf of Group companies. Therefore they have not been included in our Statements of Expenses at Appendix D. Further, due to the nature of these expenses, no estimate was made for these costs at the time our remuneration was agreed pursuant to Rule 18.16 IR16.
3. The amounts shown represents actual costs paid and the account is therefore not prepared on an accruals basis.

Appendix D: Joint Administrators' Remuneration and Expenses

This appendix provides additional information in respect of our fees and expenses and the work undertaken during the Administrations.

Approved basis of our remuneration

- When a company enters a formal insolvency process under the control of an insolvency practitioner, the costs of the proceedings are paid out of the assets of the company and include the insolvency practitioner's fees and expenses.
- We must seek approval to the basis of our fees and certain categories of expenses before they are paid. Approval must be sought from the appropriate class(es) of creditors or the court, as determined by insolvency law and the circumstances of the case.
- Given the circumstances, the Secured Creditors were the only class of creditor with a financial interest in the conduct of the Administrations and our remuneration for acting as joint administrators was determined only by the Secured Creditors, in the absence of a creditors' committee.
- In our Proposals, we explained that, as part of negotiating the necessary funding for the Administrations and in order to give the Secured Creditors a degree of certainty and control in respect of our remuneration, we had proposed (and the Secured Creditors agreed) that our remuneration would be determined as a set amount (a fixed fee), totalling £3.088m, and to be drawn from the estates of TCLL and TCLGL as shown in the table opposite.
- The fixed fee was based on the initial estimate of work required to progress and conclude the Administrations (within one year of appointment). However, the Administrations have taken longer than originally envisaged and were extended with the consent of the Secured Creditors beyond their first anniversary by 12 months, and were more complex than originally forecast. As a consequence of the additional work required, the set amount was increased by £430k, broken down between the Companies as shown in the table opposite, with the approval of the Secured Creditors.
- Throughout the Administrations, we continued to believe that our remuneration was a reasonable and fair reflection of the work performed in the Administrations.

Summary of remuneration charged

Company	Initial set fee	Additional set fee	Total set fee
TCLL	£3,078,000	£415,000	£3,493,000
TCLGL	£10,000	£15,000	£25,000
Total (excluding VAT)	£3,088,000	£430,000	£3,518,000

- Funding was provided by TCS to meet remuneration costs, alongside certain other expenses of the Administration, such as legal fees.
- Included in the Additional Set Fee above, were conditional elements of £5,000 and £50,000 that could be drawn due to the Administrations continuing beyond 15 March 2023, the end of the first six-month period in the second year of the Administration.
- Therefore the Total Set Fee applies and has been drawn in full. Amounts drawn in the Period can be seen in our Receipts and Payments accounts at Appendix C.
- In respect of TCLL, £186,742 of our Total Set Fee was payable to Mayer Brown in respect of legal fees.
- Earlier in this report, we explained the main areas of our work in the Administrations. In this appendix, we provide more information on these key areas of work by category. We have also provided the rationale for undertaking the work, such as whether it is required by statute, or whether it had a potential direct benefit for creditors.

Appendix D: Joint Administrators’ Remuneration and Expenses

In broad terms our work included realising the Companies’ assets, managing the Companies’ affairs and fulfilling our statutory obligations as joint administrators.

Earlier in this report, we described the main areas of our work in the Administrations 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 the appointment	<ul style="list-style-type: none"> ■ Strategy and planning: ongoing work, including devising and maintaining appropriate strategies for achieving the purpose of the Administrations, engagement team meetings and documenting key decisions. ■ Case reviews: we have completed periodic reviews of the Administrations, typically every six-months. ■ Financial Management: prepared and maintained cost budgets, estimated outcome statements etc., as appropriate for the case. ■ Remuneration: providing information to creditors, maintaining budgets and drawing fees in line with the fee approval previously obtained, in accordance with insolvency legislation requirements. ■ Closure matters: planning and preparation for ending the Administrations and ultimate dissolution of the Companies. 	<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"> ■ Handling the surrender of the HQ office lease at 14 Bedford Square, London. Ongoing communication with the Landlord with regard to the Administration. ■ Review of specific penalty bonding for each of the joint administrators following their appointment on a periodic basis (TCLGL only, as the maximum bond is applicable for TCLL). 	<ul style="list-style-type: none"> ■ 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 Companies assets estimated to be available for those classes of creditors. Bonding is a statutory requirement for all insolvency practitioners.

Appendix D: Joint Administrators’ Remuneration and Expenses

In broad terms our work includes realising the Companies’ assets, quantifying its liabilities and returning funds to creditors, managing the Companies’ 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"> ■ Secured creditors: ongoing work liaising with / periodic reporting to the Secured Creditor; reporting to the Lenders on the cash flow and Administration funding. ■ Where required, maintain our systems to record and maintain creditor details and claims received. ■ Creditor queries: for all classes of creditors, shareholders and other third parties: responding to inbound queries received to the extent possible and necessary. ■ Ongoing maintenance of up to date creditor information on the case management system and filing proofs of debt received from creditors. 	<ul style="list-style-type: none"> ■ 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.
Fulfilling our Statutory Duties	<ul style="list-style-type: none"> ■ Progress reports: preparing and issuing six-monthly (and final) progress reports to creditors, including receipts and payments accounts. During the Period, we prepared and issued our third and final progress reports to creditors. 	<ul style="list-style-type: none"> ■ Other workstreams arise from statutory requirements due to the Companies being in an insolvency process and similarly do not have any direct financial benefit for creditors. Many requirements are for the purpose of keeping creditors informed about the Administrations and to protect their interests generally.

Appendix D: Joint Administrators' Remuneration and Expenses

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

Area of work	Description of work	Reason and benefit for creditors
Managing the Companies' Affairs	<ul style="list-style-type: none"> ■ Corporation Tax: prepared and submitted the necessary and periodic tax returns falling due during the Administrations (pre-appointment returns were submitted in the Period). Ongoing work in requesting information for and preparing the first and final post-appointment returns required. ■ VAT (TCLL only): prepared and submitted the necessary and periodic VAT returns falling due during the Administration (periods ending 31 August 2022, 30 November 2022 and 28 February 2023); and planning for deregistration from VAT by consulting with the Lenders. This work has included making payments to (or requesting refunds from) HMRC and maintaining adequate VAT accounts. During the Period, we have also submitted a claim for input VAT on a 426 form, and arranged for VAT refunds to be paid over to FTI by way of a Deed of Assignment for unpaid fee invoices. ■ Bank account management: maintaining bank accounts (under our control) for the purpose of depositing sale proceeds and other receipts, paying expenses and making distributions to creditors. Accounts are closed when no longer required and before we cease to act; and were reconciled on a monthly basis. ■ Receipts, payments and accounting journals: maintaining adequate accounting records for the period of the Administration, including the payment of costs and expenses. ■ It has taken the Secured Creditors longer than envisaged to realise their security interests around the Group. This has resulted in a significant amount of additional and continuing work in supporting that process. For example, we have spent considerable amounts of time managing the audit process for the various Group subsidiaries and liaising with their advisers. For the avoidance of doubt, we were not involved in the performance of the audit work itself. 	<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. ■ 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. ■ Holding bank accounts for the Administrations avoids the costs and logistics of taking control of the Companies' existing accounts (which are usually closed shortly after appointment). Regular reconciliations of the new accounts assist in maintaining accurate records for the Administration. ■ The trading of TCLL and continuation of the central services function provides a platform for the Secured Creditors to maximise and recover value under their security entitlements elsewhere in the wider Group.

Appendix D: Joint Administrators' Remuneration and Expenses

An overview of the types of expenses incurred. The table shows the professional advisors and subcontractors engaged on the Administration.

Definition of Expenses

- Expenses are any payments from the estate which are neither office holders' remuneration nor a distribution to a creditor or a member. Expenses also include disbursements. Disbursements are payments which are first met by the office-holder and then reimbursed to the office-holder 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 office-holder. Category 1 expenses can be paid without prior approval as these have all been provided by third parties.
 - These expenses are payments to independent third parties where there is specific expenditure directly referable to the case and generally comprise of external supplies of incidental services such as postage, statutory case advertising, invoiced travel, external printing, room hire, and document storage.
 - Category 2 expenses:
 - These are payments to our firm or associates or which have an element of shared costs (for example, photocopying, mileage, or costs shared between different insolvent estates). Before being paid, Category 2 expenses require approval in the same manner as an office-holder's remuneration.
 - The body of creditors who approve our fees also have responsibility for approving Category 2 expenses (in this case, the secured creditors).
- Also chargeable will be any properly reimbursed expenses incurred by personnel in connection with the case.
- We did not incur any Category 2 expenses (including payments to associates) and therefore we did not seek approval to the basis upon which these may be charged to the estate.

Professional Advisors and Subcontractors

- The table below provides details of professional advisors and subcontractors that we have engaged in this case. The use of subcontractors is in relation to work that we could have done (subject to the exceptions detailed below), but that we have outsourced.

Firm	Services	Fee Arrangement
ERA Solutions	Employee Claims	Fixed fee based on the number of employees
EPE Reynell	Statutory Advertising	Fixed cost per advert
Aon UK Limited	Insurance Risk Services	Insurance premiums
Aon UK Limited	Bonding	Fixed premium
Mayer Brown LLP	Legal Advice	Time costs and expenses
Gerald Eve LLP	Agents' Fees	20% of cash realisations

- 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 was 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. We also confirmed that they hold appropriate regulatory authorisations. We reviewed the fees they have charged and were satisfied that they were reasonable in the circumstances of this case.
- Details of expenses that we have paid to our professional advisors to date are included in the Receipts and Payments account at Appendix C.
- We have also utilised the services of other teams within FTI Consulting LLP to assist with the Administration process. The fees of our Tax and Technology teams have been included within the fixed fees. By working closely with our internal teams, we believe a more coordinated and cost-effective approach to the Administration workstreams has been possible.

Appendix D: Joint Administrators' Remuneration and Expenses

We have incurred only a small amount of disbursements during the Administrations.

Disbursements

- The table opposite shows what disbursements have been incurred in the Period for each of the Companies, together with the cumulative position for the Administrations.
- All disbursements incurred have been charged to the relevant estates and have been recovered in full. Payments made can be seen in our Receipts and Payments accounts at Appendix C.
- As previously reported, we exceeded the original estimate provided for bonding costs in our Proposals. We have a fixed fee arrangement with Aon for bonding, and we can confirm the cost of bonding to be £255 in total (TCLL £225, TCLGL £30).
- No estimates were provided in our Proposals for the other disbursements, which have been incurred as and when necessary.
- Please note that all amounts are exclusive of VAT unless otherwise stated.

Category	Policy	Incurred previously (£)	Incurred in the Period (£)	Total incurred (£)
	TCLL			
1	All disbursements reimbursed at cost:			
	■ Specific bonding	225	-	225
	■ Meals/subsistence	938	-	938
	■ ICO registration	80	-	80
	■ Taxis/travel	311	-	311
	■ Hard drives	185	-	185
		1,739	-	1,739
	TCLGL			
1	All disbursements reimbursed at cost:			
	■ Specific bonding	30	-	30
		30	-	30

Appendix D: Joint Administrators' Remuneration and Expenses

No expenses have been incurred in the Period in respect of the continuance of TCLL's function after our appointment.

Trading Expenses (TCLL only)

- As shown in the table below, no expenses have been incurred in the Period in respect of the continuance of TCLL's function after our appointment. The overall expenses position is therefore unchanged from our previous report.
- Please note that all amounts are exclusive of VAT unless otherwise stated.
- As set out in our Proposals, expenses totalling c.£1.1m were expected to arise in the continuation of trading the TCLL business. Expenses actually incurred are c.£553k, with costs being lower than anticipated across all three categories.
- We refer you to our previous reports for reasons giving rise to these differences, which are not repeated in detail here, but in summary were a combination of prudent opening estimates and a faster than anticipated transition to TCS.
- Expenses actually paid can be seen in the Receipts and Payments Account in Appendix C.

Type of Costs	Expenses Estimate (£) ¹	Incurred Previously (£)	Incurred in this Period (£)	Total Incurred (£)
Employee Costs	475,000	419,628	-	419,628
Rent	40,000	19,324	-	19,324
Operating Costs	578,000	114,111	-	114,111
Total (excluding VAT)	1,093,000	553,064	-	553,064

1. The expenses estimate was provided to creditors on 5 November 2021 prior to the initial determination of the basis of our remuneration.

Appendix D: Joint Administrators' Remuneration and Expenses

The only expenses incurred in the Period were in relation to the costs of a redirection of mail.

Non-trading Expenses: TCLL

- The table below shows non-trading expenses incurred in the Period, the cumulative position for the Administration and a comparison against our original estimate. Please note that all amounts are exclusive of VAT unless otherwise stated.
- The total expenses incurred have exceeded the original estimate provided to creditors. We refer you to our previous reports for reasons giving rise to this excess, which are not repeated in detail here, but principally relate to the initial exclusion of legal fee estimates which were included elsewhere (within our fixed fee remuneration).
- Business rates were payable for the period from 15 September 2021 to 1 October 2021 as an expense of the Administration. This cost was not included in our original expenses estimate included in the Proposals.
- Any payments made on behalf of Group companies (for which funding has been received) have been excluded from these breakdowns. A full breakdown of all such payments are included at Appendix C in the Receipts and Payments Accounts under Secured Creditor Commitments.
- The expenses estimate did not represent a cap on the amount of expenses that could be paid, and approval for payment was only required for any that were Category 2 expenses, as previously defined. Expenses actually paid can be seen in the Receipts and Payments Account in Appendix C.

Payee	Type of Costs	Expenses Estimate (£) ¹	Incurred Previously (£)	Incurred in this Period (£)	Total Incurred (£)
EPE Reynell	Statutory Advertising	100	184	-	184
Aon UK Limited	Insurance Risk Services	8,000	-	-	-
Royal Mail	Redirection of Mail	-	321	352	673
Mayer Brown LLP	Legal Fees	-	198,564	-	198,564
Mayer Brown LLP	Pre-Administration Costs ²	120,000	90,665	-	90,665
Camden LBC	Business Rates	-	7,812	-	7,812
	Total (excluding VAT)	128,100	297,546	352	297,898

1. The expenses estimate was provided to creditors on 5 November 2021 prior to the initial determination of the basis of our remuneration.
2. The Secured Creditors approved that the pre-Administration costs of £120,457 (as set out in our Proposals), could be paid as an expense of the TCLL Administration. As shown in the Receipts and Payments Account in Appendix C, an amount of £90,665 has been paid. The balance of £30k has been settled from a balance arising from a true-up exercise relating to pre-Administration billing and therefore does not need to be paid as an expense of the Administration.

Appendix D: Joint Administrators' Remuneration and Expenses

For TCLGL, no expenses have been incurred in the Period.

Non-trading Expenses: TCLGL

- The table below shows that no non-trading expenses were incurred in the Period, the cumulative position for the Administration and a comparison against our original estimate. Please note that all amounts are exclusive of VAT unless otherwise stated.
- The total expenses incurred have exceeded the original estimate provided to creditors. We refer you to our previous reports for reasons giving rise to this excess, which are not repeated in detail here, but principally relate to the omission of certain costs from the opening estimate and how estimates for insurance costs had been allocated to each of the Companies.
- Any payments made on behalf of Group companies (for which funding has been received) have been excluded from these breakdowns. A full breakdown of all such payments is included at Appendix C in the Receipts and Payments Accounts under Secured Creditor Commitments.
- The expenses estimate did not represent a cap on the amount of expenses that could be paid, and approval for payment was only required for any that were Category 2 expenses, as previously defined. Expenses actually paid can be seen in the Receipts and Payments Account in Appendix C.

Payee	Type of Costs	¹ Expenses Estimate (£)	Incurred Previously (£)	Incurred in this Period (£)	Total Incurred (£)
EPE Reynell	Statutory advertising	100	184	-	184
Aon UK Limited	Insurance risk services	1,000	2,000	-	2,000
Royal Mail	Redirection of mail	-	321	-	321
	Total (exc. VAT)	1,100	2,505	-	2,505

1. The expenses estimate was provided to creditors on 5 November 2021 prior to the initial determination of the basis of our remuneration.



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