



**To All Known Creditors**

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

Joint Administrators' Third Progress Report

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# Glossary

## GLOSSARY

Commonly Used Terms	Definition
<b>Act / IA86</b>	Insolvency Act 1986 (as amended)
<b>BEIS</b>	Department for Business, Energy and Industrial Strategy
<b>c.</b>	Approximately
<b>CDDA</b>	Company Directors Disqualification Act 1986
<b>CT</b>	Corporation Tax
<b>CVL</b>	Creditor's Voluntary Liquidation
<b>EBITDAP</b>	Earnings Before Interest, Taxes, Depreciation, Amortization and Pension Income
<b>FTI / FTI UK</b>	FTI Consulting LLP
<b>HMRC</b>	HM Revenue & Customs
<b>ICAEW</b>	Institute of Chartered Accountants in England & Wales
<b>IR16 / the Rules</b>	Insolvency (England and Wales) Rules 2016 (as amended)
<b>NDA</b>	Non-Disclosure Agreement
<b>PAYE / NIC</b>	Pay-as-you-earn tax / National Insurance Contributions
<b>Preferential creditors</b>	Principally employee claims for unpaid wages (max £800 per employee), holiday pay, and certain unpaid pension contributions
<b>Prescribed Part</b>	Amount set aside for unsecured creditors from floating charge net realisations in accordance with Section 176A IA86
<b>RPS</b>	Redundancy Payments Service
<b>Sch B1 IA86</b>	Schedule B1 IA86
<b>SIP</b>	Statement of Insolvency Practice
<b>SIP 2</b>	Investigations by office holders in administration and insolvent liquidations
<b>SIP 7</b>	Presentation of financial information in insolvency proceedings
<b>SIP 9</b>	Payments to insolvency office holders and their associates from an estate
<b>SIP 13</b>	Disposal of assets to connected parties in an insolvency process
<b>SIP 16</b>	Pre-packaged sales in administrations
<b>ASA</b>	Asset Sale Agreement
<b>TUPE</b>	Transfer of Undertakings (Protection of Employment) Regulations 2006
<b>Unsecured creditors</b>	Principally trade creditors, landlords, utility providers and HMRC

Case Specific References	Meaning
<b>Administration(s)</b>	The Administrations of The Collective (Living) Group Limited, Harewood Properties Limited and The Collective (Living) Limited
<b>AMA</b>	Asset Management Agreement
<b>Appointment Date</b>	15 September 2021 - The Collective (Living) Group Limited 15 September 2021 - The Collective (Living) Limited 16 September 2021 - Harewood Properties Limited
<b>Joint Administrators / we / our / us /</b>	Matthew Boyd Callaghan, Andrew James Johnson and Lisa Jane Rickelton
<b>the Companies</b>	TCLGL, HPL and TCLL collectively
<b>Gerald Eve</b>	Gerald Eve LLP, specialist property agents
<b>the Group / The Collective Group</b>	TCLGL and all its subsidiaries
<b>HPL</b>	Harewood Properties Limited – in Administration
<b>the Period</b>	15 September 2022 to 14 March 2023 (TCLGL and TCLL) 16 September 2022 to 15 March 2023 (HPL)
<b>PMA</b>	Property Management Agreement
<b>The Proposals</b>	The Statement of Proposals dated 5 November 2021
<b>Prescribed Part</b>	Amount set aside for unsecured creditors from floating charge net realisations in accordance with Section 176A IA86.
<b>Scape</b>	Windmill Opportunities Limited (formerly Scape Student Living Limited), trading as Scape (Company Number: 07120364) and TC Services Limited (Company Number: 13608402)
<b>Secured Creditors/Lenders</b>	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.
<b>TCLGL</b>	The Collective (Living) Group Limited – In Administration
<b>TCLL / OpCo</b>	The Collective (Living) Limited – In Administration
<b>TCS</b>	TC Services Limited (Company Number: 13608402)
<b>Utilisation Request</b>	Funding request to the Secured Creditors under the various Funding Agreements from the administrators of HPL to pay expenses on behalf of companies around the Group.



# 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, and Harewood Properties Limited on 16 September 2021. The appointments were made by the holder of a qualifying floating charge under Paragraph 14 Sch B1 IA86.
- This report is prepared pursuant to Rule 18.6 IR16, to provide details on the progress of the Administrations during the third six-month period of our appointment. Specifically, it covers the six-month period to 14 March 2023 (and to 15 March 2023 in the case of Harewood Properties Limited) and contains:
  - An explanation of the work we have done in the Period and how the Administrations have progressed;
  - An update on the estimated outcome for each class of creditor;
  - Details of the work we still need to undertake before the Administrations can be concluded;
  - An update on how and when we expect the Administrations will end;
  - 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 appointment 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.
- 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.



**Matthew Boyd Callaghan**  
Joint Administrator

### How to Contact Us

- Creditors can contact us using the preferred methods below:

Email: [CollectiveLiving@fticonsulting.com](mailto:CollectiveLiving@fticonsulting.com)

Post: The Collective (Living) Group Limited /  
Harewood Properties 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.**



# Progress of the Administrations

## Recap on the Administrations

**The Companies entered Administration following the Group's unsuccessful attempts to find a buyer. They had no material realisable assets, but funding was provided by the Secured Creditors to facilitate the transfer of central services and preserve the opportunity to rescue other Group companies as a going concern on a solvent basis.**

### 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 in September 2021.
- The three Companies subject to Administration appointments are the parent company (TCLGL), an intermediate holding company which is the borrower under the Group Facility Agreement (HPL) and the operating company (TCLL) 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.

### Administration 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 TC Services Limited, with the latter committed to providing the initial funding to the Administrations.

### Progress in prior Periods

- As the administrators of HPL and TCLGL, we considered options for the Group in conjunction with the various key stakeholders, including the Secured Creditors. This resulted in a number of other formal processes (including Administrations and various appointments of fixed charge receivers) to realise assets for the benefit of the Secured Creditors and other creditors in those entities.
- The transition of services (provided by TCLL) to TCS was substantially completed, subject to the ongoing fulfilment of certain obligations under a PMA and AMA.
- We agreed the sale of intellectual property owned by TCLL, with completion set for October 2022. We also identified potential business rates recoveries and appointed a specialist agent to explore further. Updates on these matters are provided in this report.
- Other previous work in the Administrations included:
  - Responding to inbound queries from creditors and other stakeholders, and managing the receipt of mail (almost daily) on behalf of Group companies and ensuring that it was forwarded to the most appropriate contact in those companies.
  - In conjunction with our internal tax specialists, we continued to prepare and file the necessary VAT returns and progress work in order to file the necessary pre-Administration corporation tax returns.
  - Fulfilling our various statutory duties as administrators, include giving notices and updates to stakeholders and investigating the affairs of the Companies.



## 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.
- During the Period, due to an on-sale from TCS to a third party, we were party to a Deed of Termination in respect of both a PMA and an AMA. The seller was required, as a completion deliverable, to procure the termination of the PMA and AMA in place in relation to the Canary Wharf property, with TCLL as manager.
- 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., merchant card providers) are terminated now that the UK operating assets have transferred to TCS.

### IT and Systems

- During the first six-month period of the Administration, several duress payments were made to contractors and suppliers, where necessary, to preserve continuity of operations and facilitate cooperation to support the transitions of services to TCS.
- Payments were also made to other 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.
- In this Period, no duress payments were made, and we do not expect to make any further duress payments.

### 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.
- This initial funding was an estimate of costs and expenses anticipated to be incurred during the first three weeks of the Administration from 15 September to 1 October 2021. The initial funding together with existing cash at bank (£608k swept to the Administration bank account) has been sufficient to cover Administration expenses to date and therefore no additional requests have been made under the TCLL funding agreement.
- We have continued to report to Lenders on funding matters on a regular basis.
- Further information on receipts, payments and expenses can be found in Appendices C and D.

## TCLL – Asset Realisations

**Transactions to connected parties have been undertaken. Details of (and justification for) the sales are given below in accordance with SIP 13.**

### Sale of Intellectual Property

- As previously reported, as joint administrators of TCLL, we had exchanged contracts for the sale of the intellectual property and brand of ‘The Collective’ to TC Manco Limited. This included the registered IP, domain names, trade marks, social media accounts and the logo.
- The Group Lenders had a fixed charge over the IP and the sale had been agreed at £1 (cash consideration) together with a reduction in the Group Lenders’ guarantee in TCLL for £100,000 (non-cash consideration). The transaction was expected to complete once certain condition precedents were met, and it had a longstop date for completion on 15 September 2022. However, the Lenders later advised us that the sale would no longer be taking place.
- Subsequently, significant costs were incurred in relation to the ongoing efforts to sell the intellectual property held by TCLL and by the time of our previous report, an unconditional sale to TCS had been agreed on the same terms as above, with completion set for October 2022.
- In the Period, we facilitated the sale by reviewing the ASA and associated documents, the Deed of Termination in respect of the prior purchaser, confirming the position in respect of VAT, and issuing an invoice for the barter transaction.
- We can confirm that the sale then completed as expected.

### Transactions with Connected Parties

- In accordance with SIP 13, we are required to disclose any known connected party transactions that occurred in the Period.
- 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.

- As previously reported in our Proposals and previous progress reports, during the pre-Administration sales processes conducted by an investment bank and then subsequently by FTI, there were no offers received for the brand alone. Similarly, during the period of Administration, no offers were received for the brand on a standalone basis.
- No valuation has been carried out on the brand. However, from the previous sales processes and the offers received for the Group as a whole, the value was determined to be significantly less than the Group Lenders’ debt. As the Lenders had a fixed charge over these assets (and had to consent to the transaction) we were satisfied with the value ascribed.

### Landlord and Property

- The Companies vacated the Group’s head office premises in Central London on 1 October 2021. We immediately offered to surrender the lease to the landlord, although this has not been accepted.
- Business rates were payable for the period from the date of administration to 1 October 2021 as an expense of the administration, and these were paid during the Period, as shown on the enclosed Receipts and Payments Account.
- 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 has confirmed that business rates recoveries are unlikely. Therefore, no further work is being done on this matter.

## HPL and TCLGL

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

### Strategy

- In addition to the continuation of the TLL services, it was established that our appointment as joint administrators of TCLGL and HPL 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.

### Harewood Properties Limited

- We previously reported that on 16 September 2021, a Funding Agreement was put in place to meet the expenses of the Administration and certain subsidiary expenses. Our enclosed Receipts and Payments Account again shows the amount of funding received and how this has been utilised during the Administration.
- We have also previously explained the circumstances giving rise to the receipt of Enforcement Proceeds that are subject to the Lenders’ floating charge security.
- In the Period covered by this report, no further funds under the Funding Agreement nor from Enforcement Proceeds have been received.
- However, expenses have continued to be paid from funds received in prior periods, including joint administrators’ fees of £50,000 plus VAT that have been drawn in accordance with the approvals previously given.
- Group expenses have also continued to be accrued in the Period and some of the critical suppliers have been paid by TCS. Other expenses remain unpaid and we await further instructions from the Lenders in respect of further funding arrangements and settlement of these costs.

- Further details on the funding in HPL are provided in the Receipts and Payment Account in Appendix C, with expenses paid from funds received under the Funding Agreement broken down in a supplementary statement.

### The Collective (Living) Group Limited

- The only Administration expenses paid in the Period have been officeholders’ fees in the sum of £10,000 plus irrecoverable VAT, settled from funds previously received from the Lenders to fund the costs of the Administration.
- Further details are provided in the Receipts and Payment account in Appendix C and in our Statement of Expenses at Appendix D.
- The continuation of the Administration is required as TCLGL is HPL’s shareholder and it is likely to be necessary for TCLGL to ultimately initiate a creditors’ winding up of HPL.

### Asset Realisations

- The key assets owned by TCLGL and HPL are interests in subsidiary undertakings and intercompany loans. As the administrators of HPL and TCLGL, we have continued to consider 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.
- Where necessary or appropriate, creditors will be updated on any additional processes or enforcement proceedings around the Group should they take place in the future.

## Managing the Companies' Affairs

**Our appointments require us 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, pre-appointment CT returns for the periods to 14 September 2021 for TCLL and TCLGL and to 15 September 2021 for HPL were submitted.
- Any pre-appointment CT liabilities will rank as unsecured claims in the entity to which they relate.
- A further return will be required for the period ended 14 September 2022 (TCLL, TCLGL) and 15 September 2022 (HPL).
- The information required to prepare the returns has been provided to our tax team during the Period.

### 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. Neither TCLGL nor HPL are registered for VAT and therefore VAT returns are not required to be submitted for those companies.
- Certain VAT information is still required to enable the submission of the pre-appointment VAT returns and this has been requested from management. We continue to await this information.
- Now that the intellectual property has been sold, TCLL has no assets remaining and therefore we will shortly be taking steps to deregister from VAT. Returns will continue to be prepared and filed until such time as TCLL is deregistered.
- During the Period, we have completed and submitted VAT returns for the three-month periods ending 31 August 2022, 30 November 2022 and 28 February 2023.

### Intellectual Property Sale (TCLL only)

- The proposed sale of the IP was reviewed and agreed for VAT purposes to constitute a barter transaction. The barter being the sale of the IP in return for the obtaining the release of the guarantee.
- During the Period, we received advice from our internal VAT specialists on the sale of the intellectual property asset, and the relevant VAT has been accounted for on the appropriate return following the sale.
- For VAT valuation purposes the sale of the IP was agreed to be the value of the guarantee release (£100k) plus the nominal cash consideration of £1 (both subject to VAT).
- The value of the buyer's supply of obtaining the release was agreed to be the guarantee release (£100k) plus VAT. Therefore as a result of the barter, the VAT between the parties was offset, other than for the cash consideration amount, which gave rise to a liability of £0.20.

### 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.
- Group accounting continues to be managed by the Collective Finance team that transferred to TCS on 8 October 2021. These services are provided under the staff services agreement with TCS.
- Receipts in the Period mainly consist of the fixed charge realisation in respect of the intellectual property (TCLL), some third party funds that will be returned (HPL), and bank interest (all entities).
- Payments in the Period predominantly consist of officeholders' fees, professional fees and legal fees.

## 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.**

### Secured Creditors

- A regular dialogue has been held with the Companies' Secured Creditors and they have been frequently updated on Administration expenses, funding, transition, asset realisations and other matters of interest to them. The Secured Creditors have 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 have 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, is continually forwarded to the relevant directors or management of those entities, together with their legal advisers, and the Secured Creditors' legal advisers.

### Other Stakeholder Management

- The directors' statement of affairs for TCLL states that HMRC is a preferential creditor. We have communicated with HMRC in respect of the Companies and have made payments in respect of post-appointment employee taxes. Further work is being performed by our tax team to complete the relevant Corporation Tax and VAT returns (see earlier).

### Duration of the Transition Period

- Our initial strategy envisaged the trading of TCLL for a period of 10 weeks, to stabilise the business and transition services to TCS.
- However, delays to anticipated transactions has meant we have been unable to move the Administrations towards closure. Although the transition work is complete, we still need to remain as administrators until all transactions envisaged by the Secured Creditors have been completed.
- For further information on this, please see the later section entitled 'Extensions to the Period of the Administrations'.
- In the meantime, we will continue to respond to queries to the extent reasonably possible in the circumstances.

## Fulfilling our Statutory Duties

**As a consequence of the Companies' insolvency, we have a number of responsibilities that include giving updates to creditors and other stakeholders.**

### 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. Should any additional information come to light in the normal course of our work that we believe is relevant to the above, we will report to BEIS and conduct further investigations as appropriate.

### Other Statutory Matters

- Other work arising in the Period as a consequence of our appointment as joint administrators has included:
  - Preparing and issuing (in October 2022) our second progress report on the Administrations, to the creditors and filing with Companies House;
  - Internal case reviews to ensure the strategy continues to be appropriate and the Administrations are progressing on a timely basis; and
  - Reviewing the adequacy of bonding cover.

### Joint Administrators' Remuneration

- In Appendix D, 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.

### Objective of the Administration

- As set out in our Proposals, the statutory objective of the Administration is to achieve a better result for the company's creditors as a whole than would be likely if the company were wound up (without first being in Administration).
- We continue to believe the objective of the Administration will be achieved by virtue of:
  - implementing immediate changes to the board of directors in certain Group companies to help stabilise the platform and seek to protect value in certain subsidiary companies;
  - 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 own the trading assets and where appropriate, facilitating the recovery of value.

### Discharge from Liability

- Pursuant to Paragraph 98 of Sch B1 IA86, our discharge from liability in respect of our actions as joint administrators of each of the Companies 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 this case, we will be discharged from liability in respect of any of our actions as administrators at a time decided by the Secured Creditors, or by an order of the Court.
- 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.

## Fulfilling our Statutory Duties

**We currently expect that the Administrations of the Companies will be complete (and the Administrations capable of being ended) prior to their second anniversary in September 2023.**

### Extensions to the Period of the Administrations

- 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) Sch B1 IA86, for the period of the Administrations to be extended.
- A request to extend the Administrations of HPL and TCLGL was approved by the Secured Creditors on 5 July 2022. A request to extend the Administration of TCLL was approved by the Secured Creditors on 28 July 2022.
- The Administration of TCLGL and TCLL was extended for a period of 12 months to 14 September 2023, and the Administration of HPL was extended to 15 September 2023. In the highly unlikely event that a further extension is required, an application to Court would be needed closer to the time.
- 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 would allow 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 and HPL, the extensions were required to benefit the Secured Creditors by continuing to facilitate payments across the Group on their behalf.
- Further, as shareholder, TCLGL will need to call a meeting of the creditors of HPL to move HPL into liquidation once the Administration is capable of being ended.
- On current information, we expect to conclude the Administrations within the next six months and no further extensions to the period of the Administrations are expected to be necessary; although this will be kept under review.

### Exit route from the Administrations

- We do not expect there to be a dividend available for any preferential creditors or the unsecured creditors of any of the Companies and therefore the most likely exit route for the Administrations of TCLL and TCLGL continues to be the filing of a notice of dissolution with the Registrar of Companies. Such a notice results in automatic dissolution by the Registrar of Companies three months after the notice is registered.
- If there are matters remaining that require the attention of a liquidator, the Administrations may alternatively end by the application to the Court for the compulsory liquidation of the Company and may include the appointment of one or more of the joint administrators as joint liquidators of the relevant Company.
- With regards to HPL, the most likely exit route is filing a notice under Paragraph 80 of Sch B1 IA86 followed by a creditors' winding up, which is an out-of-court Jersey insolvency process commenced by a shareholder special resolution. TCLGL is HPL's shareholder and therefore consideration will need to be given to when TCLGL can exit Administration, if it is required to initiate a creditors' winding up. Creditors will be updated on this in due course.
- The Administrations are separate insolvency processes and therefore may end at different times and in different ways, depending on the circumstances in each case.

### Future reporting

- We are required to provide a further progress report to all creditors within one month of the end of the period ending 14 September 2023 (TCLL and TCLGL) and 15 September 2023 (HPL), or when the Administrations come to an end, whichever is sooner.
- All documents will be retained on our 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) a hard copy of documents posted to the website either now or in the future.



# Estimated Outcomes for Creditors



## Estimated Outcome for Creditors

**The Administrations are being separately funded as the Companies have insufficient realisable assets to discharge costs of the processes. Consequently, no dividends are expected to any class of creditor.**

### Key Message

- We do not expect to pay a dividend to any class of creditors, since the Administrations are being separately funded by TCS. There will be insufficient assets to repay the non-recourse funding in full.

### 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).
- It is not expected that Secured Creditors will make 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, has 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 will allow Secured Creditors to achieve a reduction in indebtedness under the Group facilities. The exact quantum of these distributions after relevant expenses will be known in due course.
- The sale of the intellectual property and brand by TCLL resulted in a further reduction in the Lenders' guarantee in TCLL for £100k.

TCLGL Creditor Class	Amount Owed	Estimated Recovery	Timing of Payment
■ Secured Creditors	£107.5m	0 %	n/a
■ Preferential Creditors	£nil	0 %	n/a
■ Unsecured Creditors	£47.7m	0 %	n/a

HPL Creditor Class	Amount Owed	Estimated Recovery	Timing of Payment
■ Secured Creditors	£107.5m	0 %	n/a
■ Preferential Creditors	£nil	0 %	n/a
■ Unsecured Creditors	£40.5m	0 %	n/a

TCLL Creditor Class	Amount Owed	Estimated Recovery	Timing of Payment
■ Secured Creditors	£107.5m	0 %	n/a
■ Preferential Creditors	£2.3m	0 %	n/a
■ Unsecured Creditors	£66.2m	0 %	n/a

*Please note that this guidance is only an indication and should not be used as the main basis of any bad debt provision. The amounts indicated as owing to the secured creditors are calculated exclusive of make-whole costs.*

## Estimated Outcome for Creditors

**Given the insufficient level of assets and necessity for third-party funding of the Administrations, there will be no dividend to preferential creditors, unsecured creditors or the Companies' shareholders.**

### Preferential Creditors

- TCLL was the only company of the three that had employees at the time of our appointment. Similarly, it is the only one with debts payable to HMRC that could rank preferentially.
- A number of employees have transferred to a new employer, thereby reducing the value of preferential claims. Therefore, the estimate for preferential claims includes only those employees that were made redundant.
- The only material realisable assets in TCLL were the cash balances held in the Company's pre-Administration bank accounts, as shown in Appendix C. Some £608k was received, representing the residual balance of funding provided by the Secured Creditors to ensure the continuity of the business during the sale process.
- Under the terms of the Administration funding agreement, the borrower (TCLL) is required to repay the loan commitment to the extent that funds are available, on or before the date on which we cease to act. The obligation to repay the loan ranks as an expense of the Administration, though it is noted that this obligation is subordinated in priority to all other Administration expenses including our remuneration.
- As such, any cash balances will be utilised to repay (to the extent possible and necessary) the funding received from the Secured Creditors and TCS in respect of the costs of the Administrations. Therefore, it is not expected that there will be surplus funds available to make a distribution to preferential creditors.

### Unsecured Creditors

- In an administration, dividends may become available to 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 paid in full.
- Given the insufficient level of assets, costs of the Administrations and (in TCLL) prior-ranking preferential claims, there will be no dividend to the unsecured creditors in any of the Companies, via the Prescribed Part or otherwise.

### Shareholders





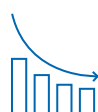
- There will be no return to the Companies' shareholders as there will be a material shortfall to the Companies' creditors.



# Key Matters Remaining

## Work We Still Need To Do

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

Area	<p style="text-align: center;"><b>Property</b></p> 	<p style="text-align: center;"><b>Company Affairs</b></p> 	<p style="text-align: center;"><b>Tax</b></p> 	<p style="text-align: center;"><b>Distributions</b></p> 	<p style="text-align: center;"><b>Winding down</b></p> 
Work Required	<ul style="list-style-type: none"> <li>Assist in selling the final development sites within the Group in the UK, and operating site in the US</li> <li>Continue to help trading the remaining operating sites within the Group.</li> <li>The above work is limited to what is possible and appropriate for our role as joint administrators of the Companies.</li> </ul>	<ul style="list-style-type: none"> <li>Administering the affairs of the Companies while they continue to be in Administration, including cashiering, maintaining creditor information, liaising with directors of Group companies, liaising with Companies House and responding to <i>ad hoc</i> queries from creditors and shareholders.</li> </ul>	<ul style="list-style-type: none"> <li>Resolve and finalise any taxation issues, including the submission of appropriate post-appointment CT returns.</li> <li>Recover/pay any amounts due to/from HMRC.</li> <li>Continue to submit quarterly VAT returns (TCLL only), and deregister for VAT.</li> <li>Seek HMRC tax clearance to conclude the Administrations.</li> </ul>	<ul style="list-style-type: none"> <li>The Administrations are being separately funded as the Companies have insufficient realisable assets to discharge costs of the processes. Consequently, no dividends are expected to any class of creditor.</li> <li>TCLL/HPL will, however, partially repay the loan commitments under the Funding Agreement.</li> </ul>	<ul style="list-style-type: none"> <li>Complete statutory requirements to conclude the Administrations.</li> <li>Closure of bank accounts.</li> <li>Progress any other matters required to winddown the Companies' affairs generally, prior to the Administrations concluding and the Companies being dissolved.</li> </ul>
Timing	<ul style="list-style-type: none"> <li>We expect our work will cease within the next six-months, allowing the Administrations to be ended.</li> </ul>	<ul style="list-style-type: none"> <li>Management of the Companies' affairs will continue periodically whilst we remain in office.</li> <li>We continue to report to the Secured Creditors on a regular basis.</li> </ul>	<ul style="list-style-type: none"> <li>CT and VAT returns must be submitted in line with HMRC deadlines.</li> </ul>	<ul style="list-style-type: none"> <li>Repayment of the Administration funding loan commitment on or before the date on which we cease to act.</li> </ul>	<ul style="list-style-type: none"> <li>We are looking to conclude the Administrations ahead of the second anniversary of our appointment in September 2023.</li> </ul>



# Appendices

## Appendix A: Statutory Information

Company Information	The Collective (Living) Group Limited	Harewood Properties Limited	The Collective (Living) Limited
Previous name:	No previous names	No previous names	Share in the City Ltd (until 13 April 2018)
Trading name:	Non-trading parent company	Non-trading intermediate holding company	"The Collective"
Company number:	12441000	97431 (Jersey registered)	07271022
Date of incorporation:	4 February 2020	14 May 2007	2 June 2010
Trading address:	Non-trading company	Non-trading company	14 Bedford Square, London, WC1B 3JA
Current registered office:	c/o FTI Consulting LLP, 200 Aldersgate Aldersgate Street, London, EC1A 4HD	3rd Floor, 44 Esplanade, St. Helier, JE4 9WG, Jersey	c/o FTI Consulting LLP, 200 Aldersgate Street, London, EC1A 4HD
Former registered office:	14 Bedford Square, London, WC1B 3JA	n/a	14 Bedford Square, London, WC1B 3JA
Principal trading activity:	Non-trading parent company	Non-trading intermediate holding 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	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	200 Aldersgate, Aldersgate Street, London, EC1A 4HD
Date of appointment:	15 September 2021	16 September 2021	15 September 2021
Court name and reference:	CR-2021-001677	CR-2021-001681	CR-2021-001676
Appointment made by:	GLAS Trust Corporation Limited	GLAS Trust Corporation Limited	GLAS Trust Corporation Limited
Estimated Value of Net Property and Prescribed Part *	Nil / Nil	Nil / Nil	Nil / Nil

\* We do not propose to make an application to the court under Section 176A(5) IA86 (for the Prescribed Part to be disapplied) because no Prescribed Part funds are expected as there is insufficient Net Property in all of the Companies.

## Appendix A: Statutory Information

Company Information	The Collective (Living) Group Limited	Harewood Properties Limited	The Collective (Living) Limited
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.	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	Mohammed Reza Aslam Merchant
Company Secretary:	None	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	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: 100,000,000 ordinary shares GBP 1.00 each Allotted, called up and fully paid: 100,000,000 ordinary shares of GBP 1.00 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 COMI proceedings as defined in IR16. This is because the company is not incorporated in an EEA state but has its COMI in the UK.	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.

## Appendix B: Legal Notices

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

#### Agents of the Companies

- The affairs, business and property of the Companies are being managed by the Joint Administrators, who act as agents of the Companies and without personal liability. The Joint Administrators are licensed in the United Kingdom to act as insolvency practitioners by the Institute of Chartered Accountants in England and Wales, under Section 390A(2)(a) of the Insolvency Act 1986.

#### Information on Creditors' Rights

- Information about creditors' rights can be obtained by visiting the creditors' information micro-site published by the Association of Business Recovery Professionals (R3) at <http://www.creditorinsolvencyguide.co.uk/>.
- Details about how an office-holder's fees may be approved for each case type are available in a series of Guidance Notes issued with Statement of Insolvency Practice 9, and they can be accessed at [www.fticonsulting.com/emea/cip/forms-and-information](http://www.fticonsulting.com/emea/cip/forms-and-information). Please refer to the version "Guide to Administrators Fees April 2021 England Wales".

#### Creditors' Right to Request Information

- Any secured or unsecured creditor, with the support of at least 5% in value of the unsecured creditors, or with leave of the Court, may, in writing, request the Joint Administrators 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.

#### 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 secured creditors or with 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 that 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.

#### 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>

#### Insolvency Code of Ethics

- Administrators are bound by the Insolvency Code of Ethics which can be found online at: <https://www.gov.uk/government/publications/insolvency-practitioner-code-of-ethics>

#### About this report

- This report has been prepared by the Joint Administrators solely to comply with their statutory duties under insolvency law and regulation. 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 Companies.
- Any person that chooses to rely on this report for any purpose or in any context other than under the Insolvency Act 1986 and 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.

#### 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/emea/cip>.



## 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	Total
	£	£	£	£	£
<b>Funding Receipts</b>					
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	6	(544,546)	(8,518)	-	(553,064)
<b>Net Funding Balance</b>		<b>3,132,257</b>	<b>(84,950)</b>	<b>-</b>	<b>3,047,307</b>
<b>Fixed Charge Receipts</b>					
Intellectual Property	11	-	-	100,001	100,001
<b>Subtotal</b>		<b>-</b>	<b>-</b>	<b>100,001</b>	<b>100,001</b>
<b>Fixed Charge Payments</b>					
Release of Guarantee	11	-	-	(100,000)	(100,000)
Distributions	11	-	-	(1)	(1)
<b>Subtotal</b>		<b>-</b>	<b>-</b>	<b>(100,001)</b>	<b>(100,001)</b>
<b>Fixed Charge Surplus/(Deficit)</b>		<b>-</b>	<b>-</b>	<b>(0)</b>	<b>(0)</b>
<b>Floating Charge Receipts</b>					
Bank Interest Gross		305	372	1,868	2,544
Cash at Bank	7	609,803	-	-	609,803
Intercompany Receivables	8	27,081	-	-	27,081
Other Sundry Refunds		891	-	-	891
Office and Computer Equipment	9	1,000	-	-	-
<b>Subtotal</b>		<b>1,000</b>	<b>372</b>	<b>1,868</b>	<b>640,319</b>
<b>Floating Charge Payments</b>					
Office Holder Fees		-	(2,249,815)	(400,000)	(2,649,815)
Office Holder Expenses		-	(185)	-	(185)
Bank Charges	5	(45)	(90)	-	(135)
IT Expenses	5	-	-	-	-
Legal Fees	5	(71,964)	(81,150)	(45,449)	(198,564)
Pre-Administration Costs		(90,665)	-	-	(90,665)
Re-Direction of Mail	10	(321)	-	-	(321)
Statutory Advertising		(184)	-	-	(184)
Rates		-	-	(7,812)	(7,812)
Irrecoverable VAT	10	(64)	-	-	(64)
<b>Subtotal</b>		<b>(163,243)</b>	<b>(2,331,240)</b>	<b>(453,261)</b>	<b>(2,947,745)</b>
<b>Floating Charge Surplus/(Deficit)</b>		<b>1,000</b>	<b>(2,330,869)</b>	<b>(451,393)</b>	<b>(2,307,426)</b>
<b>Net Receipts and Payments</b>		<b>1,000</b>	<b>(2,415,819)</b>	<b>(451,393)</b>	<b>739,881</b>

Trading Statement	15-Sep-21 to 14-Mar-22	15-Mar-21 to 14-Sep-22	15-Sep-22 to 14-Mar-23	Total
	£	£	£	£
<b>Income</b>	-	-	-	-
<b>Direct Costs</b>				
Direct Labour	418,811	-	-	418,811
Direct Expenses	817	-	-	817
<b>Subtotal</b>	<b>419,628</b>	<b>-</b>	<b>-</b>	<b>419,628</b>
<b>Trading Expenditure</b>				
Rents	19,324	-	-	19,324
Heat & Light	522	-	-	522
Bank Charges	6	84	-	84
Ransom Payments	97,562	8,518	-	106,080
Employee Expenses	200	-	-	200
Agent's Fees	7,225	-	-	7,225
<b>Subtotal</b>	<b>124,918</b>	<b>8,518</b>	<b>-</b>	<b>133,436</b>
<b>Trading Deficit</b>	<b>544,546</b>	<b>8,518</b>	<b>-</b>	<b>553,064</b>

## 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.
 

The Secured Creditor Commitments value has also been corrected since our last report. IT Expenses, Legal Fees, some Irrecoverable VAT and Bank Charges have now been correctly recorded in Secured Creditor Commitments (and shown in the supplementary breakdown).

A breakdown of these costs is shown on the following page.
6. The trading deficit is £15 less than reported in our first Progress Report to 14 March 2022. This is due to the fact that £15 of bank charges should have been included in Secured Creditor Commitments and was corrected in our second Progress Report.
7. 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.
8. Full and final settlement of intercompany debt owed by TC Revalerstrasse LLP to TCLL (converted from €33k).
9. 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. In any event, we do not expect to make any realisations from this asset as a third-party professional valuation determined that the costs of removing, storing and selling the items (and other costs of using the head office premises) would likely outweigh their value. It was therefore considered uneconomical to pursue a sale of these assets.
10. The Redirection of Mail cost from our first report was correctly allocated to Redirection of Mail and Irrecoverable VAT accordingly in our second Progress Report. It may be the case that we are able to recover this small amount of VAT in due course but it's currently marked as irrecoverable for prudence.
11. 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).

## Appendix C: Receipts and Payments Account (TCLL)

### Breakdown of Secured Creditor Commitments by transaction category.

<b>GBP</b>	<b>15-Sep-21 to 14-Mar-22</b>	<b>15-Mar-22 to 14-Sep-22</b>	<b>15-Mar-23 to 14-Sep-23</b>	<b>Total</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
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
	<b>201,887</b>	<b>76,432</b>	-	<b>278,320</b>

#### Notes to the Account

1. All amounts are shown net of VAT as the Company 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		
	£	£	£	£	£	
<b>Funding Receipts</b>						
Funding for Administration Expenses	2	-	14,510	-	-	14,510
Funding Received (Other)	3	-	195,399	38,256	-	233,655
Secured Creditor Commitments	4	-	(195,429)	(38,286)	-	(233,715)
<b>Net Funding Balance</b>			<b>14,480</b>	<b>(30)</b>	<b>-</b>	<b>14,450</b>
<b>Floating Charge Receipts</b>						
Bank Interest Gross		-	2	19	18	39
Cash at Bank		-	5,000	-	-	5,000
<b>Subtotal</b>			<b>5,002</b>	<b>19</b>	<b>18</b>	<b>5,039</b>
<b>Floating Charge Payments</b>						
Office Holder Fees		-	-	-	(10,000)	(10,000)
Irrecoverable VAT	5	-	(437)	(64)	(2,000)	(2,501)
Statutory Advertising		-	(184)	-	-	(184)
Bank Charges	6	-	-	-	-	-
Insurance		-	(2,000)	-	-	(2,000)
Re-Direction of Mail		-	-	(321)	-	(321)
<b>Subtotal</b>			<b>(2,621)</b>	<b>(385)</b>	<b>(12,000)</b>	<b>(15,006)</b>
<b>Floating Charge Surplus/(Deficit)</b>			<b>2,381</b>	<b>(366)</b>	<b>(11,982)</b>	<b>(9,967)</b>
<b>Net Receipts and Payments</b>			<b>16,861</b>	<b>(396)</b>	<b>(11,982)</b>	<b>4,483</b>

### Notes to the Account

- All amounts are shown net of VAT, unless otherwise stated. The Company is not VAT-registered and therefore VAT is not recoverable.
- Includes initial funding amounts plus additional intragroup funding from TCLL for insurance and statutory advertising costs.
- Comprised of funding from HPL for professional fees (Secured Creditor Commitments). This increased in the first period from our first report by £10,434. This was corrected in our second report; see note 4, below.
- Secured Creditor Commitments increased by £10,434 in the first period from our first report. This is because it included £10,434 of funding received, which has now been correctly recorded in Funding Received (Other). The Net Funding Balance of £14,480 in the first period remains unchanged, however. A full breakdown of the Secured Creditor Commitments costs is shown on the following page.
- Irrecoverable VAT in the first period is comprised of £400 in relation to insurance (broker advice), with the remaining £37 relating to statutory advertising payments. In the second period, Irrecoverable VAT is in relation to the cost of the mail redirection, and in the third period, this is irrecoverable VAT on officeholders' fees.
- Bank charges in the sum of £30 shown in the first report were double-counted as they are also included in Secured Creditor Commitments. This was corrected in our second Progress Report.

## 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	Total
	£	£	£	£
Professional Fees	56,427	38,256	-	94,683
Legal Fees	138,972	-	-	138,972
Bank Charges	30	30	-	60
	<b>195,429</b>	<b>38,286</b>	<b>-</b>	<b>233,715</b>

#### Notes to the Account

1. All amounts are shown gross of VAT. The Company 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 C: Receipts and Payments Account (HPL)

GBP		Statement of Affairs (Estimated to Realise)	16-Sep-21 to 15-Mar-22	16-Mar-22 to 15-Sep-22	16-Sep-22 to 15-Mar-23	Total
		£	£	£	£	£
<b>Funding Receipts</b>						
Funding for Administration Expenses	2	-	60,000	-	-	60,000
Funding Received (Other)	3	-	6,681,519	4,113,658	-	10,795,177
Funding Transfer to TCLGL	4	-	(195,399)	-	-	(195,399)
Secured Creditor Commitments	6	-	(6,433,002)	(3,927,686)	-	(10,360,688)
Third Party Funds	8	-	-	-	87,360	87,360
<b>Net Funding Balance</b>		-	<b>113,119</b>	<b>185,972</b>	<b>87,360</b>	<b>386,451</b>
<b>Floating Charge Receipts</b>						
Enforcement Proceeds	5	-	-	608,821	-	608,821
Funding Transfer to TCLGL	5	-	-	(38,256)	-	(38,256)
Bank Interest Gross		-	22	134	760	916
Cash at Bank		-	12,785	-	-	12,785
<b>Subtotal</b>		-	<b>12,808</b>	<b>570,699</b>	<b>760</b>	<b>584,267</b>
<b>Floating Charge Payments</b>						
Office Holder Fees			-	-	(50,000)	(50,000)
Bank Charges			-	(15)	-	(15)
Statutory Advertising			(184)	-	-	(184)
Professional Fees	7		-	(41,894)	(8,480)	(50,374)
Legal Fees	7		-	(337,347)	(87,134)	(424,482)
Fines and Penalties			-	-	(1,290)	(1,290)
Re-Direction of Mail			-	-	(321)	(321)
Irrecoverable VAT	7		(37)	(20,502)	(24,913)	(45,451)
<b>Subtotal</b>			<b>(221)</b>	<b>(399,758)</b>	<b>(172,138)</b>	<b>(572,117)</b>
<b>Floating Charge Surplus/(Deficit)</b>			<b>12,587</b>	<b>170,941</b>	<b>(171,378)</b>	<b>12,150</b>
<b>Net Receipts and Payments</b>			<b>125,706</b>	<b>356,913</b>	<b>(84,018)</b>	<b>398,600</b>

## Appendix C: Receipts and Payments Account (HPL)

### Notes to the Account

1. All amounts are shown net of VAT, unless otherwise stated. The Company is not VAT-registered and therefore VAT is not recoverable.
2. Amount received from TCS and the Secured Creditors to fund the costs of the administration (joint administrators' initial fixed fee of £50,000 plus VAT).
3. Amounts received from TCS and the Secured Creditors to fund payments on behalf of Group companies and related commitments made by the Secured Creditors under the Funding Agreements. The amount differs from the first report (£6,741,519) as the £60,000 in Note 2 above, had also been incorrectly included in that amount.
4. Of the amount received in Note 3 above, £195,399 was transferred to TCLGL to make payments on behalf of Group companies from that entity. The amount differs from the first report (£244,965) as it also incorrectly included the £60,000 to fund the admin of HPL (see Note 2 above). In addition, the amount shown includes £10,434 that had been incorrectly recorded in Secured Creditor Commitments in our first Progress Report, subsequently corrected in our second Progress Report.
5. Rather than HPL make a further request for funding under the Funding Agreement, it was agreed for the Liesenbrucken Proceeds only (for now), that a portion of the Lenders' entitlements under the Enforcement Waterfall would be waived and that funds in the sum of £608,821.36 would be applied in favour of HPL who sat at the bottom of the Enforcement Waterfall. This enabled HPL to make payments on behalf of the Group companies. Of this, £38,256 was transferred to TCLGL to make payments on behalf of Group companies from that entity.
6. Includes payments made on behalf of Group companies, TCS or the Secured Creditors from the funding source at Note 3 above, that are not expenses of the Administration. A breakdown of these costs is shown on the following page.
7. Following the change in the way we have received funds to pay Group costs (see note 5, above), we have categorised Group costs as Professional Fees, Legal fees etc., accordingly. Further any VAT incurred is shown separately as Irrecoverable VAT. As these payments were funded by the Secured Creditors and have been made on behalf of Group companies, 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.
8. Funds were received into our bank account from the Lenders in order to settle certain expenses. However, these expenses were later settled by TCS and the funds will be returned shortly following the receipt of the Lenders' bank details, which have been requested.

## Appendix C: Receipts and Payments Account (HPL)

### Breakdown of Secured Creditor Commitments by transaction category.

GBP	16-Sep-21 to 15-Mar-22	16-Mar-22 to 15-Sep-22	16-Sep-22 to 15-Mar-23	Total
	£	£	£	£
Intercompany Flows	5,276,418	3,750,000	-	9,026,418
Bank Charges	368	60	-	428
Legal Fees	1,120,033	171,901	-	1,291,934
Jersey Goods & Service Tax	18	-	-	18
Professional Fees	35,275	-	-	35,275
Fines and Penalties	890	5,725	-	6,615
	<b>6,433,002</b>	<b>3,927,686</b>	-	<b>10,360,688</b>

#### Notes to the Account

1. All amounts are shown gross of VAT. The Company 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 are the only class of creditor with a financial interest in the conduct of the Administrations and our remuneration for acting as joint administrators is determined only by the Secured Creditors, in the absence of a creditors' committee.
- In our Proposals, we explained that we would be proposing that our remuneration be fixed as a set amount and that remuneration totalling £3.138m would be drawn from the estates of TCLL, TCLGL and HPL. The table opposite shows the allocation by entity.
- 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 proposed (and the Secured Creditors agreed) that our remuneration would be determined as a set amount (a fixed fee).
- 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 will take longer than originally envisaged and have been extended beyond their first anniversary by 12 months, and are more complex than originally forecast. As a consequence of the additional work required, the set amount has been increased by £615k, broken down across the entities as shown in the table opposite, with the approval of the Secured Creditors.
- We continue to believe that our remuneration is a reasonable and fair reflection of the work performed and still required in the Administrations.

### Summary of remuneration charged

Company	Initial set fee	Additional set fee	Total set fee
<b>TCLL</b>	£3,078,000	£415,000	£3,493,000
<b>TCLGL</b>	£10,000	£15,000	£25,000
<b>HPL</b>	£50,000	£185,000	£235,000
<b>Total (excluding VAT)</b>	<b>£3,138,000</b>	<b>£615,000</b>	<b>£3,753,000</b>

- The table above shows the approval given by the Secured Creditors for each of the entities, and shows the total amount of remuneration to be charged across the three Administrations. Funding has been provided by TCS to meet these costs, although such funding must also be used to discharge certain other expenses of the Administrations, such as legal fees. Therefore, the amount of our remuneration drawn from each Administration may be lower and the allocations may change, as this is subject to where such costs arise.
- Of the Additional Set Fee above, conditional amounts of £5,000, £45,000 and £50,000, are now able to be drawn in the Administrations of TCLGL, HPL and TCLL respectively, due to the Administrations continuing beyond 14/15 March 2023. Therefore the Total Set Fee applies and can be drawn (less amounts drawn to date).
- Under a commercial arrangement with the Secured Creditors, TCS is providing funds to the Administrations as there will not be sufficient realisations from the Companies' assets to discharge the anticipated costs and expenses of the process.
- 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 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.**

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 the appointment	<ul style="list-style-type: none"> <li>■ <b>Strategy and planning:</b> ongoing work, including devising and maintaining appropriate strategies for achieving the purpose of the Administrations, engagement team meetings and documenting key decisions.</li> <li>■ <b>Case reviews:</b> we have completed periodic reviews of the Administrations, typically every six-months.</li> <li>■ <b>Financial Management:</b> prepared and maintained cost budgets, estimated outcome statements etc., as appropriate for the case.</li> <li>■ <b>Remuneration:</b> providing information to creditors, maintaining budgets and drawing fees in line with the fee approval previously obtained, in accordance with insolvency legislation requirements.</li> <li>■ <b>Closure matters:</b> ongoing planning and preparation for ending the Administration and ultimate dissolution of the Companies.</li> </ul>	<ul style="list-style-type: none"> <li>■ 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.</li> <li>■ 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.</li> </ul>
Realising the Assets	<ul style="list-style-type: none"> <li>■ Concluded the sale of the Intellectual Property. This includes the registered IP, domain names, trade marks, social media accounts and the logo .</li> <li>■ The trading of TCLL and full transition of the central services function, which had provided a platform for the Secured Creditors to recover value under their security entitlements elsewhere in the wider Group.</li> <li>■ Handling the surrender of the HQ office lease at 14 Bedford Square, London. Ongoing communication with the Landlord with regard to the Administration.</li> <li>■ 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 HPL and TCLL).</li> </ul>	<ul style="list-style-type: none"> <li>■ The sale of assets provides a direct financial benefit for the Secured Creditors and includes the work required after completion pursuant to the terms of the sale agreement, or otherwise.</li> <li>■ 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.</li> </ul>

## 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"> <li>■ Secured creditors – ongoing work liaising with / periodic reporting to the Secured Creditor; reporting to the Lenders on the cash flow and Administration funding; and continuing to facilitate payments for the Lenders through HPL across the Group</li> <li>■ Where required, maintain our systems to record and maintain creditor details and claims received.</li> <li>■ Creditor queries - for all classes of creditors, shareholders and other third parties: responding to inbound queries received to the extent possible and necessary.</li> <li>■ Ongoing maintenance of up to date creditor information on the case management system and filing proofs of debt received from creditors.</li> </ul>	<ul style="list-style-type: none"> <li>■ 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.</li> <li>■ We will be continuing to facilitate payments for the Secured Creditors through HPL across the Group. The extension to the Administration will allow the funding agreements in HPL to remain in place, which will ultimately benefit the Secured Creditors when assets within the wider Group are disposed of.</li> </ul>

## 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
<p>Managing the Company’s Affairs</p>	<ul style="list-style-type: none"> <li>■ <b>Corporation Tax:</b> prepared and submitted the necessary and periodic tax returns falling due during the Administration (pre-appointment returns were submitted in the Period). Ongoing work in requesting information for and preparing the first post-appointment return required.</li> <li>■ <b>VAT (TCLL only):</b> 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.</li> <li>■ <b>Bank account management:</b> 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 are reconciled on a monthly basis.</li> <li>■ <b>Receipts, payments and accounting journals:</b> maintaining adequate accounting records for the period of the Administration, including the payment of costs and expenses.</li> <li>■ 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.</li> </ul>	<ul style="list-style-type: none"> <li>■ We have a statutory responsibility to complete and submit post-insolvency tax and VAT returns and account for any tax due.</li> <li>■ 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.</li> <li>■ 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.</li> <li>■ 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.</li> </ul>

## 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
Fulfilling our Statutory Duties	<ul style="list-style-type: none"> <li>■ <b>Progress reports:</b> preparing and issuing six-monthly (and final) progress reports to creditors, including receipts and payments accounts. During the Period, we prepared and issued our second progress report to creditors.</li> </ul>	<ul style="list-style-type: none"> <li>■ Other workstreams arise from statutory requirements due to the Company 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 Administration and to protect their interests generally.</li> </ul>

# 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 do not anticipate incurring any Category 2 expenses (including payments to associates) and therefore we have not sought approval to the basis upon which these may be charged to the estate. If this changes, we will write to the body of creditors who approve our fees at the appropriate time to seek the necessary approval.

## 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 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. We also confirmed that they hold appropriate regulatory authorisations. We have reviewed the fees they have charged and are satisfied that they are 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.
- To date, only the cost of the hard drives (for storage of the Companies electronic data) has been charged to the estate. It is likely that the remaining Category 1 disbursements will be charged in due course.
- We have 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 £480 in total (TCLL: £225, TCLGL: £30, HPL: £225).
- No estimates were provided in our Proposals for the remaining 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 (£)
<b>TCLL</b>				
1	All disbursements reimbursed at cost:			
	■ Specific bonding	225	-	225
	■ Meals/subsistence	938	-	938
	■ ICO registration	40	40	80
	■ Taxis/travel	311	-	311
	■ Hard drives	185	-	185
		<b>1,699</b>	<b>40</b>	<b>1,739</b>
<b>TCLGL</b>				
1	All disbursements reimbursed at cost:			
	■ Specific bonding	30	-	30
		<b>30</b>	<b>-</b>	<b>30</b>
<b>HPL</b>				
1	All disbursements reimbursed at cost:			
	■ Specific bonding	225	-	225
		<b>225</b>	<b>-</b>	<b>225</b>

## 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, and no further such expenses are expected.**

### 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.
- We do not expect any further expenses to arise in this area.
- Expenses actually paid can be seen in the Receipts and Payments Account in Appendix C.

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

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

**For TCLL, expenses incurred in the Period relate to legal fees and business rates; and future expenses are expected to be incurred only due to the continuance of the mail redirection.**

### 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). As previously reported, future and any unpaid legal costs incurred by Mayer Brown will be funded separately by the Secured Creditors.
- Business rates are 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. It has now been paid and no further expenses are expected in this area.
- We believe future expenses will only arise in relation to the ongoing mail redirection, until such time as the Administrations are ended.
- 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 does not represent a cap on the amount of expenses that can be paid, and approval for payment is only required for those that are 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	<sup>1</sup> Expenses Estimate (£)	Incurred Previously (£)	Incurred in this Period (£)	Total Incurred (£)	Estimated Future (£)	Estimated Total (£)
EPE Reynell	Statutory advertising	100	184	-	184	-	184
Aon UK Limited	Insurance risk services	8,000	-	-	-	-	-
Aon UK Limited	Bonding	100	225	-	225	-	225
Royal Mail	Redirection of mail	-	321	-	321	352	673
Mayer Brown LLP	Legal fees	-	153,115	45,449	198,564	-	198,564
Mayer Brown LLP	Pre-Administration Costs	120,000	90,665	-	90,665	-	90,665
Camden LBC	Business rates	-	-	7,812	7,812	-	7,812
<b>Total (exc. VAT)</b>		<b>128,200</b>	<b>244,510</b>	<b>53,261</b>	<b>297,771</b>	<b>352</b>	<b>298,123</b>

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 and no future expenses are expected.**

### Non-trading Expenses: TCLGL

- 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 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 are included at Appendix C in the Receipts and Payments Accounts under Secured Creditor Commitments.
- We do not expect to incur any further expenses in relation to the TCLGL Administration.
- The expenses estimate does not represent a cap on the amount of expenses that can be paid, and approval for payment is only required for those that are 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	<sup>1</sup> Expenses Estimate (£)	Incurred Previously (£)	Incurred in this Period (£)	Total Incurred (£)	Estimated Future (£)	Estimated Total (£)
EPE Reynell	Statutory advertising	100	184	-	184	-	184
Aon UK Limited	Insurance risk services	1,000	2,000	-	2,000	-	2,000
Royal Mail	Redirection of mail	-	321	-	321	-	321
	<b>Total (exc. VAT)</b>	<b>1,100</b>	<b>2,505</b>	<b>-</b>	<b>2,505</b>	<b>-</b>	<b>2,505</b>

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

**For HPL, no expenses have been incurred in the Period and future expenses are expected to relate only to legal fees.**

### Non-trading Expenses: HPL

- 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 unforeseen legal fees arising in connection with the treatment of the Enforcement Proceeds (costs of £17,000 plus VAT), and likely advice required in respect of ending the Administration (and potential move to liquidation).
- 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 Account, under Secured Creditor Commitments.
- The expenses estimate does not represent a cap on the amount of expenses that can be paid, and approval for payment is only required for those that are 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	<sup>1</sup> Expenses Estimate (£)	Incurred Previously (£)	Incurred in this Period (£)	Total Incurred (£)	Estimated Future (£)	Estimated Total (£)
EPE Reynell	Statutory advertising	100	184	-	184	-	184
Aon UK Limited	Insurance risk services	1,000	-	-	-	-	-
Royal Mail	Redirection of mail	-	321	-	321	-	321
Mayer Brown LLP	Legal fees	-	17,000	-	17,000	50,000	67,000
	<b>Total (exc. VAT)</b>	<b>1,100</b>	<b>17,505</b>	<b>-</b>	<b>17,505</b>	<b>50,000</b>	<b>67,505</b>

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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