



## CashEuroNet UK, LLC - in administration

UK Recovery  
Grant Thornton UK LLP  
4 Hardman Square  
Spinningfields  
Manchester  
M3 3EB

Joint Administrators' progress report for the  
period 25 October 2020 to 24 April 2021

Prepared by: Chris M Laverty, Joint Administrator

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this report, please email [CMU@uk.gt.com](mailto:CMU@uk.gt.com)

For any queries in respect of loans please  
contact the QuickQuid Customer Support  
team on 0800 056 1515 or  
[support@quickquid.co.uk](mailto:support@quickquid.co.uk),  
or the On Stride Customer Support team  
on 0800 210 0923 or  
[customersupport@onstride.co.uk](mailto:customersupport@onstride.co.uk), as  
applicable to your loan.

# Guide to this report

## Report sections

### Definitions

#### 1 **Executive summary**

This should be read in conjunction with the remainder of the report, together with its appendices

#### 2 **Progress**

Includes strategy and progress updates (trading, sale of business, realisation of assets)

#### 3 **Creditors**

Includes creditor balances and information on dividends

#### 4 **Investigations into the affairs of the Company**

Includes strategy and progress updates

#### 5 **Joint Administrators' remuneration and disbursements**

Includes details of payments to the Joint Administrators (including details of fees and expenses incurred) and their associates

#### 6 **Future strategy**

Includes summary details of further work to be done, exit route, details on any proposed creditor decisions, general information for readers (e.g. data protection) and timing of the next report

## Report appendices

#### A **Notice about this report**

Includes information about the preparation and purpose of the report, reliance on it and no liability

#### B **Statutory information**

Includes information required about the Company (e.g. name, address) and about the administration (e.g. proceedings, administrators, contact details)

#### C **Abstract of the Joint Administrators' receipts and payments**

#### D **Statement of Insolvency Practice 9 disclosure: Payments to the Joint Administrators and their associates**

Includes remuneration basis, work done, disbursements and expenses of the Joint Administrators, sub-contracted out work, relationships requiring disclosure

# Definitions

The following definitions are used either within the body of this report, the appendices to it, or both.

Administration	The administration of the Company
Alantra	Alantra Corporate Portfolio Advisors International Limited
APR	Annual Percentage Rate
Joint Administrators/ Administrators/our/us/we	Chris Lavery, Trevor O'Sullivan and Andrew Charters, acting as joint administrators of the Company
CEU / the Company	CashEuroNet UK, LLC (in administration), incorporated in Delaware in the United States (US) and is registered in the UK as an overseas company (FC032279) under the Companies Act 2006 and whose registered address is 4 Hardman Square, Spinningfields, Manchester M3 3EB (trading as QuickQuid, Pounds to Pocket and On Stride Financial)
CMC	Claims management company, a company or other organisation offering claims management services to Redress Creditors
Court	The Courts of England and Wales
Creditors	Preferential and unsecured creditors (including Redress Creditors)
CVL	Creditors' voluntary liquidation
DCA	Debt Collection Agent
DISP	Dispute Resolution: Complaints sourcebook, part of the FCA Handbook
Enova Group / The Group	Enova International Inc. and its subsidiaries as a collective entity
FCA	Financial Conduct Authority
FCA Handbook	The handbook published by the FCA which sets out the rules and guidance made by the FCA under the Financial Services and Markets Act 2000
FOS	Financial Ombudsman Service
Gross Loan Book	The value of outstanding loans, before provisions for bad or doubtful debts
HMRC	HM Revenue & Customs
HCST Lending	High Cost, Short Term Credit Lending
Insolvency Rules	The Insolvency (England and Wales) Rules 2016
OFT	Office for Fair Trading
Period	24 October 2020 to 24 April 2021
Prescribed Part	The part of the proceeds which must be set aside from floating charge assets as described in section 7.3 below
Redress Claim	A redress claim that a customer (current or former) has, or may have, against the Company
Redress Creditors	Customers (current and former) of the Company (trading as Quick Quid, Pounds to Pocket or On Stride Financial) who were sold an unaffordable loan(s) and are due redress
Scheme	Scheme of Arrangement
The Board	The Board of Directors of CashEuroNet UK, LLC
The Firm	Grant Thornton UK LLP
The Online Claims Portal or the Portal	The online redress claim portal
VAT	Value added tax

# 1 Executive summary

- The Administrators are continuing to pursue the objective of achieving a better result for the Company's creditors than would be likely if the Company were wound up (without first being in Administration)
- This progress report for the Company's administration covers the period from 25 October 2020 to 24 April 2021
- Our proposals were approved on 2 January 2020 by way of a decision procedure by the creditors
- The key work done in the Period is:
  - The Administrators continued to proactively collect the UK loan book in order to maximise realisations into the estate
  - On 9 July 2020, the Administrators successfully applied to the Court for permission to make a distribution to creditors in the administration. The Administrators have completed a Non-Binding Offer phase in relation to the sale of the remaining loan book. Further work will continue to consider the merits of a sale
  - The Administrators have collected and assessed redress claims from the Company's current and former customers. The redress claims portal closed on 14 February 2021. The total volume of accepted claims received was 169,062, which continue to be finalised
  - The Administrators continue to wind down the operations of the business as far as possible, subject to the work noted above
  - As a regulated entity, the Administrators have continued to provide regular updates to the FCA
- It was anticipated that a final dividend would be paid before 12 September 2021 in accordance with the notice of intended dividend, issued on 15 July 2020. However, in order to allow further time to maximise asset realisations for the benefit of the Company's creditors it is likely the Joint Administrators will make an application to Court to seek a short extension to the notice of intended dividend
- The total value of claims received is not yet known. However, since the total crystallised claims received and assessed as accepted significantly exceeds the money available to be shared out, any distribution to unsecured creditors will be significantly smaller than the accepted claim amount.
- The administration is currently due to end on 24 October 2021 after the Court approved an extension to the initial 12-month period
- However, as indicated above, as it is expected further time will be needed to realise the assets and to wind down the operations of the Company it is likely the Administrators will seek a further extension of the administration. The administration will end by converting to liquidation or, if all matters are resolved, a move to dissolution, in accordance with the Administrators' proposals.




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Chris M Lavery  
Joint Administrator

20 May 2021

## Potential fraud – please read

Please be aware fraudsters have been known to masquerade as legitimate administrators. Fraudsters will contact creditors asking for an upfront fee or tax. The joint administrators would never ask for such a payment nor instruct a third party to make such a request.

## 2 Background

### 2.1 Background leading to administration

This report should be read in conjunction with the Administrators' statement of proposals and prior progress reports to the Company's creditors dated 18 May 2020 and 17 November 2020, all of which are available at [www.grantthornton.co.uk/portal](http://www.grantthornton.co.uk/portal).

A detailed background to the Administrators' appointment was been provided previously in the Administrators' statement of proposals. We provide below a summarised version of the background to the appointment.

The Company has been carrying on a consumer credit business in the UK since 2007, and operating predominately as a High-Cost Short Term Credit lender since January 2016 with the following product offerings:

1. A short-term loan product offered under the trading name of "QuickQuid" (at [www.quickquid.co.uk](http://www.quickquid.co.uk)), and
2. An instalment loan product under the trading name "OnStride Financial" (at [www.onstride.co.uk](http://www.onstride.co.uk)).

In October 2018, CEU merged with its sister company, EuroNetCash LLC, consolidating its instalment loan product business, Pounds to Pocket with the OnStride Financial trading name and, for continuity, CEU maintained its online presence under the trading name Pounds to Pocket, keeping the Pounds to Pocket website live, but directing its traffic to the On Stride Financial website for new credit applications or account servicing. In February 2019, the Company ceased lending activities under the Pounds to Pocket brand.

Whilst these product lines operated independent of one another, they shared CEU's overall management and governance structures and were integrated within the same business model.

CEU is a subsidiary within the Enova Group of companies. Enova is a publicly traded company whose securities are listed on the New York Stock Exchange.

#### Change in regulation in UK and FOS interim determination

As a result of the market changes, and the approach to the criteria applied to past lending decisions by the regulators, CEU's business experienced high levels of Redress Claims from its customers. This, plus reduced APR levels, impacted its ability to trade viably without financial support from the Enova Group.

The Board communicated regularly with the Enova Group to ensure that they continued to recognise CEU's business as a viable entity and, whilst Enova Group had concerns about the potential Redress Claim liabilities, they recognised that the underlying business was potentially able to continue.

However, in order to bring certainty to the legacy liability for Redress Claims and to preserve the business, the Board explored the possibility of implementing a Scheme which would seek to bind all creditors of CEU (including Redress Creditors) to an arrangement where they would receive a distribution in return for their claim against CEU being extinguished.

An outline of the Scheme was presented to the regulators on 15 October 2019 and, following a review by the FCA to consider whether the proposed Scheme posed a threat to any of the FCA's operational objectives (e.g. securing an appropriate degree of consumer protection), the FCA determined that it could not provide a letter of non-objection. Consequently, the Enova Group confirmed to the CEU Board that it would no longer be in a position to support the CEU business.

On 24 October 2019, the CEU Board resolved that they would cease lending activities with immediate effect and, with the requisite approval from the FCA, the CEU Board appointed individuals from Grant Thornton UK LLP as Administrators on 25 October 2019 in accordance with paragraphs 22 and 26 of Schedule B1 to the Insolvency Act 1986 and rule 3.24 of the Insolvency Rules.

## 2.2 Objective of the Administration

As detailed in the Administrators' statement of proposals, the Administrators must perform their functions with the objective of:

- rescuing the Company as a going concern, or
- achieving a better result for the Company's creditors as a whole than would be likely if the Company were wound up (without first being in administration), or
- realising property in order to make a distribution to one or more secured or preferential creditors.

In this instance, as the Company had ceased lending prior to the Administrators' appointment and had an unquantified liability to Redress Creditors, it was not possible to achieve the first objective.

The second objective has been pursued through the collection of the outstanding loan book and ongoing orderly wind down of the operations.

## 3 Progress to date

### 3.1 Business continuity during wind down of operations

To achieve the orderly realisation of the loan book the Administrators have continued to operate many aspects of the Company on a 'business as usual' basis. This was necessary to facilitate ongoing repayment of loans, protect borrower data, enable the Company to continue to respond to borrower queries, update borrowers' details and manage the Redress Claim process.

The requirement for these services remains under constant review, and where services were able to be rationalised, the Administrators have done so.

Prior to the administration, the Company employed 17 employees in the UK and 130 employees based in Chicago, USA. Currently four staff remain employed in the UK to provide administrative, customer service and compliance support functions. In the USA, 46 staff remain employed to provide operational and customer service functions, including development and support functions associated with the Redress Claims process.

Throughout the administration, the Administrators have continued to engage with Operations and Customer Support personnel to ensure that customers continue to receive an appropriate level of service, given the circumstances of the administration. The Administrators will continue to assess personnel and resourcing requirements whilst also continuing to collect outstanding loans and undertaking an orderly wind down of operations with the support of the remaining Company staff.

As previously reported given the historical operational support provided from the Enova Group, the Administrators continue with their Service Level Agreement that they entered into with Enova to retain services deemed necessary to support the objective of the administration. Costs incurred in relation to services provided in accordance with the Service Level Agreement are paid as an expense of the administration.

### 3.2 Impact of the Covid-19 pandemic

As previously reported, on 16 March 2020, the UK Prime Minister announced safeguarding measures to protect the UK population from the anticipated spread of the Covid-19 virus. Consequently, the Administrators implemented an immediate home-working policy for both the UK and US employees to ensure their safety and wellbeing, which commenced from 17 March 2020.

Since the start of the pandemic and transition to remote working, operations have continued with minimal disruptions. CEU's Customer Care team has continued to engage with customers who have been impacted by the Covid-19 pandemic, including providing forbearance support based on individual customer circumstances and in line with FCA guidance.

As at the date of this report, the Company continues to receive contact from customers experiencing financial difficulties as a result of the Covid-19 pandemic. We continue to assess the impact of the Covid-19 pandemic against collection performance and progress of the administration.

Further details as to the impact of the pandemic on specific elements of the administration are provided in greater detail later in this report.

### 3.3 Loan book collections

#### Loan book overview

As previously reported, CEU provided five (5) loan products to customers, as follows:

1. **QuickQuid:** A short term instalment loan product with one (1) to three (3) pay periods
2. **QuickQuid FlexCredit:** A running account credit product which ceased being offered to consumers in December 2014
3. **Pounds to Pocket:** A six (6) to twelve (12) month instalment loan product which ceased being offered to consumers in February 2019
4. **On Stride Financial 1.0:** A six (6) month to five (5) year loan product with monthly repayments due throughout the term of the loan which ceased being offered to consumers in October 2018
5. **On Stride Financial 2.0:** An instalment loan product with a term of between six (6) months and three (3) years with monthly repayments due throughout the term of the loan which ceased being offered to customers in February 2019.

The loan book at the date of appointment consisted of approximately 498,000 loans with an outstanding balance of £300.5 million and was comprised of five loan products, described above. A summary of the loan book as at appointment (25 October 2019) and as at 24 April 2021 is provided below:

#### Loan book as at 24 April 2021

	As at 25-Oct-19		Loan book as at 24-Apr-21		Arrears (£mil)	
	£mil	No. of Loans	£mil	No. of Loans	Current up to 6 months	Greater than 6 months
QuickQuid	119.4	267k	104.7	236k	-	104.7
Flex Credit	12.5	22k	11.0	19k	-	11.0
Pounds to Pocket	94.7	132k	83.3	113k	-	83.3
Onstride Financial 1.0	19.0	8k	17.3	8k	0.3	17.0
Onstride Financial 2.0	54.9	69k	32.0	39k	0.5	31.5
<b>Total</b>	<b>300.5</b>	<b>498k</b>	<b>248.3</b>	<b>415k</b>	<b>0.8</b>	<b>247.5</b>

As at 24 April 2021, the loan book is represented by loans which are:

- Current (within terms) and in arrears less than six months, totalling £0.8 million (0.3% of loan book); and
- In arrears more than six months, totalling £247.5 million (99.7% of loan book).

#### Collections and realisation strategy

The table below provides further details regarding collections, accrual of post-appointment interest/fees and loans which remain outstanding as at 24 April 2021:

#### Loan book as at 24 April 2021

	Loan book as at 25-Oct-19		Movements			As at 24-Apr-21	
	£mil	Loans	Collections (P&I)	Other movements	Accrued interest	£	Loans
QuickQuid	119.4	267k	(9.8)	(5.6)	0.7	104.7	236k
Flex Credit	12.5	22k	(0.5)	(1.0)	0.0	11.0	19k
Pounds to Pocket	94.7	132k	(9.5)	(2.3)	0.5	83.3	113k
Onstride Financial 1.0	19.0	8k	(1.7)	(0.8)	0.8	17.3	8k
Onstride Financial 2.0	54.9	69k	(31.2)	(1.0)	9.3	32.0	39k
<b>Total</b>	<b>300.5</b>	<b>498k</b>	<b>(52.7)</b>	<b>(10.7)</b>	<b>11.3</b>	<b>248.3</b>	<b>415k</b>



Due to the short-term nature of a significant portion of the loan book, the strategy has been to maintain existing collection systems whilst we consider all options available for maximising value of the CEU loan book.

A sum of £52.7 million<sup>1</sup> has been collected during the Period, exceeding the net book value of £30.6 million which was presented in the Directors' Statement of Affairs. Please note that the net book value presented in the Directors' Statement of Affairs has a provision for bad or doubtful debt applied on a "business as usual" basis, and therefore does not accurately reflect the actual outcome of the Administration.

In addition to collections, other movements in the loan book includes the accrual of £11.3 million in post-appointment interest/fees and loan balance adjustments of £10.3 million which is largely due to insolvency set-off being applied to open loans where a customer had an accepted redress claim.

The Administrators continue to collect the remainder of the loan book, engaging with the remaining Company staff to monitor and update (where applicable) the Company's arrears management and collection processes. In particular, we have focused on:

- Establishment of repayment arrangements and periods of forbearance for customers considered to be in financial difficulties or vulnerable situations, including those customers impacted by the Covid-19 pandemic
- Ongoing management of existing repayment arrangements with borrowers
- Monitoring to ensure collection processes comply with regulatory guidelines and agreed procedures (including guidelines issued by the FCA in response to the Covid-19 pandemic, detailed further below)
- Supervising third parties, such as the Company's debt collection agent and debt management charities collecting debt on the Company's behalf
- Monitoring collection performance and recovery rates across loan products
- Undertaking data cleansing activities to ensure the appropriate/accurate recording of customer statuses
- Ongoing and regular engagement with the FCA regarding the status of the administration, including collection performance and processes
- Various email campaigns targeted at specific cohorts of customers, encouraging engagement with the Company
- Consideration of other recovery strategies, such as settlement campaigns or sale of the outstanding loan book. We comment further on the potential sale of the outstanding loan book below

### Impact of the Covid-19 pandemic

Since the inception of the safeguarding measures in the UK in mid-March 2020, we have monitored the level of customers who have contacted the Company's customer call centre reporting an impact on their ability to meet loan repayment obligations as a result of the Covid-19 pandemic. To date, approximately 1.9% of customers with loans outstanding have reported being affected by the Covid-19 pandemic.

The FCA published its initial guidance note to HCST lenders on 24 April 2020. The purpose of the note was to address the impact of the pandemic upon customers, including recommended temporary forbearance measures for customers directly affected by the pandemic. The FCA provided further guidance on 3 and 15 July 2020, which CEU has continued to adhere to. We have issued communications to customers who may be affected by the pandemic with impending payment dates to encourage early engagement with the Company's customer care team who are there to identify and make available forbearance options to customers experiencing financial difficulties.

### Potential sale of the loan book

The Administrators have considered the most appropriate way to close out the collections process and maximise returns to creditors. To benefit the estate and as part of the winddown of operations, the Administrators have therefore commenced a sales process for the outstanding loan book, excluding certain loans.

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<sup>1</sup> The Joint Administrators Receipts & Payments at Appendix A reflects collections of £53.1 million. Please note that the difference of £0.4 million between this and the figure above of £52.7 million is as a result of timing and management reporting differences

The Administrators have engaged an agent, Alantra, to assist with the sales process. Following a market sounding exercise, a non-binding offer process was undertaken and we are assessing the offers made by interested parties.

As part of the Non-Binding Offer phase, the Administrators have considered all inbound interest (made directly to the Administrators) and also the parties who were approached by Alantra. In total 42 parties were considered.

Following an assessment of the non-binding offers and discussions with the FCA, the Administrators will shortly be commencing a binding offer phase for the sale of the outstanding loan book, excluding certain loans.

As a consequence of pursuing a sale of the loan book in an effort to maximise recoveries for the estate, it is anticipated an extension to the administration will be required. Further information to be provided in due course.

## 3.4 Other assets

### Cash

At the date of appointment, the Company had a cash balance totalling £34.7 million, of which £34.2 million has been recovered to date. A balance of £500k continues to be retained by Barclays Bank plc as security to cover potential future liabilities, such as chargebacks. Subject to any future claims against retention funds, we expect to receive these funds once collection activity has ceased.

### Fixtures & fittings

These comprise of office equipment and fixtures and fittings located in the Company's UK office. These will be sold following the end of the wind down of operations. Recoveries are not expected to be material based on a valuation undertaken in February 2021.

### Trademarks

The Administrators do not envisage a sale of these in the short to medium term.

### Additional assets

Following our appointment, we reviewed the books and records of the Company and identified prepayments and deposits paid to various suppliers totalling £377,000. To date we have recovered prepayments and deposits in the amount of £293,000. The Administrators continue to assess the recoverability of the remaining balance of £84,000.

In addition, we have recovered the sum of £12,000 in relation to miscellaneous refunds and the sum of £318,000 has been received in the period in respect of bank interest.

We are not aware of any other potential assets that could be recovered for the benefit of creditors.

# 4 Creditors

## 4.1 Secured creditors

No secured creditors have been identified.

## 4.2 Preferential creditors

Preferential creditor claims consist of employee claims for wages and holiday pay, up to certain statutory limits. A significant element of these claims has been subrogated to the Secretary of State, following payment of claims by the Redundancy Payments Service.

The estimated preferential claims are presently understood to be immaterial and will be finalised once operations have ceased. These claims relate to outstanding holiday pay only as there were no arrears of pay at the onset of the administration. We estimate that the preferential creditors will be paid in full.

## 4.3 Unsecured creditors

The Directors' Statement of Affairs detailed unsecured creditors totalling c.£79 million. This sum does not include potential redress liabilities which remains subject to ongoing review.

### Prescribed part

In accordance with section 176A of the Insolvency Act 1986, a prescribed part is to be set aside from the floating charge assets and made available to the unsecured creditors of the Company. The prescribed part calculation is applied to the net property available and is calculated at 50% of the first £10,000 of net realisations and 20% of all further amounts, up to a maximum prescribed part of £600,000.

As there is no qualifying floating chargeholder, the prescribed part provisions will not apply.

### Redress creditors

The Online Claims Portal was developed to collect and assess customer redress claims. Customers were notified that claims could be submitted via the Portal, which launched on 3 August 2020 and subsequently closed on 14 February 2021 in the notice of intended dividend and various reminder emails sent to customers. Further information in relation to Redress Creditors is detailed in section 5.

### Trade creditors

The Company's trade creditors were largely current at the date of appointment and generally claims comprise outstanding invoices and accrued charges.

HMRC may have an outstanding claim in respect of withholding tax in relation to redress payments made prior to our appointment. In addition, they may also have a claim for Corporation Tax, PAYE and National Insurance. We are yet to receive information from HMRC in relation to this matter.

### Intercompany creditor

As presented in the Directors' Statement of Affairs, the principal balance of £71 million was reported as being due to the Enova Group and relates to outstanding costs pertaining to a Service Level Agreement with the Company entered in to prior to our appointment for support services.

### Dividend prospects

We have determined that it is in the best interests of the creditors to make a distribution during the administration. A notice of intended dividend was issued on 15 July 2020 with the anticipation of declaring a dividend prior to the expiration of the Notice of Intended Dividend on 12 September 2021.

The Administrators are currently considering whether a further extension of the administration is required. This will be subject to the length of time it may take to realise the Company's assets, predominantly the remaining value in the loan book, and to complete the operational wind down.

We are likely to seek an extension to the period in which i) the Administrators are required under the Insolvency Rules to make a distribution to creditors, and ii) an extension to the appointment of the Administrators.

The purpose of requesting the extensions is allow further time in order to pursue a sale of the loan book in order to maximise asset realisations for the benefit of the estate and conclude the Redress Claim process, including issuing assessment outcomes to customers with one or more sold loans and finalising all appeals.

As the level of Redress Claims remains uncertain and asset realisations have yet to be concluded, we are unable to estimate the level of dividend available to unsecured creditors at this stage. We can advise you that the payment creditors may receive will be significantly smaller than their accepted claim value. This is because it is expected that the total claim value of all accepted claims for Redress Creditors will significantly exceed the money available to be shared out once asset realisations have concluded.

# 5 Redress Creditors

## Introduction

As detailed in the Administrators' proposals, the Redress Creditors comprise current and former customers who believe that they were sold an unaffordable loan(s). As a result, these customers may have a claim for compensation, which will rank as an unsecured claim. Redress claims will be assessed with reference to the interest and fees paid on these loans, plus compensatory interest at 8% from the date the interest and expenses were paid up until the date of Administration, being 25 October 2019.

A recap of the Redress Claim process to date is summarised below:

1. On 3 August 2020 the Administrators launched an Online Claims Portal which was a secure online channel for customers to submit a Redress Claim in a straightforward manner
2. To submit a Redress Claim, customers were simply asked to provide the contact details associated with their CEU account when they applied for their loan. Customers did not need to provide any further information in relation to their specific loans
3. The Administrators created an automated claims assessment process that aligned with the relevant legal and statutory requirements to provide a fair and reasonable basis for assessing claims
4. The Administrators conducted an extensive communication campaign designed to raise awareness of customers' ability to make a claim, by email, advertisements in local and national newspapers, and a digital advertising campaign
5. The final date for submitting a claim was 14 February 2021, following which the Online Claims Portal closed and will not be able to receive new claims
6. Following the closure of the Online Claims Portal, a total of 169,062 Redress Claims were received from current and former customers of the Company
7. The total claim value associated with accepted claims received is not yet known and remains subject to ongoing assessment by the Administrators. However, the payment Redress Creditors may receive will be significantly smaller than their accepted claim value. This is because it is expected that the total claim value of all accepted claims for Redress Creditors will significantly exceed the money available to be shared out once asset realisations have concluded.

## Redress Claim assessment process

The Administrators created an automated claims assessment process that aligned to the relevant legal and statutory requirements to provide a fair and reasonable basis for assessing claims.

As indicated previously, the Administrators have dealt with a number of legal issues in finalising the claims assessment process and ensuring that the process adheres to the Insolvency Rules and applicable laws, whilst also being closely aligned to the claims assessment process for customers used by the FOS. The Administrators sought advice from legal counsel in relation to any areas of uncertainty in finalising the proposed methodology. The Administrators also liaised with the FOS and the FCA in preparing our assessment criteria.

Once an assessment was communicated with a customer, if the customer believed that there were exceptional circumstances (i.e. additional factors that should have been considered by the Administrators) or that there was an error in the claim value, they had the right to appeal to court within 21 days. In order to reduce costs and assist customers, the Administrators dealt with customer appeals in the first instance.

The Administrators considered that the use of an automated assessment tool was considerably more time efficient and cost effective than completing a manual review of each claim submitted by a Redress Creditor and has resulted in increased recoveries for the Company's creditors as a whole, including Redress Creditors. The Administrators considered that the cost of undertaking a wholly manual review of each Redress Claim at the outset would have likely resulted in no or little funds being available for distribution to Creditors (including Redress Creditors).

### Set-off

Where customers qualify for a redress claim and have an outstanding loan owing to the Company, the first step as part of the distribution process will be to set-off the redress claim against the customer's outstanding loan to reduce the balance owing.

Where the redress claim is lower than the amount of the outstanding loan, the customer will have a residual balance to settle on their loan with the Company, which is to be settled as part of the normal collection process.

Where the redress claim exceeds the outstanding balance on the loan, the customer will have their outstanding loan settled first, and then have a residual claim in the administration. This residual claim will then receive a pence in the £ distribution from the estate (which is currently unquantified due to the uncertainty surrounding total accepted redress claim value and final asset recoveries).

As part of the claim adjudication process, the automated assessment tool takes into consideration set-off and applies the appropriate adjustments to outstanding loan balances. In such circumstances, customers will be notified during the adjudication process as to how set-off may impact an outstanding loan balance.

### Treatment of loans sold to debt purchaser prior to the appointment of the Administrators

The Administrators have continued to engage with Counsel, the FCA and debt purchasers to finalise the treatment and gather information required to assess loans sold to a debt purchaser prior to the administration.

Given that the information held by the Company for each of the sold loans was limited up to the date that the loan was sold, a key part of the loan assessment was to obtain up-to-date information for each of the loans that were sold. The Administrators executed Data Sharing Agreements with the various debt purchasers in order to obtain relevant information in respect of the sold loans.

Given the age of some of the loans that were sold, as well as the different systems utilised by the various debt purchasers, the exercise has taken significant time and resources in order to gather and process data received in respect of the sold loans. As at the date of this report, the data gathering and processing for all sold loans is now complete.

The Administrators are now in the process of finalising the assessments for customers with one or more loans that were sold to a debt purchaser. Once finalised, the assessments will be circulated to customers. The assessment process for customers with one or more sold loans, utilises the same automated assessment tool as those customers with no sold loans, however, relies upon additional data provided by the respective debt purchasers.

Customers with a claim that consists of one or more loans that were sold to a debt purchaser will still have the ability to appeal an assessment outcome if there are additional factors that the Administrators should be aware of, or if an error is identified.

### Application to court

On 9 July 2020, the Administrators successfully applied to the Court for permission to make a distribution to creditors in the administration. The application sought to agree to (i) an extension to the period following the final date for proofs (claims) in which the Administrators are required under the Insolvency Rules to make a distribution to creditors, and (ii) an extension to the appointment of the Administrators to 24 October 2021.

The Administrators consider it is likely a further extension of the administration will be required. This will be subject to the length of time it may take to realise the Company's assets, predominantly the remaining value in the loan book, and to complete the operational wind down.

We are likely to seek an extension to the period in which i) the Administrators are required under the Insolvency Rules to make a distribution to creditors, and ii) an extension to the appointment of the Administrators.

The purpose of requesting the extensions is to allow further time in order to pursue a sale of the loan book in order to maximise asset realisation for the benefit of the estate and conclude the Redress Claim process, including issuing assessment outcomes to customers with one or more sold loans and finalising all appeals.

The Administrators will be required to apply to Court for permission to seek an extension. Further details will be provided in due course.

### Redress Claim position

Following the closure of the Online Claims Portal and claims window on 14 February 2021, a total of 169,062 redress claims were received, including c.14,000 redress claims that were received prior to the Administrators' appointment that had not been assessed.

The 169,062 redress claims are made up of:

- 166,528 claims received directly from customers
- 2,534 claims received from third party representatives or CMCs

At the date of this report, a total of 142,755 assessment outcomes have been provided to claimants, with a total accepted claim value of £119 million. The pending 26,307 assessment outcomes are intended to be finalised and sent to customers in the next six to eight weeks. The outstanding assessment outcomes primarily relate to customers whose claims consist of one or more loans that were sold to a debt purchaser prior to the administration.

# 6 Investigations into the affairs of the Company

## 6.1 Statutory investigations

We undertook an investigation into the Company's affairs to establish whether there were any potential asset recoveries, or conduct matters that required further investigation, taking into account the public interest, potential recoveries, the funds likely to be available to fund an investigation and the costs involved.

Based on the outcome of our investigations into the affairs of the Company to date, there are no matters identified that need to be reported to the creditors. However, we would be pleased to receive from any creditor any useful information concerning the Company, its dealing or conduct which may assist us.



# 7 Joint Administrators' remuneration and disbursements

## 7.1 Overview

Following a decision procedure by the creditors of the Company, the basis of the Administrators' remuneration has been fixed according to the time properly spent by the Administrators and their staff. The breakdown of which are considered below.

### Year 1 (from appointment to 24 October 2020)

The total creditor approved fee estimate for the period from the date of appointment to 24 October 2020 was £3,472,955 (plus VAT). Our cumulative time costs to 24 October 2020 (without excluding the time costs we have written off) were £3,127,943, therefore under our original fee estimate of £3,472,956 by £345,012. Within this period, £4,062 of expenses were incurred of which £3,487 has been paid.

### Year 2 (from 25 October 2020 to 24 October 2021)

On 10 December 2020, the creditors approved a decision for a revised fee estimate of £3,058,382 (plus VAT) for the period 25 October 2020 to 24 October 2021. We have incurred time costs in the Period amounting to £1,701,876, of which £1,143,819 has been paid. We have incurred no expenses in the period.

We estimate an additional £1,356,506 in time costs will be incurred to deal with matters in the next period of 25 April to 24 October 2021. We therefore anticipate that cumulative recorded time costs will be roughly the same as the time costs in the fees estimate. At this time we do not seek to revise our fees estimate in order to be able to draw more remuneration.

The above brings the cumulative totals from appointment to 24 April 2021 to £4,830,261 and £4,062 of which £4,144,176 and £3,487 has been paid.

Further details about remuneration and expenses are provided in Appendix D to this report.

## 8 Future strategy

### 8.1 Future conduct of the administration

We will continue to manage the affairs, business and property of the Company in order to achieve the purpose of the administration. This will include but not be limited to:

- finalising loan collections
- continue to explore a potential debt sale
- complete the claim adjudication and dividend payment process for the preferential and unsecured creditors
- wind down operations for the business in the UK and the US
- agreeing the claims of the unsecured creditors and payment of a dividend
- finalisation of the Company's tax affairs, including completion of corporation tax and VAT returns, and settlement of any liabilities,
- applying to court for a further extension, if determined necessary.
- concluding the administration, and
- complying with statutory and compliance obligations.

### 8.2 Extension of the administration

The duration of an administration is restricted to 12 months from the date of commencement unless it is extended with the permission of the creditors or the Court. The administration is currently due to end on 24 October 2021. Subject to the comments made earlier in this report, the Administrators will consider whether a further extension is required.

### 8.3 Exit from administration

The administration will end either by conversion to liquidation or, if all matters are resolved, dissolution.

### 8.4 Data protection

Any personal information held by the Company will continue to be processed for the purposes of the administration of the Company and in accordance with the requirements of data protection. Our privacy notice on our website ([www.grantthornton.co.uk/en/privacy](http://www.grantthornton.co.uk/en/privacy)) contains further details as to how we may use, process and store personal data.

### 8.5 Contact from third parties

Please be aware that fraudsters have been known to masquerade as the legitimate Joint Administrators. Fraudsters may contact creditors asking for an upfront fee or tax to release an investment or to enable payment of a dividend / the release of money payable to the creditor. An administrator would never ask for such a payment nor instruct a third party to make such a request.

### 8.6 Covid-19

This report has been produced during the Covid-19 restrictions. We have taken every reasonable step to ensure that the information is accurate, however if any material inaccuracies are identified, we will provide an explanation and corrected information in the next progress report.

## 8.7 Future reporting

Our next report to creditors will be issued within one month of the end of the next reporting period, 24 October 2021, or earlier if the administration has been completed by that date.

# A Notice about this report

This report has been prepared solely to comply with the Joint Administrators' statutory duty to report to creditors under the Insolvency (England and Wales) Rules 2016 on the progress of the administration, and for no other purpose. It is not suitable to be relied upon by any other person, or for any other purposes, or in any other context.

This report has not been prepared in contemplation of it being used, and is not suitable to be used, to inform any investment decision in relation to the debt of or any financial interest in the Company.

Any estimated outcomes for creditors included in this report are illustrative only and cannot be relied upon as guidance as to the actual outcomes for creditors.

Any persons choosing to rely on this report for any purpose or in any context other than under the Insolvency (England and Wales) Rules 2016 do so at their own risk. To the fullest extent permitted by law, the Joint Administrators do not assume any liability in respect of this report to any such person.

Chris Lavery, Trevor O'Sullivan and Andrew Charters are all authorised in the UK to act as Insolvency Practitioners by the the Insolvency Practitioners Association.

The Joint Administrators are bound by the Insolvency Code of Ethics.

The Joint Administrators act as agents for the Company and contract without personal liability. The appointment of the Joint Administrators are personal to them and to the fullest extent permitted by law, Grant Thornton UK LLP does not assume any responsibility and will not accept any liability to any person in respect of this report or the conduct of the administration.

Please note you should read this progress report in conjunction with the Joint Administrators' previous progress reports and proposals issued to the Company's creditors, which can be found on the Grant Thornton portal (<https://www.grantthornton.co.uk/portal/>). Unless stated otherwise, all amounts in this progress report and appendices are stated net of VAT. For definitions of abbreviations please refer to the 'Definitions' table at the start of this progress report.

## B Statutory information

### Company information

Company name	CashEuroNet UK, LLC
Date of incorporation	18 November 2014
Company registration number	FC032279
Former trading address	2nd Floor Fergusson House 124-128 City Road London EC1V 2NJ
Present registered office	4 Hardman Square Spinningfields Manchester M3 3EB

### Administration information

Administration appointment	The administration appointment granted in the In the High Court of Justice, Business and Property Courts of England & Wales, 007155 of 2019
Appointor	the company
Date of appointment	25 October 2019
Joint Administrators' names	Chris M Lavery Trevor P O'Sullivan Andrew Charters
Joint Administrators' address	30 Finsbury Square, London, EC2A 1AG
Purpose of the administration	Achieving a better result for the Company's creditors as a whole than would be likely if the Company were wound up
Estimated values of the net property and prescribed part	The Prescribed Part shall not apply in this case as there is no qualifying floating charge holder
Prescribed part distribution	Not applicable (see above)
Functions	In accordance with paragraph 100(2) of Schedule B1 to the Insolvency Act 1986, the functions of the administrators are to be exercised by any or all of them.
Current administration expiry date	24 October 2021

# C Abstract of the Joint Administrators' receipts and payments

## Joint Administrators' Trading Account

Statement of Affairs £	Period 1	Period 2	Total
	From 25/10/2019 To 24/10/2020	From 25/10/2020 To 24/04/2021 £	From 25/10/2019 To 24/04/2021 £
	POST APPOINTMENT SALES		
	1,050,511.14	NIL	1,050,511.14
Post Appointment interest			
30,576,104.00	46,181,196.40	6,941,036.37	53,122,232.77
Loan book collections			
	47,231,707.54	6,941,036.37	54,172,743.91
	TRADING EXPENDITURE		
	171,000.48	68,991.33	239,991.81
Occupancy costs			
	317,991.84	49,525.90	367,517.74
IT & telecommunications			
	318,750.52	54,720.95	373,471.47
Other operating costs			
	70,572.75	15,400.00	85,972.75
Professional fees			
	64,124.00	493,417.18	557,541.18
Redress related costs			
	37,669.96	4,619.16	42,289.12
Post-appointment refunds			
	8,052.52	1,200.00	9,252.52
Office costs			
	4,587,158.64	1,460,540.05	6,047,698.69
Employment costs			
	116,293.12	57,638.58	173,931.70
General administrative			
	3,815,066.09	2,043,971.42	5,859,037.51
Enova SLA fees			
	(9,506,679.92)	(4,250,024.57)	(13,756,704.49)
TRADING SURPLUS/(DEFICIT)	37,725,027.62	2,691,011.80	40,416,039.42

## Joint Administrators' Summary of Receipts &amp; Payments

Statement of Affairs £		Period 1	Period 2	Total
		From 25/10/2019 To 24/10/2020	From 25/10/2020 To 24/04/2021 £	From 25/10/2019 To 24/04/2021 £
	ASSET REALISATIONS			
	Other receipts	608,214.37	15,161.96	623,376.33
40,298,269.00	Pre-appointment cash at bank	34,178,899.29	NIL	34,178,899.29
	TRADING SURPLUS/(DEFICIT)	37,725,027.62	2,691,011.80	40,416,039.42
		<u>72,512,141.28</u>	<u>2,706,173.76</u>	<u>75,218,315.04</u>
	COST OF REALISATIONS			
	Debt collection costs	636,190.81	161,356.38	797,547.19
	Administrators Expenses (Post-appointment)	3,486.57	1,390.43	4,877.00
	Administrators fees (Post-appointment)	2,574,090.36	1,570,085.48	4,144,175.84
	Administrators fees (Pre-appointment)	55,092.00	NIL	55,092.00
	Corporation Tax	0.00	163,473.18	163,473.18
	Debt sale related costs	0.00	6,563.51	6,563.51
	Legal Fees	367,933.71	126,366.83	494,300.54
	Administrators fees (Pre-appointment)	55,092.00	0.00	55,092.00
	VAT irrecoverable	789,386.00	456,033.84	1,245,419.84
		<u>(4,481,271.45)</u>	<u>(2,485,269.65)</u>	<u>(6,966,541.10)</u>
	PREFERENTIAL CREDITORS			
(99,061.00)	Preferential Creditors (All)	<u>NIL</u>	<u>NIL</u>	<u>NIL</u>
		<u>NIL</u>	<u>NIL</u>	<u>NIL</u>
(99,061.00)		<u>68,030,869.83</u>	<u>220,904.11</u>	<u>68,251,773.94</u>
	REPRESENTED BY			
	Barclays Floating Current Account IB			14,819,597.55
	Barclays Lockbox Account			13,366.14
	Barclays P2P Debitcard Repository Ac			175,956.78
	Barclays QQ Debitcard Repository Ac			77,377.43
	BOS Current Account			18,009,597.44
	HSBC Current Account			15,026,681.43
	Santander Current Account			20,129,197.17
				<u>68,251,773.94</u>

# Appendix D - Payments, remuneration and expenses to the Joint Administrators or their associates

## Statement of Insolvency Practice 9 disclosure

This appendix has been prepared in accordance with the requirements of the Insolvency Act 1986, the Insolvency (England and Wales) Rules 2016 (the Rules) and Statement of Insolvency Practice 9 (SIP9). In summary, it covers:

- pre-appointment costs
- fee basis
- work done by the Joint Administrators and their team during the Period
- disbursements and expenses
- sub-contracted out work
- payments to associates
- relationships requiring disclosure
- information for creditors (rights, fees, committees)



## Pre-appointment costs

Pre-administration costs are fees charged and expenses incurred by the Joint Administrators or other qualified insolvency practitioners, before the company entered administration but with a view to it doing so. To the extent they remain unpaid when the company enters administration and payment is sought, approval is required from the appropriate body of creditors as to whether they should be paid from the estate.

On 2 January 2020 the creditors approved payment of £55,092 of the pre-administration fees of Grant Thornton UK LLP (as disclosed in the Joint Administrators' statement of proposals) from the estate. These have been paid.

## Post-appointment costs

### Fee basis of the Joint Administrators

On 2 January 2020, the creditors resolved that remuneration be fixed by time properly spent by the Administrators and their staff on the administration, with a fee estimate of £3,472,956 for the period from 25 October 2019 to 24 October 2020.

On 10 December 2020, the creditors approved a decision that remuneration be fixed according to the time properly spent by the Administrators and their staff on the administration, with a revised fee estimate of £3,058,382.14 (plus VAT) for the period 25 October 2020 to 24 October 2021.

During the Period time costs were incurred totalling £1,701,876 represented by 3,227 hrs at an average of 527 £/hr (as shown in the 'Work done' section below). This brings cumulative time costs at the Period end to £4,830,261 of which £4,144,176 has been paid and £72,125 have been written off. A description of the work done in the Period is provided in the respective section below.

As at the Period end, as shown in the 'Work done' section below, we anticipate that cumulative recorded time costs will be roughly be the same as the time costs in the fees estimate which were provided to the creditors prior to the determination of our fee basis.

Under r18.30 of the Rules, we are not permitted to draw remuneration in excess of the total amount set out in the fees estimate, £3,058,382 without approval. At present we do not expect to seek approval to draw remuneration in excess of our fees estimate for the period 25 October 2020 to 24 October 2021, however we reserve our right to do so in the future.

### Work done by the Joint Administrators and their team during the Period

We are required to detail costs of actual work done in the Period, including any expenses incurred in connection with it, as against any fees estimate provided. Our fees estimate was included within our Progress Report dated 17 November 2020. We are also required to provide narrative explanation of the work done. The following tables (narrative followed by numerical) set out this information for the Joint Administrators' fees incurred together with a numerical fees estimate variance analysis. Note, however, that the level of fees eventually paid may be less depending on the value of asset recoveries or successful claims, for example. Details of expenses incurred in connection with work done are provided in the 'Disbursements and expenses' section below.

Area of work	Work done	Why the work was necessary	Financial benefit to creditors	Fees (time costs) incurred		
<b>Trading</b>				<b>1,064 hrs</b>	<b>£551,416</b>	<b>£/hr 515</b>
<b>Trading general</b>	<ul style="list-style-type: none"> <li>Detailed cash flow analysis and projections</li> <li>Reviewing and approving payments for the day-to-day running of the business</li> <li>Undertaking continuous review and management of costs</li> </ul>	<ul style="list-style-type: none"> <li>To reduce trading costs to a manageable position to ensure delivery of the key objectives of the administration</li> <li>By reducing the cost of trading, this would maximise the return to creditors</li> </ul>	<ul style="list-style-type: none"> <li>This work was necessary to help realise financial value for the benefit of the estate and for a distribution to creditors should sufficient funds become available</li> </ul>			
<b>Service Level Agreement</b>	<ul style="list-style-type: none"> <li>Ongoing monitoring and negotiation of SLA extension</li> <li>Continued platform support</li> </ul>	<ul style="list-style-type: none"> <li>To support continuation of trading</li> <li>The SLA is critical as CEU does not own a proprietary platform</li> </ul>	<ul style="list-style-type: none"> <li>This work was necessary to help realise financial value for the benefit of the estate and for a distribution to creditors should sufficient funds become available</li> </ul>			
<b>Supplier management and continuation of operations</b>	<ul style="list-style-type: none"> <li>Establishing arrangements for continued supplies of services and systems</li> <li>Maintained contact with suppliers to support orderly wind down of services</li> <li>Helping unsecured creditors register their claims</li> <li>Terminating suppliers as appropriate during the wind down process</li> </ul>	<ul style="list-style-type: none"> <li>To secure continuity of supplies and maintenance of key systems necessary to support asset realisations</li> <li>To ensure services provided by Enova Group continue uninterrupted</li> <li>Orderly wind down of operations and minimisation of operating costs</li> </ul>	<ul style="list-style-type: none"> <li>This work was necessary to help realise financial value for the benefit of the estate and for a distribution to creditors should sufficient funds become available</li> </ul>			
<b>Employees</b>	<ul style="list-style-type: none"> <li>Working with management to identify key employees for the business</li> <li>Continuing phased redundancy programme in line with wind down of operations</li> <li>Holding regular update meetings with retained employees to implement post-appointment protocols, including payroll, and attending to other ad hoc employee issues</li> </ul>	<ul style="list-style-type: none"> <li>Retention of certain employees is essential to maintain a 'business as usual' strategy necessary to allow recovery of the loan collections and other assets of the Company</li> <li>To maintain customer services to address customer queries including redress inquiries</li> </ul>	<ul style="list-style-type: none"> <li>This work was necessary to help realise financial value for the benefit of the estate and for a distribution to creditors should sufficient funds become available</li> </ul>			
<b>Pensions</b>	<ul style="list-style-type: none"> <li>Communication with Pensions Regulator</li> <li>Maintenance of employee contributions</li> </ul>	<ul style="list-style-type: none"> <li>Statutory and employment obligations</li> </ul>	<ul style="list-style-type: none"> <li>This work is necessary to discharge the office holders' duties. As explained under 'Why the work is necessary', although it might not add financial value to the estate it will add value to the insolvency process</li> </ul>			
<b>Assets</b>				<b>477 hrs</b>	<b>£312,661</b>	<b>£/hr 656</b>

<b>IT platform, database</b>	<ul style="list-style-type: none"> <li>Considering the options for sale of Company's database and managing interest party engagements</li> <li>Obtaining advice on legal status of database</li> </ul>	<ul style="list-style-type: none"> <li>To secure realisation of the best value from the Company's IT assets</li> </ul>	<ul style="list-style-type: none"> <li>This work was necessary to help realise financial value for the benefit of the estate and for a distribution to creditors should sufficient funds become available</li> </ul>
<b>Loan Book – weekly reporting</b>	<ul style="list-style-type: none"> <li>Monitoring the status of the Company's Loan Portfolios and overseeing communication with customers and monitoring collections</li> <li>Ongoing monitoring of the weekly reporting on the status of the loan book</li> <li>Ongoing reporting to regulators</li> </ul>	<ul style="list-style-type: none"> <li>To secure collection of the loan book asset</li> </ul>	<ul style="list-style-type: none"> <li>This work was necessary to help realise financial value for the benefit of the estate and for a distribution to creditors should sufficient funds become available</li> </ul>
<b>Loan Book - Arrears management and realisation strategy</b>	<ul style="list-style-type: none"> <li>Reviewing existing strategy for management of accounts in arrears and ensuring ongoing regulatory compliance</li> <li>Monitoring collections of arrears and liaising with Debt Collection Agents (DCA) regarding collection performance</li> <li>Assessing the arrangements for placements with the DCA</li> <li>Considering options regarding sale of loan book as appropriate</li> <li>Engaging an agent, Alantra Corporate Portfolio Advisors International Limited ("Alantra") to assist with the sales process</li> <li>Undertaking a Non-Binding offer (NBO) phase in relation to the loan book and are contemplating the offers made by interested parties.</li> </ul>	<ul style="list-style-type: none"> <li>Necessary to realise the loan book value</li> </ul>	<ul style="list-style-type: none"> <li>This work was necessary to help realise financial value for the benefit of the estate and for a distribution to creditors should sufficient funds become available</li> </ul>
<b>Cash at bank</b>	<ul style="list-style-type: none"> <li>Setting up regular bank sweeps of pre-appointment and post-appointment collections</li> <li>Ongoing monitoring and reconciliation of cash balances in the administration accounts</li> <li>Managing cash balances to maximise income and to minimise risk</li> </ul>	<ul style="list-style-type: none"> <li>To safeguard a significant asset of the Company</li> </ul>	<ul style="list-style-type: none"> <li>This work was necessary to help realise financial value for the benefit of the estate and for a distribution to creditors should sufficient funds become available</li> </ul>
<b>Trademarks</b>	<ul style="list-style-type: none"> <li>Reviewing and protecting trademark portfolio</li> </ul>	<ul style="list-style-type: none"> <li>To safeguard a potential asset of the Company</li> </ul>	<ul style="list-style-type: none"> <li>This work was necessary to help realise financial value for the benefit of the</li> </ul>

	<ul style="list-style-type: none"> <li>Monitoring renewal of trademarks as appropriate</li> </ul>		estate and for a distribution to creditors should sufficient funds become available
<b>Legal/Regulatory</b>	<ul style="list-style-type: none"> <li>Correspondence, including regular telephone calls and emails with the FCA to discuss the proposed post appointment strategy and trading performance</li> <li>Amendments and updates to the CEU websites, where applicable</li> <li>Monitoring and updating the "CEU" page on the Grant Thornton website in order to provide updates on the administration to creditors and customers, including the provision of FAQs</li> </ul>	<ul style="list-style-type: none"> <li>The Company continues to be regulated by the FCA, therefore a frequent dialogue is required</li> <li>The website allows for the latest updates on the administration to be accessed by customers</li> </ul>	<ul style="list-style-type: none"> <li>This work was completed solely for the purpose of complying with statutory requirements and had no direct financial benefit to the estate</li> </ul>
<b>Investigations</b>			<b>3 hrs      £1,995      £/hr 665</b>
<b>Investigations (general)</b>	<ul style="list-style-type: none"> <li>Obtained further commentary on background of events leading to administration and roles of management in this period</li> </ul>	<ul style="list-style-type: none"> <li>Statutory requirement</li> </ul>	<ul style="list-style-type: none"> <li>This work was completed solely for the purpose of complying with statutory requirements and had no direct financial benefit to the estate</li> </ul>
<b>Creditors</b>			<b>1,062 hrs      £568,554      £/hr 535</b>
<b>Employees &amp; pensions</b>	<ul style="list-style-type: none"> <li>Working with agents to quantify the claims of employees</li> <li>Continued to monitor the utilisation of staff</li> <li>Ad hoc employee queries in respect of the insolvency process</li> </ul>	<ul style="list-style-type: none"> <li>The Administrators ensured the retention of key employees in order to assist with the execution of post appointment workstreams</li> <li>To enable settlement of any preferential claims</li> <li>Establishment of any unsecured claims from employees arising from termination of their employment</li> <li>To manage stakeholder expectations</li> </ul>	<ul style="list-style-type: none"> <li>This work is necessary to help realise financial value for the benefit of the estate and for a distribution to creditors should sufficient funds become available</li> </ul>
<b>Unsecured</b>	<ul style="list-style-type: none"> <li>Collation of trade creditors and supplier claims</li> <li>Establish position on other unsecured creditors such as customers with pre-appointment credit balance on their account</li> <li>Ad hoc queries from creditors in respect of the insolvency process</li> </ul>	<ul style="list-style-type: none"> <li>To establish the quantum of creditor claims</li> <li>To manage stakeholder expectations</li> </ul>	<ul style="list-style-type: none"> <li>This work is to be completed solely for the purpose of complying with statutory requirements and has no direct financial benefit to the estate</li> </ul>

<b>Redress Creditors – Regulatory meetings</b>	<ul style="list-style-type: none"> <li>Meeting and corresponding with the FOS to discuss potential claims already lodged with the FOS</li> <li>Meetings with FCA to discuss arrangements for and identification of potential redress complaints</li> <li>Consulting with FCA and the FOS on methodology for capture and adjudication of redress claims</li> </ul>	<ul style="list-style-type: none"> <li>To ensure regulatory compliance</li> <li>To quantify the claims of unsecured creditors</li> </ul>	<ul style="list-style-type: none"> <li>This work is necessary to discharge the office holders' duties. As explained under 'Why the work is necessary', although it might not add financial value to the estate it will add value to the insolvency process</li> </ul>
<b>Redress Creditors – ongoing monitoring and providing assessments</b>	<ul style="list-style-type: none"> <li>Established systems including updates to CEU websites to capture and process potential claims of any redress creditors including overseeing development of automated adjudication tool</li> <li>Providing updates to redress creditors</li> <li>Data segmentation review of the loan book</li> <li>Meetings with the complaints team to discuss the process of claims handling</li> <li>Working with debt purchasers to establish claim position of individual customers</li> <li>Providing updates to redress creditors and sending assessments to advise outcome of claim</li> </ul>	<ul style="list-style-type: none"> <li>To ensure that potential redress creditors are kept abreast of all key updates</li> <li>To ensure that the communications process is as commercial as possible</li> </ul>	<ul style="list-style-type: none"> <li>This work is necessary to discharge the office holders' duties. As explained under 'Why the work is necessary', although it might not add financial value to the estate it will add value to the insolvency process</li> </ul>
<b>Administration</b>			
<b>Case management</b>	<ul style="list-style-type: none"> <li>Filing of the relevant statutory forms on Companies House</li> </ul>	<ul style="list-style-type: none"> <li>Required as part of the duties of the Administrators</li> </ul>	<ul style="list-style-type: none"> <li>This work is to be completed solely for the purpose of complying with statutory requirements and has no direct financial benefit to the estate</li> </ul>
<b>Statutory reporting and creditor decision procedures</b>	<ul style="list-style-type: none"> <li>Preparation of statutory reports</li> </ul>	<ul style="list-style-type: none"> <li>Statutory requirement</li> </ul>	<ul style="list-style-type: none"> <li>This work is to be completed solely for the purpose of complying with statutory requirements and has no direct financial benefit to the estate</li> </ul>
<b>Shareholders / debtor / director communications</b>	<ul style="list-style-type: none"> <li>Responding to press enquiries arising from the appointment of Joint Administrators</li> <li>Updated and monitored web pages on both CEU and Grant Thornton websites</li> </ul>	<ul style="list-style-type: none"> <li>To address public interest in the administration</li> <li>To make information available to potential creditors</li> </ul>	<ul style="list-style-type: none"> <li>This work is to be completed solely for the purpose of complying with statutory requirements and has no direct financial benefit to the estate</li> </ul>
			<b>621 hrs    £267,251    £/hr 430</b>

<b>Compliance FCA / FOS</b>	<ul style="list-style-type: none"> <li>Regular communication and updates with the FCA regarding progress of the administration</li> <li>Meetings and correspondence with the FOS over redress claims management</li> </ul>	<ul style="list-style-type: none"> <li>To maintain the compliance with regulatory requirements</li> <li>To ensure regulators were informed of the strategy for the administration and the</li> </ul>	<ul style="list-style-type: none"> <li>This work is to be completed solely for the purpose of complying with statutory requirements and has no direct financial benefit to the estate</li> </ul>
<b>Treasury, billing &amp; funding</b>	<ul style="list-style-type: none"> <li>Processing and recording transactions arising during the period of the administration</li> <li>Arranging and accounting for the various receipts and payments of the Company</li> </ul>	<ul style="list-style-type: none"> <li>Required as part of the duties of the Administrators and their staff</li> </ul>	<ul style="list-style-type: none"> <li>This work is to be completed solely for the purpose of complying with statutory requirements and has no direct financial benefit to the estate</li> </ul>
<b>Tax</b>	<ul style="list-style-type: none"> <li>Review of historical tax position of the Company</li> <li>Review of VAT position of the Company</li> <li>Consideration of tax position as regards to redress process</li> </ul>	<ul style="list-style-type: none"> <li>Statutory compliance</li> <li>To meet all post administration tax liabilities</li> </ul>	<ul style="list-style-type: none"> <li>This work is to be completed solely for the purpose of complying with statutory requirements and has no direct financial benefit to the estate</li> </ul>
<b>Pensions</b>	<ul style="list-style-type: none"> <li>The Grant Thornton Pension Advisory team is engaged to deal with various matters including: <ul style="list-style-type: none"> <li>- Discussions with the Company and Administrators to discuss the pre administration policy and benefits as well as areas and cover to be maintained post administration</li> <li>- Pre-administration pension and benefit data gathering and assessment of cover</li> </ul> </li> <li>Relevant updates in relation to pension cover and benefits</li> <li>Correspondence with Pensions Regulator</li> <li>Maintenance of employee contributions</li> </ul>	<ul style="list-style-type: none"> <li>Statutory requirement</li> </ul>	<ul style="list-style-type: none"> <li>This work is to be completed solely for the purpose of complying with statutory requirements and has no direct financial benefit to the estate</li> </ul>

**Total time costs  
incurred in the  
Period**

**3,227 hrs £1,701,876 £/hr 527**

## Detailed SIP9 time cost analysis for the period and fee estimate variance analysis as at period end

Period from 25/10/2020 to 24/04/2021

Area of work	Partner		Manager		Executive		Administrator		Period total			Year 2 Fee estimate			Variance			Cumulative total as at period end		
	Hrs	£	Hrs	£	Hrs	£	Hrs	£	Hrs	£	£/hr	Hrs	£	£/hr	Hrs	£	£/hr	Hrs	£	£/hr
Trading:									1,064.30	551,416	518	1,323.19	681,093	515	258.89	129,677	501	3,120.10	1,599,146	513
Trading (general)	62.50	48,863	421.05	259,660	580.75	242,894	-	-	1,064.30	551,416	518							3,120.10	1,599,145.57	513
Realisation of Assets:	-	-	-	-	-	-	-	-	476.95	312,661	656	1,036.99	551,250	532	560.04	238,589	426	946.20	554,693	586
Cash at bank	-	-	-	-	35.50	14,818	-	-	35.50	14,818	417							137.95	57,724.75	418
Insurance	-	-	-	-	-	-	-	-	-	-	-							15.50	6,547.50	422
Loan book	109.00	85,610	300.50	193,900	18.70	7,848	-	-	428.20	287,357	671							747.20	462,266.32	619
Other assets (incl. Trademark, IT platform, Legal & Property)	13.25	10,486	-	-	-	-	-	-	13.25	10,486	791							45.55	28,154.82	618
Investigations:	-	-	-	-	-	-	-	-	3.00	1,995	665	53.64	25,143	469	50.64	23,148	457	50.75	27,362	539
Debtor / director / senior employees	-	-	-	-	-	-	-	-	-	-	-							35.15	18,545.00	528
Books & records	-	-	-	-	-	-	-	-	-	-	-							8.60	3,642.42	424
Investigations (general)	2.00	1,590	-	-	1.00	405	-	-	3.00	1,995	665							7.00	5,175.00	739
Creditors:	-	-	-	-	-	-	-	-	1,062.00	568,554	535	1,908.23	911,770	478	846.23	343,216	406	3,879.80	1,803,292	465
Employees & pensions	-	-	-	-	8.15	2,647	-	-	8.15	2,647	325							107.55	56,398.59	524
Unsecured (incl. Redress creditors)	70.10	55,087	761.75	434,371	211.15	74,617	10.85	1,833	1,053.85	565,907	537							3,772.25	1,746,893.76	463
Administration:	-	-	-	-	-	-	-	-	621.15	267,251	430	2,461.25	889,126	361	1,840.10	621,876	30	2,161.70	845,767	391
Case management	53.30	42,010	1.75	778	60.15	23,879	15.05	2,709	130.25	69,375	533							504.25	244,248.78	484
Compliance & general administration matters	-	-	-	-	-	-	-	-	-	-	-							341.10	112,171.00	329
Pensions	-	-	9.60	6,096	-	-	-	-	9.60	6,096	635							57.20	31,243.20	546
Reports to creditors, notices & decisions	12.50	9,938	21.30	12,317	53.05	20,638	2.75	495	89.60	43,387	484							270.65	114,400.61	423
Tax	34.40	26,529	47.25	26,862	5.00	2,125	25.35	3,679	112.00	59,196	529							242.95	131,811.68	543
Treasury, billing & funding	14.00	11,610	59.25	27,349	182.35	45,901	24.10	4,338	279.70	89,198	319							745.55	211,891.60	284
Total	371.05	291,721	1,622.45	961,331	1,155.80	435,770	78.10	13,054	3,227.40	1,701,876	527	6,783.30	3,058,382	451	3,555.90	1,356,506	381	10,158.55	4,830,261	475

## Notes:

- Partner includes partners and directors
- Manager includes associate directors and managers
- Executive includes assistant manager and executives
- Adverse variances are presented in brackets
- Year 1 time costs paid £3,055,449 (excludes VAT)
- Year 2 time costs paid to date £1,143,819 (excludes VAT)
- Total time costs written off from the figures in the table above from previous periods: £72,125
- Please note that the actual time incurred in the Period may slightly differ to that reported in the table above. This is due to lags between time being recorded on our internal system by staff and then being posted to the case. We do not expect any differences to be material and any such discrepancies will be noted in our next report.

## Statement of expenses and disbursements incurred in the Period

This table provides details of expenses and disbursements incurred in the Period in connection with the work done by the Joint Administrators, description of which is provided in the 'Work done' section above.

Category	Incurred in the Period (£)	Cumulatively incurred as at Period end (£)	Of which paid by the estate as at Period end (£)
<b>Category 1 disbursements</b>			
Travel and Subsistence	-	2,140	1,562
Insolvency bonding	-	1,875	1,875
Office costs	-	50	50
<b>Expenses</b>			
Trading expenditure	4,250,025	13,756,704	13,756,704
Debt collection costs	161,356	797,547	797,547
Corporation Tax	163,473	163,473	163,473
Debt sale related costs	6,564	6,564	6,564
<b>Legal Fees</b>			
Slaughter & May	61,815	275,961	275,961
Squire Patton Bloggs	10,065	10,065	10,065
Paul Hastings	54,487	208,274	208,274
Pre-administration fees	-	55,092	55,092
VAT irrecoverable	456,034	1,245,420	1,245,420
<b>Total expenses and disbursements</b>	<b>5,163,819</b>	<b>16,523,165</b>	<b>16,522,587</b>

Disbursements are expenses met by and reimbursed to an office holder in connection with an insolvency appointment and fall into two categories:

### Category 1 disbursements

These are also known as 'out of pocket expenses' and are payments to independent third parties where there is specific expenditure directly referable to the insolvent estate; they can be drawn without prior approval and consist of the following categories:

- Travel and subsistence – these costs, which exclude mileage, are incurred by staff in attending trading premises or meetings, for example
- Office costs – these are costs such as postage or courier charges which are incurred in managing the case
- Statutory costs – these are costs such as bonding and advertising relating specifically to the case, which are required by statute

They also include expenses which have been paid using a Grant Thornton Loan, the balance of which (if any) can be seen on the Joint Administrators' receipts and payment account at Appendix C.



## Category 2 disbursements

These are expenses that are directly referable to the insolvent estate but not a payment to an independent third party. They may include shared or allocated costs that may be incurred by an office holder or their firm, and that can be allocated to the appointment on a proper and reasonable basis. Category 2 disbursements require approval in the same manner as an office holder's remuneration.

To the extent that recovery of category 2 disbursements is sought, this will be for mileage only. Accordingly, the following resolution was made by the creditors on 2 January 2020:

- That Administrators' be permitted to draw mileage at 45p per mile.

Mileage is charged at 45p a mile. VAT is added as appropriate.

## Sub-contracted out work

We confirm that, in the Period, we have not sub-contracted out any work that could otherwise have been carried out by us or our team.

## Payments to associates

Where we have enlisted the services of others we have sought to obtain the best value and service. In the interest of transparency, we disclose below services we have sought from within our firm or from a party with whom (to the best of our knowledge) our firm, or an individual within our firm, has a business or personal relationship:

Service provider	Services enlisted	Cost of service
Grant Thornton UK LLP	<ul style="list-style-type: none"><li>Tax work/advice (narrative is included within the above narrative of work done)</li><li>Pensions work/advice (narrative is included within the above narrative of work done)</li></ul>	<ul style="list-style-type: none"><li>Costs are included within the above SIP9 time cost analysis</li></ul>

## Relationships requiring disclosure

We confirm that we are not aware of any business or personal relationships with any parties responsible for approving the Joint Administrators' fee basis, or who provide services to us as Joint Administrators, which may give rise to a potential conflict.

## Information for creditors and members

Information to help creditors and members to understand their rights in insolvency and regarding officeholders' (ie administrators or liquidators) fees, and the roles and functions of committees is available via Grant Thornton's website:

<https://www.grantthornton.co.uk/portal>

Alternatively, we will supply this information by post, free of charge, on request.



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