



For further information, please
refer to our guidance at
www.gov.uk/companieshouse

1 Company details

Company number 0 2 7 6 9 7 6 8

Company name in full Flybe Limited

→ Filling in this form

Please complete in typescript or in
bold black capitals.

2 Administrator's name

Full forename(s) Simon Jamie

Surname Edel

3 Administrator's address

Building name/number 1 More London Place

Street

Post town London

County/Region London

Postcode S E 1 2 A F

Country United Kingdom

4 Administrator's name ①

Full forename(s) Alan Michael

Surname Hudson

① Other administrator

Use this section to tell us about
another administrator.

5 Administrator's address ②

Building name/number 1 More London Place

Street

Post town London

County/Region London

Postcode S E 1 2 A F

Country United Kingdom

② Other administrator

Use this section to tell us about
another administrator.

AM10

Notice of administrator's progress report

6 Period of progress report

From date	^d 0 ^d 5	^m 0 ^m 3	^y 2 ^y 0	^y 2 ^y 0	
To date	^d 0 ^d 4	^m 0 ^m 9	^y 2 ^y 0	^y 2 ^y 0	

7 Progress report

☒ I attach a copy of the progress report

8 Sign and date

Administrator's
signature

Signature

X



X

Signature date

^d0^d2^m1^m0^y2^y0^y2^y0

**Presenter information**

You do not have to give any contact information, but if you do it will help Companies House if there is a query on the form. The contact information you give will be visible to searchers of the public record.

Contact name Donna McNeill

Company name Ernst & Young LLP

Address 1 More London Place

Post town London

County/Region London

Postcode SE1 2AF

Country United Kingdom

DX

Telephone (0) 20 7951 2000

**Checklist**

We may return forms completed incorrectly or with information missing.

Please make sure you have remembered the following:

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

**Important information**

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

**Where to send**

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The Registrar of Companies, Companies House,
Crown Way, Cardiff, Wales, CF14 3UZ.
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Continuation page

Name and address of insolvency practitioner

✓ **What this form is for**
Use this continuation page to tell us about another insolvency practitioner where more than 2 are already jointly appointed. ❶
Attach this to the relevant form.
Use extra copies to tell us of additional insolvency practitioners.

✗ **What this form is NOT for**
You can't use this continuation page to tell us about an appointment, resignation, removal or vacation of office.

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

All fields are mandatory unless specified or indicated by *

1 Appointment type

Tick to show the nature of the appointment:

- ☒ Administrator
- ☐ Administrative receiver
- ☐ Receiver
- ☐ Manager
- ☐ Nominee
- ☐ Supervisor
- ☐ Liquidator
- ☐ Provisional liquidator

❶ You can use this continuation page with the following forms:

- VAM1, VAM2, VAM3, VAM4, VAM6, VAM7
- CVA1, CVA3, CVA4
- AM02, AM03, AM04, AM05, AM06, AM07, AM08, AM09, AM10, AM12, AM13, AM14, AM19, AM20, AM21, AM22, AM23, AM24, AM25
- REC1, REC2, REC3
- LIQ02, LIQ03, LIQ05, LIQ13, LIQ14,
- WU07, WU15
- COM1, COM2, COM3, COM4
- NDISC

2 Insolvency practitioner's name

Full forename(s)

Lucy

Surname

Winterborne

3 Insolvency practitioner's address

Building name/number Ernst & Young LLP

Street 32 Counterslip

Post town Bristol

County/Region Bristol

Postcode B S 1 6 B X

Country United Kingdom

Continuation page

Name and address of insolvency practitioner

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Use this continuation page to tell us about another insolvency practitioner where more than 2 are already jointly appointed. Attach this to the relevant form. Use extra copies to tell us of additional insolvency practitioners.

✗ **What this form is NOT for**
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✗ **Filling in this form**
Please complete in typewritten or on a word processing package.
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1

Appointment type

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- ☒ Administrator
- ☐ Administrative receiver
- ☐ Receiver
- ☐ Manager
- ☐ Nominee
- ☐ Supervisor
- ☐ Liquidator
- ☐ Provisional liquidator

ⓘ You can use this continuation page with the following forms:
WAM1, WAM2, WAM3, WAM4, WAM6, WAM7
CVA1, CVA3, CVA4
AV00, AV03, AM04, AM05, AV06, AM07, AV08, AM09, AV10, AM12, AV13, AM14, AV16, AM20, AM21, AV22, AV23, AV24, AV25
REC1, REC2, REC3
LIQ02, LIQ03, LIQ05, LIQ13, LIQ14
WU01, WU15
COM1, COM2, COM3, COM4
NDISC

2

Insolvency practitioner's name

Full forename(s)	Joanne Honor
Surname	Robinson

3

Insolvency practitioner's address

Building name/number	Ernst & Young LLP
Street	1 More London Place
Post town	London
County/Region	London
Postcode	S E 1 2 A F
Country	United Kingdom

Ernst & Young LLP
1 More London Place
London
SE1 2AF

Tel: + 44 20 7951 2000
Fax: +44 20 7951 1345
ey.com

TO ALL KNOWN CREDITORS

2 October 2020

Ref: AH/JR/LW/SE/DM
Switchboard: (0) 20 7951 2000

Donna McNeill
Donna.McNeill@uk.ey.com

Dear Sirs

Flybe Limited (in Administration) (“the Company” or “Flybe”)

High Court of Justice Business and Property Courts of England and Wales
Insolvency and Companies List (ChD), Number CR-2020-001582

I refer to the appointment of Alan Hudson, Simon Edel, Joanne Robinson and Lucy Winterborne as joint administrators (“Joint Administrators”) of the Company on 5 March 2020. The Joint Administrators, act as agents of the Company only and without personal liability. Under the terms of the appointment any act required or authorised to be done by the Joint Administrators can be done by any of them.

I write, in accordance with Rule 18.3 of the Insolvency (England and Wales) Rules 2016 (“the Rules”), to provide creditors with a report on the progress of the Administration. This report covers the period from 5 March to 4 September 2020 (“the Period”) and should be read in conjunction with the Joint Administrators’ Statement of Proposals (“the Proposals”) dated 29 April 2020, including the definitions contained therein. Statutory information about the Company, the Administration and the office holders is given at Appendix 1. A copy of the Proposals can be obtained at https://www.ey.com/en_uk/ey-flybe-limited-administration.

1. Summary of progress

On 5 March 2020 the Company (registered number 02769768) entered administration under the provisions of paragraph 12(1)(b) of Schedule B1 to the Insolvency Act 1986 (“the Act”).

1.1 Approval of the Proposals

As reported in the Proposals, we understood that the Company would have insufficient assets to enable a distribution to be made to unsecured creditors other than by virtue of the prescribed part.

Consequently, in accordance with the provisions of paragraph 52(1)(b) of Schedule B1 to the Act, we did not seek a decision on approval of the Proposals from creditors.

No request was received for a decision on approval of the Proposals from creditors whose debts amount to at least 10% of any of the Company’s total debts, nor was there a request received from the unsecured creditors of the Company to call an initial meeting of creditors. Accordingly, the Proposals were deemed to be approved on 13 May 2020.

1.2 Sale of business and assets

As stated in the Proposals, following the Joint Administrators' appointment, a sale of the Company's business and assets has been actively pursued.

This has resulted in the submission of a large volume of offers over the course of the Period, ranging from bids for the majority of the remaining Flybe business to offers in respect of discrete assets of the Company, and has resulted in the agreement to sell certain assets owned by the Company to date.

Whilst we have managed to agree, and in certain cases complete, the sale of individual asset groups, negotiations with parties interested in purchasing the remaining business continue.

It should be noted that the timeframes to complete a business sale process have been incredibly challenging whilst global travel restrictions remain in place due to the COVID-19 coronavirus pandemic. This, coupled with uncertainty surrounding the future of the airline industry as a whole, has resulted in potential bidders facing capital constraints, leading to the erosion of valuations and diminished bidder appetite.

Set out below is a summary of the work undertaken to realise the Company's assets during the Period:

- Group business sale

As set out in the Proposals, the Joint Administrators consider that a sale of the business and certain specified assets of the Company may be possible, although it is unlikely to include a sale of the Company as a legal entity.

Since the last update to creditors, a number of parties have shown an interest in a transaction of this nature and we continue to facilitate due diligence. Unfortunately, for reasons of confidentiality and so as not to prejudice any of the continuing negotiations as at the date of this report, we are not able to provide any further details in relation to a group sale transaction, including the parties involved or the transaction or asset perimeter at this time. However, we will provide an update to creditors on the outcome of these negotiations as part of our next report to creditors.

- Sale of Flybe Aviation Services Limited ("FAS") shares

At the time of the Proposals, the Joint Administrators were in the process of negotiating a sale of the Company's shares in FAS, a wholly owned subsidiary that had not filed for insolvency and remained a solvent entity under the control of its directors.

The FAS shares held by Flybe were secured by way of fixed security granted in favour of GLAS Trust Corporation Limited, as security trustee ("the Security Trustee") for the benefit of Virgin Atlantic Airways Limited, Stobart Aviation Limited and DLP Holdings S.A.R.L as senior lenders (together "the Senior Lenders"). In addition, FAS had granted fixed and floating charge debentures in favour of the Security Trustee for the Senior Lenders.

We can confirm that on 2 June 2020, the Joint Administrators completed the sale of Flybe's entire issued share capital in FAS for consideration of £4.6m to AAG Defence Services Limited. There were two competing offers received for either the FAS shares or assets owned by FAS, however, the accepted offer was substantially superior and represented the best outcome for the Company's creditors.

In addition to the consideration, tooling owned by FAS with a net book value of c. £334k was transferred to Flybe. Further detail in relation to the tooling is provided in the Inventory section below.

Accordingly, the total gross consideration arising from the sale of the FAS shares is £4.9m.

However, we note that from the gross proceeds, there are two material deductions that either have or will be made, namely:-

- £0.5m - settlement payment to Exeter Airport, the landlord of the leased property occupied by FAS, to facilitate the surrender of the FAS sub lease and revert the hangar to Flybe under the head lease. This amount has since been paid; and
- £1.125m - retention amount to be held by independent escrow agents as conditional sale proceeds subject to the final agreed balance of valid FAS creditor liabilities as at the time of the sale and the recovery of value by FAS from additional stock which was included as part of the transaction. The release of funds from escrow is prescribed by the terms of the sale agreement, which are commercially sensitive. To date, no releases from the escrow to Flybe have been made and the Joint Administrators continue to work through the additional stock and to recover value to maximise the payment to Flybe of this element of the sale proceeds.

In light of the above, it is estimated that the net recovery from the sale of the FAS shares will be between £3.0m and £4.1m. Due to the fixed charge secured against the FAS shares, this recovery will be for the benefit of the Senior Lenders.

- Fleet, engines and spares & tooling

- Fleet

The Company's fleet consisted of 65 aircraft, of which 21 were under finance leases and 44 were under operating leases.

All the financiers and lessors had sought to immediately repossess their aircraft under the Cape Town Convention, however, the airport liens over the aircraft meant that this repossession was not immediately possible and therefore the Joint Administrators worked with the aircraft financiers and lessors to maintain the aircraft whilst the liens could be dealt with and the aircraft subsequently returned.

Finance Lease Aircraft - the market for acquiring aircraft has been significantly depressed as a result of aviation sector challenges and the offers received during the administration were markedly low relative to financing against aircraft. Whilst the Joint Administrators considered reseller options and the inclusion of the finance lease fleet in the wider business sale referenced above, unfortunately, no offers were received or proposed that would return any equity amount to the Company from the financed aircraft. Consequently, each of the financiers have collected their respective fleet.

- Engines

At the date of administration, Flybe had eight operating lease engines. These engines were attached to various airframes as reported in further detail in the maintenance, repair and overhaul section of this report. Flybe maintained these engines until such time as they could be collected by the finance and lease providers. As in the case of the finance leased fleet, no equity value was obtainable and therefore these engines have been returned.

The Company owns two types of engines, both of which are subject to the security granted in favour of the Security Trustee for the benefit of the Senior Lenders, from which the Joint Administrators have sought to obtain value for the benefit of the estate, being:

Two CF-34 engines

- ▶ One CF-34 engine was marketed and sold for consideration of £1.9m in June 2020.
- ▶ IBA Group Ltd, a specialist aviation consultant, confirmed that the offer received for this engine was either at or above current market values for distressed assets of this type.
- ▶ Multiple interested parties have made bid offers for the second CF-34 engine. Negotiations in respect of this second CF34 engine are ongoing, therefore we cannot comment on the likely realisations from this asset.
- ▶ As referred to above, both CF-34 engines are subject to fixed security granted in favour of the Security Trustee.

PW150 engines

- ▶ The Joint Administrators are currently in discussions with a third party for the sale of the Company's interest in ten PW150 engines. Given that negotiations in respect of these engines are ongoing, we are unable to comment on the estimated realisations so as not to prejudice these negotiations.
- ▶ As referred to above, the PW150 engines are subject to the fixed security granted in favour of the Security Trustee.

○ Inventory

- ▶ At the date of appointment, the Company's inventory primarily comprised equipment, spares, consumables and tooling with an estimated net book value of £6.5m. Inventory is subject to the floating security granted by Flybe in favour of the Security Trustee for the Senior Lenders.
- ▶ There have been no realisations in respect of inventory in the Period. However, we make the following comments: -
 - Two main batches of inventory have been marketed for sale. These sales concluded after the Period, however net realisations of c. £1.2m have since been received. The inventory batch relating to the Company's maintenance, repair and overhaul function is detailed in the corresponding section of this report.
 - Some of the Company's inventory has been sold in the course of the maintenance activities undertaken during the Administration (described in the maintenance, repair and overhaul section below), contributing to the net income achieved.
 - Alongside the sale of the freehold training academy property, referenced in the corresponding section below, the sale of the equipment contained within the property is subject to separate negotiations. Negotiations are ongoing in respect

of both the freehold property and equipment; however, it is anticipated that these negotiations will conclude shortly, with a view to completion by November 2020.

- Certain other inventory (including spares, consumables and equipment) required for the anticipated group business sale has been ringfenced to ensure other inventory realisation activities do not impede a sale.
- ▶ On appointment, the Company held certain inventory where legal title had been retained by the supplier, pending payment. The Joint Administrators have adjudicated Retention of Title ("ROT") claims received from 18 separate suppliers in respect of this stock, which has an estimated invoice value of over £10m. It should be noted that a large proportion of the £10m claimed was subject to pooling, exchange or consignment agreements, and therefore not included in the inventory net book value figure provided above.
- ▶ As at the date of this report, three material ROT claims remain unresolved, however all are at an advanced stage of negotiations. Inventory subject to unsuccessful ROT claims will be realised for the benefit of creditors. The Joint Administrators expect to be able to report on the final outcome of the three final ROT assessments and any associated settlements in the next statutory report to creditors.
- ▶ Certain other additional inventory will be released for sale in the coming weeks. An update on all inventory realisations will be provided in the next statutory report to creditors.

- Maintenance, repair and overhaul ("MRO")

In the Period, income of £10.2m has been generated from line maintenance, heavy maintenance, return to service and Continuing Airworthiness Management Organisation ("CAMO") work undertaken on lessor and financier aircraft during the administration.

All 65 aircraft have now been returned to their respective financiers or lessors. We ensured that the MRO made a contribution to the estate after all relevant costs and expenses, direct and apportioned overheads and Administration costs and tax were taken into account. Trading receipts in respect of the MRO operation constitute floating charge recoveries for the Security Trustee for the benefit of the Senior Lenders.

The Joint Administrators initially sought to market the MRO operation as a going concern however there was limited commercial viability and interest from bidders due to the heavy revenue reliance on the wider group airline business. However, competitive bids for the assets identified as suitable to operate an MRO business, including stock, tooling, consumables ("MRO Assets") were received and accordingly, the MRO Assets were further marketed on a standalone basis to both MRO operators and other interested parties.

The Joint Administrators compared competitive bids and negotiations proceeded with a party demonstrating deliverability, certainty, value and other qualitative factors suitable to a sale out of administration. On 21 September 2020, the transaction completed for total sale consideration of £0.7m plus VAT which constitutes floating charge recoveries for the Security Trustee for the benefit of the Senior Lenders.

- Training academy

The Joint Administrators are proceeding with a preferred bid for the training academy freehold property. Negotiations are ongoing; however, we hope to conclude these shortly, with a view to completion by November 2020.

Net sale proceeds received in relation to the training academy freehold property (after the costs of sale) will be for the sole benefit of the Company's pension scheme, BRAL Trustees (IOM) Limited ("BRAL Trustees"), pursuant to its fixed charge.

- Sale of carbon credits

On 7 May 2020, the Joint Administrators completed an arm's-length sale of the Company's carbon credit allowances to a third party for consideration of €8.2m (or approximately £7.3m). The credits derived from the Company's free allocation for 2019 and 2020 under the carbon credits scheme. This constitutes a floating charge recovery for the Security Trustee for the benefit of the Senior Lenders.

- Landing slots

Landing slots held by the Company are being considered as part of the confidential wider group business sale transaction referenced above. Accordingly, we are unable to provide any further detail whilst discussions are ongoing.

It is important to note that, whilst the majority of the landing slots are subject to security in favour of the Security Trustee for the benefit of the Senior Lenders, the landing slots at London Heathrow Airport are excluded from that security and therefore they are an unsecured asset.

The London Heathrow slots were appropriated by International Airlines Group ("IAG") following the Company's insolvency. The Joint Administrators are challenging IAG's actions in doing so. In addition, the European Commission granted Flybe grandfathering rights for the London Heathrow landing slots on 4 August 2020.

In light of the ongoing dispute with IAG, we are unable to comment further on the Company's prospects for realising value from this asset at present. However, we will provide creditors with a further update in the next progress report, including comment on any realisations that may be available for distribution to the Company's unsecured creditors.

1.3 Cash held in bank accounts and by credit card providers

We secured cash equivalent to £5.3m from Barclays Bank PLC ("Barclays") immediately following our appointment. Since then, we have had an ongoing dialogue with Barclays to monitor the level of bonds, guarantees and indemnities ("BGIs") and their risk exposure to assess if further amounts can be released to the Company.

Up to a further £1.5m may ultimately be available for the benefit of creditors subject to resolving with Barclays the application of certain costs and potential charges against this sum. However, we will continue to work through the BGI exposures and are communicating with Barclays in this regard on a regular basis.

At the date of the administration, various credit card providers held Flybe cash totalling £58.6m balanced against a refund exposure of £48.9m, resulting in a potential recovery to Flybe at the date

of the administration of £9.7m. To date, we have negotiated the release of c. £3.0m from credit card providers, an additional £0.2m having been negotiated and agreed since our last update to creditors. Following the Period, the release of a further USD 1.2m has been agreed with credit card acquirers. This will be reflected in future updates to creditors. We continue to work to recover the balance of funds.

At the time of the Joint Administrators' appointment, the Company had trade debtors with a total book value of £23.3m, comprising general trade debtors, IATA receivables (including BSP travel agents) and insurance reclaims. £1.6m has been recovered in the Period.

The Company's largest debtor is Virgin Atlantic Airways Limited ("VAA") with a value of £14.8m on the Company's debtor's ledger as at the date of appointment. This debt relates to sums owed in respect of subsidised domestic flights undertaken by Flybe to connect VAA passengers to VAA long haul flights on their behalf.

Our claim with VAA has recently been reduced by 20% under VAA's recent restructuring plan approved by the High Court on 4 September 2020. We note however, that the value attributed to the Company's claim in VAA's restructuring plan is £9.1m, not £14.8m per the Company's books and records. The difference is due to an ongoing dispute between the Company, VAA and other relevant stakeholders as to the method of valuing the subsidy. These discussions are ongoing, and we note that the value attributed to the Company's claim in VAA's restructuring plan (i.e. £9.1m) is on a without prejudice basis and the Joint Administrators have reserved their rights in this regard.

Other debtors include Eastern Airways (£0.5m) and Stobart Air (£0.2m), which the Joint Administrators continue to pursue, together with the remaining trade debtor balances of c. £5.3m, represented by 443 claims. Since our last update to creditors, we have instructed a specialist debt collection agency to facilitate and accelerate recoveries in the most efficient manner possible, given the large number of small value claims, engaging BCLP where legal action is required. In the Period, £41,688 in fees have been incurred and fully paid with respect to the services provided by the specialist debt collection agency.

1.4 Civil Aviation Authority ("CAA") and the Company's Operating Licence

As previously reported, on 5 March 2020, following the Company's entry into administration the CAA's Consumer and Markets Group ("CMG") wrote to the Joint Administrators with its proposal to suspend or revoke the Company's Operating Licence ("OL") and its related route licences. In response to this proposal, the Joint Administrators wrote to the CAA on 16 March 2020 stating, amongst other things, that a revocation or suspension of the OL is not appropriate and would undermine the Joint Administrators' efforts to financially reconstruct the Company by selling the Company as a going concern. A hearing in respect of this proposal took place before the CAA's Panel on 27 March 2020, and the CAA subsequently decided to revoke the Company's OL on 16 April 2020 ("the CAA Decision").

As referenced in the Proposals, the Joint Administrators appealed the CAA Decision to the Secretary of State for Transport, the Rt Hon Grant Shapps MP, on 30 April 2020. However, during the course of that appeal process, the relevant EU legislation, namely EC Regulation No 1008/2008, was amended by Regulation (EU) 2020/969, such that the relevant threshold test for assessing the suspension or revocation of the Company's OL was changed to account for the impact of the COVID-19 coronavirus pandemic on the aviation industry. The Joint Administrators successfully argued that the CAA's decision to revoke the Company's OL should therefore be withdrawn and a fresh assessment made under the new test in the amended legislation.

As a result, on 9 July 2020, the CAA withdrew its decision to revoke the Company's OL, subject to certain undertakings from the Joint Administrators to, amongst others, not take bookings or sell tickets for flights without the CAA having confirmed the undertakings' release, and the Company has therefore retained its OL. The Joint Administrators subsequently withdrew their appeal to the Secretary of State.

Crucially, the Company's retention of its OL has in turn so far enabled the Company to retain its right to hold its slots at those airports in which it operated, with the exception of its slots at London Heathrow which are subject to ongoing dispute with IAG.

Separately, the CAA's Safety & Airspace Regulation Group (SARG) issued a proposal to revoke Flybe's Air Operator Certificate ("AOC"). This was on the basis of Flybe no longer having the infrastructure to meet the regulatory requirements to hold a valid AOC. The next step would be a hearing before a CAA Panel. However, the Joint Administrators have argued that such a hearing should be delayed whilst there is an opportunity to financially reconstruct the Company. No hearing date has yet been set.

1.5 VAT

An application was made by the Joint Administrators to form a VAT group comprising the Company and its parent, Connect Airways Limited, as members. Confirmation of the formation of the VAT group was received from HMRC on 17 April 2020.

Since 5 March 2020, a total of £436,489 in VAT claims have been submitted to HMRC of which £142,687 has been received. For the Period, over £700,000 of input VAT is expected to be fully recovered. These funds will then be made available to the Administration estate as floating charge recoveries for the Security Trustee for the benefit of the Senior Lenders.

1.6 **Creditors' committee**

Creditors will recall that the Joint Administrators made a declaration in accordance with the provisions of paragraph 52(1)(b) of Schedule B1 to the Act in their proposals. Consequently, in order to fix the basis of their remuneration, and obtain approval for pre-Administration costs and Category 2 disbursements incurred (together "the Resolutions") the requisite information was put before the Company's secured and preferential creditors.

In accordance with Rule 3.39(4) of the Insolvency (England and Wales) Rules 2016, the preferential creditors were also invited to decide whether to establish a creditors' committee if sufficient creditors were willing to be members. Two preferential creditors confirmed their willingness to act on the committee in response, however a minimum of three (and a maximum of five) members are required in order to formally constitute a creditors' committee.

Given that the proposed committee members' basis for being on the creditors' committee was either solely or primarily as a result of an ordinary unsecured claim, the Joint Administrators considered it appropriate to extend the invitation to the general body of ordinary unsecured creditors. BRAL Trustees came forward in response, thereby satisfying the minimum number required to form a creditors' committee. The creditors' committee was formally constituted on 21 August 2020, following delivery of the Notice of Establishment of a Creditors' Committee to Companies House.

Following its constitution, the creditors' committee became the appropriate approving body for the Resolutions. On 3 September 2020, the first formal meeting of the creditors' committee, chaired by Simon Edel, was held virtually with Timothy Seymour, Simon Westmancoat and BRAL Trustees,

represented by Keith Manktelow, present. The members of the creditors' committee voted unanimously in favour of the Resolutions.

2. Receipts and payments account

A summary of our receipts and payments for the period from 5 March 2020 to 4 September 2020 is attached at Appendix 2. It does not reflect estimated future realisations or costs.

3. Investigations

We have concluded and made our confidential submission on the conduct of all persons who were directors, shadow directors or de-facto directors of the Company during the three-year period preceding the Administration to the Insolvency Service, in accordance with the Company Directors Disqualification Act 1986. We have also carried out the work required by Statement of insolvency Practice Number 2 (Investigations by Office Holders) (SIP 2).

The Joint Administrators are not carrying out any further SIP 2 investigations and no specific investigations or actions have been requested by creditors.

4. Joint Administrators' remuneration

The statutory provisions relating to remuneration are set out in Part 18 of the Insolvency (England and Wales) Rules 2016. Further information is given in the Association of Business Recovery Professionals' publication 'A Creditors' Guide to Administrators' Fees', a copy of which may be accessed from the web site of the Institute of Chartered Accountants in England and Wales at <https://www.icaew.com/en/technical/insolvency/creditors-guides> or is available in hard copy upon written request to me.

In certain circumstances, creditors are entitled to request further information about our remuneration or expenses, or to apply to court if they consider the costs to be excessive (Rules 18.9 and 18.34 of the Insolvency (England and Wales) Rules 2016). Further information is provided in 'A Creditors' Guide to Administrators' Fees' referred to above.

On 3 September 2020, the Joint Administrators' remuneration was fixed on the basis of time properly given by them and their staff in dealing with matters arising by resolution of the creditors' committee. As referred to above, a creditors' committee was formed at the request of creditors. The creditors' committee comprises two former employees of the Company, Simon Westmancoat and Timothy Seymour, and the pension trustees, BRAL Trustees.

In the Period, remuneration of £12,134,258.85 plus VAT has been charged in respect of the Administration. No remuneration was drawn in the Period, however fees of £7,473,193 plus VAT were drawn post 4 September 2020 following approval from the creditors' committee.

An analysis of the time spent, and a comparison with the fee estimate dated 29 April 2020 is attached as Appendix 4 to this report.

We anticipate that our remuneration will exceed the fee estimate. The reasons that we expect our fees to exceed the fee estimate are:-

- At the time of preparing the original fee estimate, it was unclear how long our discussions with respect to the sale of the Flybe group business would take. These discussions have been protracted due to the number of interested parties involved and the volume of vendor and buyer due diligence required to support this interest.
- Given the ongoing Flybe group business sale discussions, the Joint Administrators have carefully considered the pros and cons of these discussions (and likelihood of success) and whether continuing would be in the best interests of the creditors on a regular basis throughout the Administration.

Importantly, the Joint Administrators have also consulted the Senior Lenders with respect to the protracted sale discussions given that:-

- The Senior Lenders, through the Security Trustee, hold the primary economic interest in the Administration outcome given their fixed and floating charges over the majority of the Company's assets; and
- The professional and operational costs associated with these extended sale discussions will ultimately be met by them (i.e. from the realisation of their charged assets)

We will not draw remuneration in excess of the fee estimate without providing an explanation to all known creditors and obtaining the requisite approval from the creditors' committee.

The request for approval will specify all of the following:-

- the reasons why the office-holder has exceeded, or is likely to exceed, the fees estimate;
- the additional work the office-holder has undertaken or proposes to undertake;
- the hourly rate or rates the office-holder proposes to charge for each part of that additional work;
- the time that additional work has taken, or the office-holder expects that work will take;
- whether the office-holder anticipates that it will be necessary to seek further approval; and
- the reasons it will be necessary to seek further approval.

4.1 Joint Administrators' **statement of** expenses incurred

In the Period, expenses totalling £13,887,983 plus VAT, have been incurred. This exceeds the initial estimate, provided to creditors at the time of the proposals of £11,923,951. The increase reflects the extended process to achieve a sale of the group business, as detailed in the preceding Joint Administrators' remuneration section of this report.

Accordingly, an updated estimate of expenses, together with an analysis of the expenses incurred in the Period, and cumulatively for the Administration is provided at Appendix 3 to this report. These expenses represent operating expenses incurred by the Company and include but are not limited to legal costs, employee costs, rent and rates, and insurance.

4.2 Pre-Administration costs

A statement of pre-Administration costs was made in the Proposals totalling £100,960 plus VAT, comprising the costs incurred by the Joint Administrators and their legal advisers, BCLP, in preparing for the Administration. Further detail relating to pre-Administration costs was also provided to creditors in the Proposals.

These costs were approved for payment as an expense of the Administration by resolution of the creditors' committee on 3 September 2020. The Joint Administrators had not drawn their outstanding fees of £64,348 as at 4 September 2020 but have since fully drawn this amount; BCLP's legal fees having been met from funds provided by the Company and held in trust by BCLP prior to the commencement of the Administration, as previously reported.

5. Distributions to creditors

5.1 Secured Creditors

As at the date of this report, we understand the following with respect to secured creditor claims:-

- The outstanding secured creditor debt due to the Consortium is estimated at £136.2m. We note that the Security Trustee acts as security trustee for the Senior Lenders and that the security granted by Flybe in favour of the Security Trustee was registered at Companies House.
- We have undertaken significant work to establish the current status of the 340 secured charges registered at Companies House (including those in favour of the Security Trustee), a large proportion of which are understood to be historic based on our own research and the Company's own records. The outcome of the Joint Administrators' findings is the list of 34 current known secured creditors of the Company attached in Appendix 5. We have written to each of these creditors in respect of their claims during the Administration.
- As reported in the Proposals, we understood that there was £127.3m in fleet/aircraft mortgages secured against specific aircraft and engines on appointment. Counterparties include Nord LB and UTC (Pratt & Whitney). We note that the fleet financiers and lessors have now collected their aircraft and engines and do not have security over any residual assets in the name of the Company (aside from minor insurance claims).
- As at the date of writing, we note that Lloyds Bank PLC (trading as Cardnet) currently has security over cash collateral accounts totalling £11,503,585 against an exposure of c. £11,447,747. The latest position with AIB Merchant Services is yet to be confirmed however, we understand based on information provided to date, they may be holding a reserve of c. €10.2m, secured against an exposure of c. €4.9m. We are currently in discussions with AIB Merchant Services to verify these amounts to understand what excess collateral can be released to the Company. AMEX and PayPal have security over cash collateral accounts totalling c. £3,222,983 and c. £1,020,319, respectively. These are subject to change as refund and chargeback claims are still being received and processed by the card acquirers.
- The training academy is subject to a fixed charge in favour of BRAL Trustees. We have not included BRAL Trustees debt in this section as the claim is included in greater detail at section 5.2 below.
- For completeness, we have sought counsel's opinion on the treatment of historic charges which remain registered at Companies House and have sought to confirm the status of the security by

writing to each of the security holders, where they are still in existence. We are now considering what, if any, further steps can or should be taken to further clarify this position.

5.2 Preferential Creditors

The current estimate of preferential creditors is c. £4,000,000, in respect of claims for employees' salaries, holiday pay and pension contributions. We are currently in the process of taking steps to quantify these claims and make a distribution to preferential creditors.

5.2 Non-preferential creditors

Non-preferential creditor claims continue to be submitted as the Administration continues. Based on proofs of debt now received, we estimate that the total non-preferential claims will be in the region of £450m-£500m, however it is possible that this figure will be materially higher.

We note that currently, the five largest claims are:-

BRAL Trustees	£96,500,000
Environment Agency	£51,885,049
GE Engine Service LLC	£17,126,790
Birmingham Airport	£11,486,562
Goodrich Aerospace	£ 8,183,501

The prescribed part is a proportion of floating charge assets set aside for unsecured creditors pursuant to section 176A of the Insolvency Act 1986. The prescribed part applies to floating charges created on or after 15 September 2003.

At the time of the Proposals, it was noted that the Joint Administrators intended to make an application to the court, under section 176A(5) of the Insolvency Act 1986 for an order not to distribute the prescribed part on the grounds that the cost of making a distribution to unsecured creditors would be disproportionate to the benefit of doing so. This was based on the large number (c.900,000) of claims, now understood to be worth in the region of £450m, sharing a maximum prescribed part of £600,000.

As referred to in section 1.2 of this report, the Company's London Heathrow landing slots are not subject to security and therefore any realisations derived from their sale may be available for the benefit of the Company's unsecured creditors. The possibility of realising any value for unsecured creditors remains uncertain, pending the outcome of the ongoing dispute with IAG. However, in light of this, the Joint Administrators do not propose to make an application to court to seek to disapply the prescribed part, until a conclusion has been reached in respect of these assets.

6. End of the Administration

In order complete our work to achieve the objective of the Administration, we may need to seek an extension to the period of the Administration, beyond the statutory period of one year, by consent of the creditors or by an order of the Court. The reason to extend the Administration is in order to complete our stated objective as Joint Administrators, namely, to achieve a better result for the Company's creditors as a whole than would be likely if the Company was wound up (without first being in administration)

We will notify creditors in our next statutory report once we have determined the appropriate course of action with respect to ending the Administration and any effect this may have on the timing for the end of the Administration, be it by 5 March 2021 or thereafter.

7. Future conduct of the Administration

The Joint Administrators will continue to deal with the Administration in line with the stated objective. Future tasks will include, but are not limited to, the following:

- selling the remaining business as a whole in an attempt to deliver a transaction that sees all or the majority of assets transfer, together with a number of retained employees;
- liaising with the CAA in relation to the Operating Licence (as required) and any other activities in relation to the preservation of licences and the landing slots;
- selling the MRO assets, remaining engines, stock, tooling and any other tangible assets held by the Company, either directly or through a reselling agent that the Joint Administrators may appoint;
- collecting the retention amount (if any) in relation to the FAS share sale;
- collecting book debts and any residual cash held by third parties;
- dealing with the IAG dispute;
- assisting redundant employees with any claims against the Redundancy Payments Office or the Company;
- negotiating with landlords and suppliers regarding leasehold premises;
- dealing with the statutory requirements of the Administration, including reporting to creditors (as necessary);
- calculating the Corporation Tax and VAT positions of the Company as at the date of appointment, and for subsequent periods during the Administration;
- making distributions to the secured and preferential creditors (as applicable);
- making distributions to the unsecured creditors under the Prescribed Part or other (as applicable);
- if it is deemed appropriate, seek an extension and/or further extensions to the Administrations from the Company's creditors and/or the Court (as applicable);
- dealing with unsecured creditor enquiries;
- finalising the Administration including the payment of all Administration liabilities; and
- any other actions required to be undertaken by the Joint Administrators in order to fulfil the purpose of the Administration.

8. Other matters

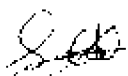
If there are any matters concerning the Company's affairs which with you consider may require investigation, and consequently should be brought to our attention, please forward the details to me in writing as soon as possible.

Next report

We will report to you again at the conclusion of the Administration or in six months' time, whichever is the sooner.

Yours faithfully

For and on behalf of the Company



S J Edel
Joint Administrator

Alan Hudson, Simon Edel, Joanne Robinson and Lucy Winterborne are licensed in the United Kingdom to act as an Insolvency Practitioner by The Insolvency Practitioners Association.

The affairs, business and property of the Company are being managed by the Joint Administrators, Alan Hudson, Simon Edel, Joanne Robinson and Lucy Winterborne who act as agents of the Company only and without personal liability.

The Joint Administrators may act as data controllers of personal data as defined by the General Data Protection Regulation 2016/679, depending upon the specific processing activities undertaken. Ernst & Young LLP and/or the Company may act as a data processor on the instructions of the Joint Administrators. Personal data will be kept secure and processed only for matters relating to the Joint Administrator's appointment. The Office Holder Data Privacy Notice can be found at www.ey.com/uk/officeholderprivacy.

Appendix 1

Information about the proceedings, the company and the office holders, as required by Rule 18.3(1) of the Insolvency (England and Wales) Rules 2016

Name of court:	High Court of Justice Business and Property Courts of England and Wales, Insolvency and Companies List (ChD)
Court reference:	CR-2020-001582
Registered name of the company:	Flybe Limited
Registered office address of the company:	1 More London Place, London, SE1 2AF
Registered number:	02769768
Country of incorporation (for a company incorporated outside the United Kingdom):	N/A
Date of appointment of the Joint Administrators:	5 March 2020
Details of any changes of administrator:	None
Full names of the administrators:	Alan Michael Hudson, Simon Jamie Edel, Joanne Honor Robinson and Lucy Winterborne
Office holder number(s):	9200, 9810, 19890 and 21130
Joint Administrators' address(es):	
Alan Michael Hudson Ernst & Young LLP 1 More London Place, London, SE1 2AF	Simon Jamie Edel Ernst & Young LLP 1 More London Place, London, SE1 2AF
Joanne Honor Robinson Ernst & Young LLP 1 More London Place, London, SE1 2AF	Lucy Winterborne Ernst & Young LLP The Paragon, 32 Counterslip, Bristol, BS1 6BX
Telephone number:	(0) 20 7951 2000
Name of alternative person to contact with enquiries about the case:	Donna McNeill

Flybe Limited
(In Administration)

Joint Administrators' Summary of Receipts and Payments from 5 March 2020 to 4 September 2020

Receipts	Directors' Statement of Affairs - Estimated to Realise	Consolidated GBP Equivalent	GBP	EUR	USD	Notes
						1
<u>Fixed Charge</u>						
Property (Training Academy)	3,500,000	-	-	-	-	
Share in FAS	Uncertain	2,808,485	2,808,485	-	-	
Leased Engines*	85,462,700	-	-	-	-	
Mortgaged Engines*	17,144,100	1,818,320	-	-	2,400,000	
		4,626,804	2,808,485	-	2,400,000	
<u>Floating Charges</u>						
Cash at Bank (unrestricted)	6,437,608	5,336,960	4,476,459	627,321	396,291	2
Third Party Funding	-	242,839	242,839	-	-	
Derivatives	580,000	580,000	580,000	-	-	
Card receipts	4,005,755	3,017,647	3,017,647	-	-	
Petty Cash	-	23,658	14,931	9,771	-	
Fleet Maintenance	-	10,169,313	9,832,978	344,712	37,583	
Trade Debtors	12,863,838	1,615,380	1,432,261	107,083	115,470	
Other Debtors	-	157,341	157,341	-	-	
Refund of pre-payment	-	6,122	6,122	-	-	3
Bank Interest	-	16,136	16,136	-	-	
Chattel sales	-	1,600	1,600	-	-	
Airport Slots	Uncertain	-	-	-	-	
Spares and Parts	Uncertain	181,818	-	-	239,982	
Carbon Credits	7,253,792	7,308,673	-	8,183,521	-	
Insurance rebates	2,500,000	404,861	30,713	-	493,837	
Fixed Assets - Software	Uncertain	-	-	-	-	
Fixed Assets - Plant and Equipment	50,000	-	-	-	-	
Intercompany Debtors	Uncertain	-	-	-	-	
Other Receivables	Uncertain	-	-	-	-	
		29,062,348	19,809,028	9,272,408	1,283,163	
Total Receipts		33,689,152	22,617,512	9,272,408	3,683,163	

Payments

Wages	5,205,031	5,205,031	-	-	
Legal Fees	2,576,830	2,576,830	-	-	
Rent and Rates	955,084	955,084	-	-	
Facilities Management and Security	238,503	238,503	-	-	
Testing and Maintenance	179,882	179,042	-	1,108	
Transportation	134,333	134,333	-	-	
Equipment Leasing	63,626	63,626	-	-	
IT & Finance Systems	620,685	594,267	29,580	-	
Agents	205,422	205,422	-	-	
Regulatory and License Payments	28,725	28,725	-	-	
Interest Charges	1,530	-	1,713	-	
Bank Charges	1,920	1,841	44	52	
Employee Expenses	50,171	50,171	-	-	
Sundry Expenses	170	170	-	-	
Customs Duty	26,259	26,259	-	-	
Insurance payments	339,735	339,735	-	-	
Intercompany Loan (FAS)	-	-	-	-	4
Total Payments	10,627,908	10,599,041	31,338	1,161	
Intracompany Transfers	-	-	-	-	
Receipts	10,464,065	10,464,065	-	-	
Payments	9,983,632	-	9,163,521	2,375,456	
Total Net Receipts/Payments	23,541,677	22,482,536	77,549	1,306,546	
Net Input/(Output) VAT	769,922	769,922	-	-	
Cash at Bank	23,654,926	22,598,472	107,129	1,268,130	
Accruals:	-	-	-	-	
Pension Control Account	-	-	-	-	
Payroll Deductions Control Account	-	-	-	-	
Trade Creditors	(778,311)	(751,054)	(29,580)	(1,108)	
PAYE/NIC Control Account	-	-	-	-	
MRO Control Account	(104,829)	(134,775)	-	39,525	5
FAS Control Account	(30)	(30)	-	-	
Represented by Total	23,541,677	22,482,536	77,549	1,306,546	

The numbers above are presented with no decimal places, hence, rounding differences may be present within the sums above which have not been adjusted for.

Notes

1. Currency conversion rates being applied to the Consolidated R&P are based on Bank of England rates as at 4 September 2020. USD 1.3199 and EUR 1.1197
2. Approximately £1.5m is being held pending the crystallisation of various facilities issued in GBP, USD and Euro that Barclays may be obliged to pay out.
3. This is the net balance returned to the Joint Administrators by BCLP from funds held on trust after deducting their pre-administration cost as detailed in the Proposals dated 29 April 2020.
4. FAS Intercompany Loan has been settled in full following the sale of the Company's shares in FAS on 2 June 2020.
5. Funds held separately on account by the Company, which will be drawn down as MRO work is undertaken, or otherwise returned.
6. Receipts and payments are stated net of VAT.

*Leased Engines were labelled Aircraft while Mortgaged Engines were labelled as Aircraft Engines in the Statement of Affairs.

Appendix 3

Flybe Limited (In Administration)

Summary of Joint Administrators' expenses incurred

Type of Expense	Per Estimate Dated 29 April 2020 (£)	Incurred from 5 March 2020 to 17 Apr 2020 (£)	Incurred from 17 April 2020 to 4 September 2020 (£)	Total incurred from 5 March 2020 to 4 September 2020 (£)	Estimate to Complete (£)
Payments made from the estate which are not disbursements (see notes 1 and 2 at the end of this table)					
Employee Costs	5,424,629	1,161,869	4,500,688	5,662,557	2,863,019
Legal Fees	3,640,286	290,560	4,174,818	4,465,378	1,482,957
IT & Finance Systems	1,090,100	20,683	1,061,915	1,082,598	806,086
Rent and rates	754,864	126,533	992,824	1,119,357	2,834,760
Insurance	517,737	-	352,349	352,349	169,414
Facilities Management and Security	144,477	67,021	236,617	303,638	92,279
Test and maintenance	124,919	65,701	166,874	232,575	21,540
Agent Fees	89,232	3,950	281,064	285,014	702,589
Transportation Costs	54,993	46,013	112,308	158,321	53,868
Equipment lease payment	30,090	11,169	94,564	105,733	8,349
Regulatory and License Payments	11,739	1,943	29,548	31,491	-
Bank Charges	2,500	441	1,479	1,920	1,500
Interest Charges	1,000	76	1,454	1,530	1,500
Sundry expenses	1,000	28	1,388	1,416	-
Public Notices	625	-	-	-	-
Customs Duty	500	-	41,405	41,405	38,735
Category 1 disbursements (see Note 2)					
Travel	21,466	16,466	2,422	18,888	3300
Accommodation	9,286	6,286	6,421	12,707	2200

Type of Expense	Per Estimate Dated 29 April 2020 (£)	Incurred from 5 March 2020 to 17 Apr 2020 (£)	Incurred from 17 April 2020 to 4 September 2020 (£)	Total incurred from 5 March 2020 to 4 September 2020 (£)	Estimate to Complete (£)
Specific penalty bond	1,280	1,280	-	1,280	200
Office supplies	1,055	1,055	2,293	3,348	600
Parking	551	401	89	490	100
Postage, photocopying and printing	123	23	76	99	50
Category 2 disbursements (note 2)					
Mileage	1,500	-	2,218	2,218	400
Telephone	-	-	15	15	-
Internal bulk copying, printing and postage	-	-	3,656	3,656	650
Totals	11,923,952	1,821,498	12,066,485	13,887,983	9,084,095

Notes

- 1 Statement of Insolvency Practice 9 (SIP 9) defines expenses as amounts properly payable from the insolvency estate which are not otherwise categorised as office holders' remuneration or distributions to creditors.
- 2 SIP 9 defines disbursements as a type of expense which is met by, and reimbursed to, an office holder in connection with an insolvency appointment. Disbursements fall into two categories: Category 1 and Category 2.
 - Category 1 disbursements are payments to independent third parties where there is specific expenditure directly referable to the appointment
 - Category 2 disbursements are expenses which are directly referable to the appointment but not a payment to an independent third party. They may include shared and allocated costs.

Appendix 4

Flybe Limited (In Administration)

Joint Administrators' **time costs for the period from 5 March 2020 to 4 September 2020** and a comparison with the fee estimate dated 29 April 2020 (excluding VAT)

Type of work	Estimated Hours as of 29/04/2020	Estimated Time Cost £ as of 29/04/2020	Estimated Average Hourly Rate £/h	Actual Hours as of 04/09/2020	Actual Time Cost £ as of 04/09/2020	Actual Average Hourly Rate £/h
Sale of Business, Other Assets and Airport Slots	4,676	3,903,806	835	7,452.8	4,562,808	612
Fleet, Engines & Equipment	2,576	1,788,195	694	3,629.4	1,430,804	394
Trading, Cashflow, and Funding	2,397	1,498,558	625	4,209.8	1,632,617	388
Creditors, Critical Suppliers and Property	3,229	1,800,788	558	2,812.3	822,072	292
Communications, Customers & Employees	3,893	1,731,527	445	3,764.8	1,266,489	336
Accounting & Administration	347	157,412	454	1,122.4	340,472	303
Bank & Statutory Reporting	218	176,301	809	382.2	224,081	586
Job Acceptance and Strategy	674	428,159	635	1,017.7	487,150	479
Immediate Tasks & Day 1	872	491,124	563	751.6	339,511	452
VAT & Taxation	297	264,451	890	689.7	505,927	734
Regulatory	99	100,743	1,018	148.1	118,197	798
Investigations	535	251,858.0	471	1,104.6	397,023	359
Sale to NewCo & Transaction Support	0.0	0.0	-	11.1	7,109	640
Total Est. Hours	19,813	12,592,922	636	27,097	12,134,259	448
Fees paid to date					(7,473,193)	
Residual fee to be paid					4,661,066	

Categories of work	Description of work completed / to be completed
Sale of Business, Other Assets and Airport Slots	<p>Tasks providing a direct benefit to creditors via asset realisations and preservation of critical assets (actions relating to the CAA):</p> <ul style="list-style-type: none"> • Progression of initial expressions of interest in the group business; advancing discussions with potential purchasers of the Company's assets, including but not limited to engines, landing slots and MRO • Finalising carbon credit sales and sale of shares in FAS • Engaging with IAG in respect of Heathrow landing slots and ongoing dispute process
Fleet, Engines & Equipment	<p>Tasks providing a direct benefit to creditors by preserving and realising value in assets:</p> <ul style="list-style-type: none"> • Identifying and securing assets • Developing, presenting and agreeing a proposal to lessors / financiers regarding aircraft / engine maintenance, supply of CAMO services and heavy maintenance • Engagement with fleet lessors / financiers regarding ongoing line and heavy maintenance and the return of their respective aircraft / engines and associated technical records • Dealing with a range of operational issues, such as third-party claims, access to airports, aircraft cleanliness, re-fuelling of aircraft and handling of lessor queries. • Maintaining tight control over working capital to ensure MRO function was cash generative and minimised the potential for material bad debts
Trading, Cashflow, and Funding	<p>Tasks providing a direct benefit to creditors by preserving and realising value in assets:</p> <ul style="list-style-type: none"> • Engagement with Barclays regarding the release of pre-appointment cash at bank • Working with senior Flybe leadership on key operational matters associated with the trading function, including development of COVID-19 operational plan, communication of plans to Flybe leadership team and the Flybe team • Preparation and daily management of the Company's cashflow and funding forecasts for the Administration • Pursuing other material balances owed by travel agencies and other airlines with support from legal advisors

Categories of work	Description of work completed / to be completed
Creditors, Critical Suppliers & Employees	<p>Tasks providing a benefit to employees and customers:</p> <ul style="list-style-type: none"> • Prioritisation and engagement with key suppliers to ensure continuation of critical services; continued negotiations to reduce monthly costs/ease contract terms • Correspondence / dialogue with a large volume of creditors, including general queries and the lodgement of claims received • Holding employee briefing sessions and other communications to employees relating to the Administration • Liaising with Redundancy Payment Service (RPS), unions and various Pension Schemes; and other related activities to the submission of claims by former employees • Conducting regular review of employee listing to assess Administration requirements and attend to further redundancies as required • Making distributions to the secured and preferential creditors (as applicable) and to the unsecured creditors under the Prescribed Part or other (as applicable).
Accounting & Administration	<p>Tasks providing an indirect benefit to creditors:</p> <ul style="list-style-type: none"> • Overall financial management of the Administration, processing daily and weekly payments (as necessary), updating internal accounting systems and preparation of bank account reconciliations • Time costs reporting
Bank & Statutory Reporting	<p>Tasks providing a direct benefit to the senior lenders and reports as required by statute:</p> <ul style="list-style-type: none"> • Regular reporting to the Company's secured creditors providing details on key Administration strategy and recommendations • Preparing estimated outcome statements, including and cash flow updates for the Senior Lenders • Providing regular updates to the Pension Scheme (in their capacity as security holder for the training academy) in relation to the sale of the freehold property and dealing with various title registrations in relation to the same • Preparation and submission of the Joint Administrators' Proposals, progress reports and final report; compliance with the statutory requirements of the Administration • Statutory filings at Companies House

Categories of work	Description of work completed / to be completed
Job Acceptance and Strategy	<p>Tasks providing an indirect benefit to creditors:</p> <ul style="list-style-type: none"> Initial planning of the Administration strategy, including meetings with the Company's directors, preparation and review of Court appointment documentation and attendance at Court Regular meetings (during trading and M&A process) with Flybe leadership team to discuss critical matters
Immediate Tasks & Day 1	<p>Tasks providing an indirect benefit to creditors and required by statute</p> <ul style="list-style-type: none"> Coordinating attendance by over 60 EY staff at 26 airports and the head office across the UK and Europe immediately following the appointment to address customers, employees and key stakeholders Coordinating attendance with Civil Aviation Authority and key Flybe and airport teams
VAT & Taxation	<p>Tasks required by statute and potentially providing a direct and/or indirect benefit to creditors:</p> <ul style="list-style-type: none"> General tax compliance Strategic tax planning advice on capital gains, VAT/input tax and corporation tax in relation to various actions taken during the Administration Providing detailed advice on proposed transaction structures including, most notably, for the sale of the shareholding in FAS and the various alternative possible transaction structures for the potential sale of the group business as well as the sale of other assets (such as the mortgaged engines)
Regulatory	<p>Tasks required by statute:</p> <ul style="list-style-type: none"> Managing communications with other regulatory bodies including the Insolvency Service and Financial Conduct Authority
Investigations	<p>Tasks required by statute:</p> <ul style="list-style-type: none"> Preparation and submission of confidential CDDA report as required by statute, which is a detailed report on the conduct of the directors in the period leading up to the appointment

Categories of work

Description of work completed / to be completed

Sale to NewCo & Transaction Support	<p>Tasks providing a direct benefit to creditors by preserving and realising value in assets:</p> <ul style="list-style-type: none">• Advancing detailed discussions with potential purchasers of the group business• Working through conditions attached to group business interest, including satisfaction of finance, regulatory, operational requirements amongst other things• Review, execution and completion of sale agreements and other transaction documentation
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List of known secured creditors

AVAP Leasing (Europe) Ii Pte. LTD.	NAC Aviation 19 Limited
AVAP Leasing (Europe) Iii Pte. LTD	NAC Aviation 23 Limited
Barclays Bank PLC	Norddeutsche Landesbank Girozentrale
BRAL Trustees (IOM) Limited	Royal Bank of Scotland PLC
(Chorus) Commuter Aircraft Leasing 2017 I Limited	The Law Debenture Trust Corporation P.L.C.
GLAS Trust Corporation Limited	UT Finance Corporation
HEH Aviation "Birmingham" Beteiligungsgesellschaft Mbh & Co. Kg	(Chorus) Wilmington Trust Sp Services (Dublin) Limited
HEH Aviation "Cologne" Beteiligungsgesellschaft Mbh & Co.Kg	
HEH Aviation "Dublin" Beteiligungsgesellschaft Mbh & Co. Kg	
HEH Aviation "Edinburgh" Beteiligungsgesellschaft Mbh & Co. Kg	
HEH Aviation "Hamburg" Beteiligungsgesellschaft Mbh & Co.Kg	
HEH Aviation "Leeds" Beteiligungsgesellschaft Mbh & Co. Kg	
HEH Aviation "Liverpool" Beteiligungsgesellschaft Mbh & Co. Kg	
HEH Aviation "Manchester" Beteiligungsgesellschaft Mbh & Co Kg	
HEH Aviation "Newcastle" Beteiligungsgesellschaft Mbh & Co. Kg	
HEH Aviation "Southampton" Beteiligungsgesellschaft Mbh & Co. Kg	
HEH Aviation 'Bristol' Beteiligungsgesellschaft Mbh & Co. Kg	
HEH Aviation 'Bristol' Beteiligungsgesellschaft Mbh & Co.Kg	
HEH Aviation Exeter Beteiligungsgesellschaft Mbh & Co. Kg	
HEH Aviation Hamburg Beteiligungsgesellschaft Mbh & Co. Kg	
HEH Aviation Hamburg Beteiligungsgesellschaft Mbh & Co. Kg (The Assignee)	
HEH Erste Beteiligungsgesellschaft Mbh & Co.	
HEH Erste Beteiligungsgesellschaft Mbh & Co. Kg	
Lloyds Bank TSB PLC	
Lloyds Bank PLC	