

The Insolvency Act 1986

Administrator's progress report

Name of Company 2E2 Group Limited	Company number 04826387
In the High Court of Justice, Chancery Division (Company Insolvency) [full name of court]	Court case number 613 of 2013

(a) Insert full name(s)
and address(es) of
administrator(s)

I / We (a) Simon Granger, Chad Griffin and Simon Ian Kirkhope of
FTI Consulting LLP, Midtown, 322 High Holborn, London WC1V 7PB

administrator(s) of the above company attach a progress report for the period

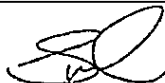
from

to

(b) Insert date

(b) 28 July 2013(b) 27 January 2014

Signed



Joint Administrator

Dated

4 February 2014**Contact Details:**

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

William Marsden	
FTI Consulting LLP, Midtown, 322 High Holborn, London WC1V 7PB	
	Tel 020 3077 0543
DX Number	DX Exchange

WEDNESDAY



A22

A311R4DV

05/02/2014

#191

COMPANIES HOUSE

When you have completed and signed this form please send it to the Registrar of Companies

Companies House, Crown Way, Cardiff, CF14 3UZ

DX 33050 Cardiff

Joint Administrators' Six Month Report for the period 28 July 2013 to 27 January 2014

2E2 Holdings Limited (Company Number: 05929340) ("Holdings")

2E2 Investments Limited (Company Number: 05928851) ("Investments")

2E2 Group Limited (Company Number: 04826387) ("2e2 Group")

2E2 Limited (Company Number: 04501291) ("2e2 Ltd")

(Collectively "the Companies")

4 February 2014



COMPANIES HOUSE

CONTENTS

- 1 Introduction and Statutory Matters
- 2 Progress of the Administrations
- 3 Other Matters
- 4 Estimated Outcome to Creditors
- 5 Administrators' Remuneration and Disbursements
- 6 Next Report

APPENDICES

Statutory Information	Appendix A
Receipts and Payments Accounts for the Period 28 January 2013 to 27 January 2014	Appendix B
Analysis of Administrators' Time Costs in Accordance with Statement of Insolvency Practice 9 ("SIP9")	Appendix C
Additional Information in Relation to Administrators' Fees Pursuant to SIP9	Appendix D
Extracts from the Insolvency Act 1986 (as amended) ("the Act")	Appendix E
Statement of Claim Form	Appendix F

1 Introduction and Statutory Matters

- 1 1 Simon Granger, Chad Griffin and Simon Kirkhope ("the Administrators") of FTI Consulting LLP ("FTI") were appointed as Joint Administrators of Holdings, Investments, 2e2 Group, and 2e2 Ltd as well as number of subsidiaries on 28 January 2013
- 1 2 The Administrators were appointed over the Initial Entities by the directors of the Companies in accordance with Paragraph 22, Schedule B1 of the Insolvency Act 1986, as amended ("the Act")
- 1 3 The court having conduct of the proceedings is High Court of Justice, Chancery Division, Companies Court ("the Court")
- 1 4 Simon Granger is licensed in the United Kingdom to act as an insolvency practitioner by the Association of Chartered Certified Accountants under section 390(2)(a) of the Act Chad Griffin and Simon Kirkhope are licensed in the United Kingdom to act as insolvency practitioners by the Institute of Chartered Accountants in England and Wales under section 390(2)(a) of the Act
- 1 5 Pursuant to Paragraph 100(2) of Schedule B1 to the Act the Administrators act jointly and severally so that all functions may be exercised by each and any of them
- 1 6 This Report includes information required to be provided to creditors pursuant to Rule 2.47 of the Insolvency Rules 1986 (as amended) ("the Rules") in relation to the Companies Statutory information pertaining to the Companies and as required by the Rules is set out in Appendix A
- 1 7 The centre of main interest of each of the Companies is the United Kingdom Therefore, the EC Regulations on Insolvency Proceedings 2000 apply to the Administrations The proceedings are main proceedings as defined by Article 3 of those regulations
- 1 8 No creditors committee has been formed in any of the Administrations
- 1 9 Our Proposals were deemed to have been approved on 3 April 2013 and in accordance with Rule 2.106(5A)(a) of the Rules, the basis of Administrators' remunerations was fixed by reference to the time properly given by the Administrators and their staff in attending to matters arising in the Administrations, calculated at the prevailing standard hourly charge out rates used by FTI at the time when the work is performed, plus VAT
- 1 10 Pursuant to Paragraphs 76 and 78 of Schedule B1 of the Act, the administrations of the Companies have been extended for a period of six months with the consent of the Secured Creditors of the Companies There are no known preferential creditors of the Companies

2 Progress of the Administrations

- 2 1 Attached at Appendix B is a Receipts and Payments accounts for 2e2 Limited for the period 28 July 2013 to 27 January 2014 No receipts and payments accounts have been prepared for Holdings, Investments or Group as there have been no realisations into the administration estates of these companies to date The statement of affairs for Holdings, Investments and Group provided to creditors with our Proposals estimated that there were no assets of realisable value in any of these companies
- 2 2 The only realisation during the period for 2e2 Limited is the receipt of a refund of c £2k in respect of certain expenses that were prepaid prior to the administration
- 2 3 During the period costs of c £33k have been paid out of the administration estate Further information is given in the administrators' fees section of the report below

3 Other Matters

Property

- 3 1 Group was a guarantor to four property leases. The landlords of the properties to which the leases relate have accepted consensual surrenders of these leases.

Unsecured Creditors

- 3 2 As Administrators, we have a statutory duty to advertise for creditor claims. Any creditor who believes they may have a claim should submit their claim to us as soon as possible, using the statement of claim form attached at Appendix F, unless they have already done so.

Tax and VAT Matters

- 3 3 Pre-appointment corporation tax returns have been submitted for each of the Companies. These returns have been accepted by HMRC and we do not anticipate any recovery to arise from these returns. Further returns have been filed in respect of the Administrations to date and no queries have been raised in respect of these returns.

- 3 4 A VAT return for the Group for the period from the dates of our appointments to 31 December 2013 has been submitted. Further VAT returns will be submitted during the course of the Administrations.

Statutory Investigations

- 3 5 During the period we have continued our investigation work in accordance with SIP2 into potential assets of the Companies, including the right to undertake recovery actions. We have undertaken detailed an assessment of the Companies' records and we continue to work with our legal advisors to assess whether any potential recovery actions should be undertaken.

- 3 6 The administrations of the Companies have been extended with the consent of the applicable Secured Creditors for each entity in order to allow the investigations to continue, which may allow for potential recoveries into the administration estates.

- 3 7 We have filed final reports on the conduct of the Companies' directors in accordance with our statutory duties pursuant to the Company Directors Disqualification Act 1986.

- 3 8 However, should any creditors have any further relevant information in relation to directors' conduct, they should still provide details in writing to the Administrators for any necessary further submission. This request forms part of our normal investigations into directors' conduct and does not imply any criticism of the directors in this particular case. The content of our reports in relation to this are confidential and shall be submitted to the Department for Business, Innovation and Skills.

4 Estimated Outcome to Creditors

- 4 1 Creditors should be aware that it is often difficult to predict the likely dividend levels given that dividends are dependent on the level of realisations and the extent of claims received. Our comments are based on the realisations to date, and our expectations of further asset realisations into the Administration estates. None of Holdings, Group or Investments has made any distribution to any class of creditors as no realisations have been made to date into the administration estates of these companies. Any future realisations remain highly uncertain so no distribution is currently anticipated from any of these entities.

The general positions of each of the categories of creditor of 2e2 Limited are shown below:

- **Secured Creditors** – £4.8m has been paid to Secured Creditors as a fixed charge dividend from 2e2 Ltd to date. A further fixed charge dividend is likely to be made prior to the closure of the administration.

There is expected to be a significant shortfall to Secured Creditors as total secured debt at the date of our appointment was c £257.2m.

- **Preferential creditors** – Under the Act the only classes of preferential creditor are employees in respect of certain claims in relation to arrears of wages, holiday and pensions contributions, as has previously been communicated to employees

We are not aware of any preferential creditor claims against any of the Companies, but in any case no dividend would currently be expected to be available to preferential creditors of any of the Companies, as floating charge realisations have not exceeded the administration costs in any of the estates

- **Prescribed Part** – Under Section 176A of the Act where after 15 September 2003 the Company has granted a creditor a floating charge, a proportion of the net property of the company achieved from Floating Charge asset realisations must be made available for the unsecured creditors

The Prescribed Part applies where there are net floating charge realisations (i.e. after costs of realisation) available to unsecured creditors, and is calculated as follows

- 50% of net property up to £10k
- Plus 20% of net property in excess of £10k
- Subject to a maximum of £600k

It is currently estimated that no Prescribed Part will be available to creditors of any of the Companies

- **Unsecured Creditors** – Based on the information available we estimate that there will be no funds available to distribute to unsecured creditors of any of the Companies other than that distributed under the Prescribed Part, should one be payable

5 Administrators' Remuneration and Disbursements

Billed to Date

- 5 1 Following approval from the Secured Creditors of 2e2 Ltd Administrators' remuneration totalling £305,277.00, category 1 disbursements totalling £5,147.79 and category 2 disbursements totalling £15.20 have been billed and drawn from the administration estate of 2e2 Ltd £32,621.50 of these fees have been drawn during the period, whilst no expenses have been drawn during the period

- 5 2 Category 1 disbursements do not require approval by creditors, and generally comprise of external supplies of services which are specifically identifiable to the case and personnel expenses incurred in connection with the case. Category 2 disbursements do require approval from creditors and relate to services provided to the office holder by associated companies and costs which are apportioned overheads such as mileage and data storage. Further details in relation to this can be found at Appendix D

- 5 3 We have attached at Appendix C a time analysis for this period in accordance with the provisions of SIP9, which provides details of the activity costs incurred by staff grade

- 5 4 No fees have been billed to date in respect of 2e2 Group, Investments and Holdings

Unbilled Time Costs

- 5 5 Unbilled costs incurred across the Companies for the period from 28 January 2013 to 27 January 2014 total £79,778.00 in respect of time costs and £34.20 in respect of category one disbursements. Full fee analysis in accordance with SIP9 shown in Appendix C

- 5 6 We may request approval for these fees (from the applicable approving creditors) in due course depending on the level of realisations in respect of each of these entities

- 5 7 Attached at Appendix D is additional information in relation to our policy on staffing, the use of sub contractors, disbursements and details of our current charge out rates by staff grade

Creditors' Right to Request Information

- 5 8 Any secured creditor or unsecured creditor with the support of at least 5% in value of the unsecured creditors or, with leave of the Court, may, in writing, request the Administrators to provide additional information regarding remuneration or expenses to that already supplied with this document. Such requests must be made within 21 days of receipt of this report, in accordance with Rule 2 47(1)(fa) and 2 48A of the Rules
- 5 9 I enclose further information in relation to creditors' rights to information at Appendix E
- 5 10 A copy of the 'Creditors' Guide to Administrators' Fees' is available at http://www.r3.org.uk/media/documents/publications/professional/Guide_to_Administrators_Fees_Nov2011.pdf

Creditors can alternatively request a copy from us and we will provide a paper copy by post


Creditors' Right to Challenge Remuneration and/or Expenses

- 5 11 Any secured creditor or, unsecured creditor with the support of at least 10% in value of the unsecured creditors or with leave of the Court, may apply to the Court for one or more orders (in accordance with Rule 2 109(4) of the Rules), challenging the amount or the basis of the remuneration which the Administrators are entitled to charge or otherwise challenging some or all of the expenses incurred. Such applications must be made within eight weeks of receipt by the applicant(s) of the report detailing the remuneration and/or expenses being complained of, in accordance with Rule 2 109 of the Rules

6 Next Report

- 6 1 The Joint Administrators are required to provide a progress report within one month of the end of the next six months of the Administrations or earlier if the Administrations have been finalised
- 6 2 Should you have any queries in the meantime, please contact us on 020 3077 0593 or email 2e2administrators@fticonsulting.com

For and on behalf of
the Companies



Simon Granger
Joint Administrator

Statutory Information

Appendix A

Company	2E2 Limited	2E2 Holdings Limited
Court Details	High Court of Justice Chancery Division (Companies Court)	High Court of Justice Chancery Division (Companies Court)
Court Reference Appointed By	615 of 2013 The Directors of the company (forms signed by Terry Burt, The Mansion House, Benham Valence, Newbury RG20 8LU)	606 of 2013 The Directors of the company (forms signed by Graham Love, The Mansion House, Benham Valence, Newbury RG20 8LU)
Registered Number	04501291	05929340
Registered Office Address	c/o FTI Consulting LLP, Midtown, 322 High Holborn, London WC1V 7PB	c/o FTI Consulting LLP, Midtown, 322 High Holborn, London WC1V 7PB
Company Directors	Mr Terence William Burt Mr Mark Stevens McVeigh Mr Nicholas Paul Grossman Mr Simon Derek Burt	Mr Terence William Burt Mr Mark Stevens McVeigh Mr Nicholas Paul Grossman Mr Simon Derek Burt Mr Graham Carvell Love Mr John Frederick Loveland Mr Matthew Howard Collins Mr Alistair Charles Westray Troupe Mr Terence William Burt
Company Secretary	Mr Terence William Burt	Mr Terence William Burt
Date of Administration Appointment	28 January 2013	28 January 2013
Shareholding held by Directors and Secretary	N/A	Mr Terence William Burt - 337,893 ordinary shares £0 01 3,221,877 preference shares £1 Mr Mark Stevens McVeigh - 545,103 ordinary shares £0 01 2,596,644 preference shares £1 Mr Nicholas Paul Grossman - 127,445 ordinary shares £0 01 300,043 preference shares £1 Mr Simon Derek Burt - 154,181 ordinary shares £0 01 300,043 preference shares £1 Mr Graham Carvell Love - 49,990 ordinary shares £0 01 Mr John Frederick Loveland - 21,597 ordinary shares £0 01 73,631 preference shares £1

Statutory Information

Appendix A

Company	2E2 Investments Limited	2E2 Group Limited
Court Details	High Court of Justice Chancery Division (Companies Court)	High Court of Justice Chancery Division (Companies Court)
Court Reference	608 of 2013	613 of 2013
Appointed By	The Directors of the company (forms signed by Terry Burt, The Mansion House, Benham Valence, Newbury RG20 8LU)	The Directors of the company (forms signed by Terry Burt, The Mansion House, Benham Valence, Newbury RG20 8LU)
Registered Number	05928851	04826387
Registered Office Address	c/o FTI Consulting LLP, Midtown, 322 High Holborn, London WC1V 7PB	c/o FTI Consulting LLP, Midtown, 322 High Holborn, London WC1V 7PB
Company Directors	Mr Terence William Burt Mr Mark Stevens McVeigh Mr Nicholas Paul Grossman Mr Simon Derek Burt	Mr Terence William Burt Mr Mark Stevens McVeigh Mr Nicholas Paul Grossman Mr Simon Derek Burt
Company Secretary	Mr Terence William Burt	Mr Terence William Burt
Date of Administration Appointment	28 January 2013	28 January 2013
Shareholding held by Directors and Secretary	N/A	N/A

Receipts and Payments Account 28 January 2013 to 27 January 2014

Appendix B

2e2 Limited (in administration)				
	Statement of Affairs Expected to Realise	28 January 2013 to 27 July 2013	28 July 2013 to 27 January 2014	Total for period to 27 January 2014
	£	£	£	£
Fixed Charge Receipts				
Cash at Bank	8,762	-	-	-
Goodwill	-	1	-	1
Investment in Subsidiaries	10,000	5,756,618	-	5,756,618
Total	18,762	5,756,619	-	5,756,619
Floating Charge Receipts				
Prepayment Recoveries	-	-	1,836	1,836
	-	-	1,836	1,836
Payments¹				
Bank Charges	-	18	880	898
Intangible Property Costs	-	-	-	-
IT Services ²	-	16,654	(16,654)	-
Legal Disbursements	-	37,421	1,046	38,467
Legal Fees	-	124,818	-	124,818
Other Transaction Costs	-	19,432	-	19,432
Office Holders Expenses	-	5,163	-	5,163
Office Holders Fees	-	273,016	32,262	305,277
Transaction Costs	-	268,395	-	268,395
Records Management	-	300	-	300
Rent	-	-	-	-
Specific Bond	-	30	-	30
Statutory Advertising	-	-	-	-
Subsidiary Miscellaneous Expenses ³	-	220	(40)	180
Total	-	745,467	17,494	762,961
Distributions				
Fixed Charge Distribution	-	4,772,000	-	4,772,000
	-	4,772,000	-	4,772,000
Net Receipts/(Payments)	-	239,152	(15,659)	223,493
Represented by				
Fixed Charge Account	-	147,723	75,770	223,493
Floating Charge Account	-	-	-	-
VAT Payable	-	-	-	-
VAT Receivable	-	91,429	(91,429)	-
Total	-	239,152	(15,659)	223,493

[1] Floating charge expenses have been met out of floating charge realisations in the first instance. Where floating expenses have exceeded realisations, these have been met out of fixed charge realisations with the consent of the Secured Lenders.

[2] These costs have been re-allocated to another company within the 2e2 group as they were allocated to 2e2 Limited in error.

[3] Certain costs associated with the winding up of subsidiary companies were met out of fixed charge assets with the approval of the secured creditors. Some of these costs were refunded during the period.

Analysis of Administrators' Time Costs in Accordance with SIP9

Appendix C

2e2 Limited - Analysis of Administrators' Time Costs in Accordance with SIP9 for the period 28 January 2013 to 27 January 2014

Task		Senior Managing Director	Managing Director /	Senior Consultant /	Associate	Total Time	Total Cost	Average Cost
Administration and Planning								
Strategy and planning	A1	3.0	2.1			5.1	3,394.5	665.6
Initial actions	A2				1.3	1.3	227.5	175.0
Appointment and related formalities	A3	0.5		1.0		1.5	732.5	488.3
Receipts and payments accounts	A4				12.1	12.1	2,135.0	176.4
Checklist and reviews	A5		0.2	2.1	3.3	5.6	1,514.0	270.4
Cashiering and reconciliations	A6	2.0	4.6	2.9	5.8	15.3	5,847.5	382.2
Bonding and IPS maintenance	A7			0.2	0.7	0.9	210.5	233.9
Subtotal		5.5	6.9	6.2	23.2	41.8	14,061.5	
Investigations								
Correspondence with directors	B1				1.1	1.1	192.5	175.0
Statement of affairs	B3			2.2		2.2	847.0	385.0
Reports of Directors conduct	B4		2.8		6.5	9.3	2,810.0	302.2
Books and records	B5			0.3	0.5	0.8	142.0	177.5
Other investigations	B7		1.5			1.5	630.0	420.0
Subtotal		0.0	4.3	2.5	8.1	14.9	4,621.5	
Realisation of assets								
Sale of business	C2	127.0	27.0	2.0		156.0	102,720.0	858.5
Post-completion obligations	C3		6.1	11.9		18.0	8,499.5	472.2
Book debts	C4		5.0			5.0	2,975.0	595.0
Subtotal		127.0	38.1	13.9	0.0	179.0	114,194.5	
Trading								
Ongoing trading / monitoring	D2		45.9			45.9	24,556.5	535.0
Closure of trading	D3				0.4	0.4	70.0	175.0
Ongoing VAT & tax issues	D4				0.3	0.3	54.0	180.0
Subtotal		0.0	45.9	0.0	0.7	46.6	24,680.5	
Creditors (correspondence and claims)								
Unsecured creditors	E1		38.4	0.6	0.5	39.5	20,898.0	529.1
Secured creditors	E2		8.3	0.9	0.1	7.3	3,694.5	506.1
Employees	E4	2.0	5.0			7.0	4,065.0	580.7
ROT creditors	E5		12.5			12.5	6,070.0	485.6
Subtotal		2.0	62.2	1.5	0.6	66.3	34,727.5	
Tax								
Initial reviews CT and VAT	F1		8.7		-	8.7	4,045.5	465.0
Pre-appointment CT	F2	1.5	4.7	9.6	0.2	16.0	5,620.0	351.3
Pre-appointment VAT	F3			0.5		0.5	90.0	180.0
Post appointment CT	F4		7.5	5.9	6.2	19.6	6,251.5	319.0
Post appointment VAT	F5		30.5	0.7	0.4	31.6	19,180.5	607.0
Tax advice on transactions	F6	34.3	56.8	69.6	-	160.7	77,151.5	480.1
Other post appointment tax	F7	1.6	1.4		0.8	3.8	1,963.0	516.6
Subtotal		37.4	109.6	86.3	7.6	240.9	114,302.0	
Reporting								
Proposals	G2		0.6	5.4		6.0	2,452.5	408.8
Other statutory reports/meetings	G3		0.4	5.5	5.2	11.1	2,529.5	227.9
Secured creditor reports	G4	4.0	2.1	2.7		8.8	5,217.5	592.9
Subtotal		4.0	3.1	13.6	5.2	25.9	10,199.5	
Other								
Other	H1	2.0			0.3	2.3	1,503.5	653.7
Subtotal		2.0	0.0	0.0	0.3	2.3	1,503.5	653.7
Total Time by Grade		177.9	270.1	124.0	45.7	617.7		
Total Cost by Grade		124,882.5	144,728.5	40,610.0	8,071.5	318,290.5		
Average by Grade		702.0	535.8	327.5	176.6	515.3		
Time Costs								
Total Costs to Date		318,290.5	5,147.8	15.2	323,453.5			
Amount Billed		(305,277.0)	(5,147.79)	(15.20)	(310,440.0)			
WIP		13,013.5	0.0	0.0	13,013.5			

Analysis of Administrators' Time Costs in Accordance with SIP9

Appendix C

2e2 Group Limited - Analysis of Administrators' Time Costs in Accordance with SIP9 for the period 28 January 2013 to 27 January 2014

Task		Senior Managing Director	Managing Director / Director	Senior Consultant / Consultant	Associate	Total Time	Total Cost	Average Cost
Administration and Planning								
Initial actions	A2				7.2	7.2	1,260.0	175.0
Appointment and related formalities	A3	0.5		1.0		1.5	732.5	488.3
Receipts and payments accounts	A4				0.4	0.4	71.0	177.5
Checklist and reviews	A5		0.2	3.2		3.7	1,924.5	271.1
Cashiering and reconciliations	A6				2.6	2.6	458.0	176.2
Bonding and IPS maintenance	A7			0.2	0.4	0.6	158.0	263.3
Subtotal		0.5	0.2	4.4	14.3	19.4	4,604.0	
Investigations								
Correspondence with directors	B1			0.5	1.1	1.6	282.5	176.6
Statement of affairs	B3			0.2		0.2	77.0	385.0
Reports of Directors conduct	B4		3.2		8.4	11.6	3,390.0	292.2
Books and records	B5			0.5	0.7	1.2	213.0	177.5
Subtotal		0.0	3.2	1.2	10.2	14.6	3,962.5	
Realisation of assets								
Sale of business	C2	1.0				1.0	695.0	695.0
Property plant and vehicles	C6		0.2	0.2		0.4	217.0	542.5
Subtotal		1.0	0.2	0.2	0.0	1.4	912.0	
Trading								
Ongoing VAT & tax issues	D4				0.3	0.3	54.0	180.0
Subtotal		0.0	0.0	0.0	0.3	0.3	54.0	
Creditors (correspondence and claims)								
Secured creditors	E2			0.9	0.1	1.0	324.0	324.0
Employees	E4			2.0		2.0	770.0	385.0
Subtotal		0.0	0.0	2.9	0.1	3.0	1,094.0	
Tax								
Pre-appointment CT	F2		4.0	14.4		18.4	5,946.0	323.2
Post appointment CT	F4		0.5	8.8	5.0	14.3	3,548.5	248.1
Tax advice on transactions	F6			0.6		0.6	192.0	320.0
Subtotal		0.0	4.5	23.8	5.0	33.3	9,686.5	
Reporting								
Proposals	G2		0.2	2.2	-	2.4	982.5	409.4
Other statutory reports/meetings	G3		1.6	2.1	3.8	7.5	2,196.5	292.9
Secured creditor reports	G4		0.3	1.7		2.0	762.5	381.3
Subtotal		0.0	2.1	6.0	3.8	11.9	3,941.5	
Total Time by Grade		1.5	10.2	38.5	33.7	83.9		
Total Cost by Grade		1,042.5	5,690.0	11,588.5	5,953.0	24,272.0		
Average by Grade		695.0	557.8	300.9	178.6	289.3		
		Time Costs	Category 1	Category 2	Total			
Total Costs to Date		24,272.0	0.0	0.0	24,272.0			
Amount Billed		0.0	0.0	0.0	0.0			
WIP		24,272.0	0.0	0.0	24,272.0			

Analysis of Administrators' Time Costs in Accordance with SIP9

Appendix C

2e2 Investments Limited - Analysis of Administrators' Time Costs in Accordance with SIP9 for the period 28 January 2013 to 27 January 2014

Task		Senior Managing Director	Managing Director / Director	Senior Consultant / Consultant	Associate	Total Time	Total Cost	Average Cost
Administration and Planning								
Strategy and planning	A1	0.5				0.5	347.5	695.0
Initial actions	A2				1.5	1.5	262.5	175.0
Appointment and related formalities	A3	0.5		1.0		1.5	732.5	488.3
Receipts and payments accounts	A4				0.4	0.4	71.0	177.5
Checklist and reviews	A5		0.2	1.9	2.8	4.9	1,337.5	273.0
Cashiering and reconciliations	A6				2.6	2.6	458.0	176.2
Bonding and IPS maintenance	A7			0.2	0.4	0.6	158.0	263.3
Subtotal		1.0	0.2	3.1	7.7	12.0	3,367.0	
Investigations								
Correspondence with directors	B1			0.5	1.2	1.7	300.0	176.5
Statement of affairs	B3			0.2		0.2	77.0	385.0
Reports of Directors conduct	B4		2.4		7.0	9.4	2,682.0	283.2
Books and records	B5			0.1	0.9	1.0	177.0	177.0
Subtotal		0.0	2.4	0.8	9.1	12.3	3,216.0	
Trading								
Ongoing VAT & tax issues	D4				0.3	0.3	54.0	180.0
Subtotal		0.0	0.0	0.0	0.3	0.3	54.0	
Creditors (correspondence and claims)								
Secured creditors	E2			0.9	0.1	1.0	324.0	324.0
Subtotal		0.0	0.0	0.9	0.1	1.0	324.0	
Tax								
Pre-appointment CT	F2		2.6	6.8	0.2	9.6	3,164.0	329.6
Post appointment CT	F4		0.5	1.1	4.6	6.2	1,382.5	223.0
Subtotal		0.0	3.1	7.9	4.8	15.8	4,546.5	
Reporting								
Proposals	G2		0.2	2.1		2.3	944.0	410.4
Other statutory reports/meetings	G3		0.4	2.1	2.8	5.3	1,304.5	246.1
Secured creditor reports	G4		0.3	1.7		2.0	762.5	381.3
Subtotal		0.0	0.9	5.9	2.8	9.6	3,011.0	
Other								
Other	H1				0.3	0.3	53.5	178.3
Subtotal		0.0	0.0	0.0	0.3	0.3	53.5	178.3
Total Time by Grade		1.0	6.6	18.6	25.1	51.3		
Total Cost by Grade		695.0	3,723.0	5,732.0	4,422.0	14,572.0		
Average by Grade		695.0	564.1	308.2	176.2	284.1		
		Time Costs	Category 1	Category 2	Total			
Total Costs to Date		14,572.0	10.8	0.0	14,582.8			
Amount Billed		0.0	0.0	0.0	0.0			
WIP		14,572.0	10.8	0.0	14,582.8			

Analysis of Administrators' Time Costs in Accordance with SIP9

Appendix C

2e2 Holdings Limited - Analysis of Administrators' Time Costs in Accordance with SIP9 for the period 28 January 2013 to 27 January 2014

Task		Senior Managing Director	Managing Director / Director	Senior Consultant / Consultant	Associate	Total Time	Total Cost	Average Cost
Administration and Planning								
Strategy and planning	A1	0.5				0.5	347.5	695.0
Initial actions	A2				1.4	1.4	245.0	175.0
Appointment and related formalities	A3	0.5		1.0		1.5	732.5	488.3
Receipts and payments accounts	A4				0.8	0.8	141.0	176.3
Checklist and reviews	A5		0.2	2.2	3.0	5.4	1,504.0	278.5
Cashiering and reconciliations	A6				2.6	2.6	458.0	176.2
Bonding and IPS maintenance	A7			0.2	1.3	1.5	315.5	210.3
Subtotal		1.0	0.2	3.4	9.1	13.7	3,743.5	
Investigations								
Correspondence with directors	B1			0.5	1.7	2.2	387.5	176.1
Statement of affairs	B3			0.8	0.4	1.2	378.0	315.0
Reports of Directors conduct	B4	-	2.7		8.7	11.4	3,146.5	276.0
Books and records	B5	-		0.3	0.8	1.1	195.5	177.7
Other Investigations	B7			7.0		7.0	3,080.0	440.0
Subtotal		0.0	2.7	8.6	11.6	22.9	7,187.5	
Trading								
Ongoing VAT & tax issues	D4			0.5	0.3	0.8	144.0	180.0
Subtotal		0.0	0.0	0.5	0.3	0.8	144.0	
Creditors (correspondence and claims)								
Unsecured creditors	E1			0.2	0.1	0.3	54.0	180.0
Secured creditors	E2			0.9	0.1	1.0	324.0	324.0
Employees	E4			0.5		0.5	192.5	385.0
Subtotal		0.0	0.0	1.6	0.2	1.8	570.5	
Tax								
Pre-appointment CT	F2		3.0	8.4	0.2	11.6	3,666.0	316.0
Post appointment CT	F4		3.2	4.6	6.7	14.5	3,658.5	252.3
Tax advice on transactions	F6			9.0		9.0	1,620.0	180.0
Other post appointment tax	F7		6.6		3.3	9.9	3,687.0	372.4
Subtotal		0.0	12.8	22.0	10.2	45.0	12,631.5	
Reporting								
Proposals	G2		0.2	2.1	0.4	2.7	1,014.0	375.6
Other statutory reports/meetings	G3		0.4	2.5	4.7	7.6	1,813.5	238.6
Secured creditor reports	G4		0.3	1.7		2.0	762.5	381.3
Subtotal		0.0	0.9	6.3	5.1	12.3	3,590.0	
Other								
Other	H1				0.3	0.3	53.5	178.3
Subtotal		0.0	0.0	0.0	0.3	0.3	53.5	178.3
Total Time by Grade		1.0	15.6	42.4	36.8	96.8		
Total Cost by Grade		695.0	8,337.0	12,369.5	6,519.0	27,920.5		
Average by Grade		695.0	502.2	291.7	177.1	288.4		

	Time Costs	Category 1	Category 2	Total
Total Costs to Date	27,920.5	23.4	0.0	27,943.9
Amount Billed	0.0	0.0	0.0	0.0
WIP	27,920.5	23.4	0.0	27,943.9

Detailed below is FTL's policy in relation to

- staff allocation and the use of sub-contractors,
- professional advisors, and
- disbursements

1 1 Staff Allocation and the use of Sub-contractors

Our general approach to resourcing our assignments is to allocate staff with the skills and experience to meet the specific requirements of the case

The constitution of the case team will usually consist of a Senior Managing Director, Managing Director, Director, Senior Consultant and Consultant. The exact constitution of the case team will depend on the anticipated size and complexity of the assignment and on larger, more complex cases, several Senior Consultants/Consultants may be allocated to meet the demands of the case

With regard to support staff, we would advise that time spent by cashiers in relation to specific tasks on an assignment is charged. Only if there is a large block of time incurred by a member of the secretarial team, eg, report compilation and distribution, do we seek to charge and recover our time in this regard

1 2 Professional Advisors

On this assignment we have used the professional advisors listed below. We have also indicated alongside, the basis of our fee arrangement with them, which is subject to review on a regular basis

Name of Professional Advisor	Basis of Fee Arrangement	Fees Paid to Date (£)
Hogan Lovells LLP (legal advice)	Hourly rate and disbursements	163,285.59

Our choice was based on our view of their experience and ability to perform this type of work, the complexity and nature of the assignment and the basis of our fee arrangement with them

1 3 Disbursements

Category 1 disbursements do not require approval by creditors. The type of disbursements that may be charged as a Category 1 disbursement to a case generally comprise of external supplies of incidental services specifically identifiable to the case, such as postage, case advertising, invoiced travel and external printing, room hire and document storage. Also chargeable will be any properly reimbursed expenses incurred by personnel in connection with the case

Category 2 disbursements do require approval from creditors. These disbursements can include costs incurred which relate to payments due to associated companies for the provision of services to the office holder.

On this assignment we have incurred category 2 disbursements in the following classes. We have also indicated alongside, the basis of calculation of these costs.

Type of Expense	Basis of Incurring cost
Postage and fulfilment by Williams Lea	Costs incurred based on numbers of letters printed
Mileage	40 pence per mile
IT equipment ordered internally	Cost price
Subsistence for meetings	Charge based on number of attendees per meeting
Data Management (14 Units)	£30 per unit per month

Mileage costs of £15.20 have been incurred and paid out of the administration estate of 2e2 Limited.

1.4 Charge-out Rates

A schedule of FTI's charge-out rates for this assignment is as follows.

	2013 (Per hour) £	2014 (Per hour) £
Directors		
Senior Managing Director	695	725
Managing Director	595	630
Tax Director	615	630
Director	535	550
Manager		
Senior Consultants	440	455
Other Senior Professionals		
Consultants	385	400
Associates	135 - 235	130-250

1 1 Rule 2 48A - Creditors' request for further information

- (1) If –
- (a) Within 21 days of receipt of a progress report under Rule 2 47 –
 - (i) a secured creditor, or
 - (ii) an unsecured creditor with the concurrence of at least 5% in value of the unsecured creditors (including the creditor in question) or
 - (b) with the permission of the court upon an application made within that period of 21 days, any unsecured creditor,
- makes a request in writing to the administrator for further information about remuneration or expenses (other than pre-administration costs) set out in a statement required by Rule 2 47(1)(db) or (dc), the administrator must, within 14 days of receipt of the request, comply with paragraph (2)
- (2) The administrator complies with this paragraph by either–
- (a) providing all of the information asked for, or
 - (b) so far as the administrator considers that–
 - (i) the time or cost of preparation of the information would be excessive, or
 - (ii) disclosure of the information would be prejudicial to the conduct of the administration or might reasonably be expected to lead to violence against any person, or
 - (iii) the administrator is subject to an obligation of confidentiality in respect of the information,
- giving reasons for not providing all of the information
- (3) Any creditor, who need not be the same as the creditor who requested further information under paragraph (1), may apply to the court within 21 days of–
- (c) the giving by the administrator of reasons for not providing all of the information asked for, or
 - (d) the expiry of the 14 days provided for in paragraph (1),
- and the court may make such order as it thinks just
- (4) Without prejudice to the generality of paragraph (3), the order of the court under that paragraph may extend the period of 8 weeks provided for in Rule 2 109(1B) by such further period as the court thinks just

1 2 Rule 2 109 - Creditors' claim that remuneration is [or other expenses are] excessive

- (1) Any secured creditor, or any unsecured creditor with either the concurrence of at least 10% in value of the unsecured creditors (including that creditor) or the permission of the court, may apply to the court for one or more of the orders in paragraph (4)
- (1A) An application may be made on the grounds that–
- (a) the remuneration charged by the administrator,
 - (b) the basis fixed for the administrator's remuneration under Rule 2 106,
 - (c) expenses incurred by the administrator,
- is or are in all the circumstances, excessive, or in the case of an application under sub-paragraph (b), inappropriate

- (1B) The application must, subject to any order of the court under Rule 2 48A(4), be made no later than 8 weeks after receipt by the applicant of the progress report which first reports the charging of the remuneration or the incurring of the expenses in question ("the relevant report")
- (2) The court may, if it thinks that no sufficient cause is shown for a reduction, dismiss it without a hearing but it shall not do so without giving the applicant at least 5 business days' notice, upon receipt of which the applicant may require the court to list the application for a without notice hearing. If the application is not dismissed, the court shall fix a venue for it to be heard, and give notice to the applicant accordingly
- (3) The applicant shall, at least 14 days before the hearing, send to the administrator a notice stating the venue and accompanied by a copy of the application, and of any evidence which the applicant intends to adduce in support of it
- (4) If the court considers the application to be well-founded, it must make one or more of the following orders—
- (a) an order reducing the amount of remuneration which the administrator was entitled to charge,
 - (b) an order fixing the basis of remuneration at a reduced rate or amount,
 - (c) an order changing the basis of remuneration,
 - (d) an order that some or all of the remuneration or expenses in question be treated as not being expenses of the administration,
 - (e) an order that the administrator or the administrator's personal representative pay to the company the amount of the excess of remuneration or expenses or such part of the excess as the court may specify,
- and may make any other order that it thinks just, but an order under sub-paragraph (b) or (c) may be made only in respect of periods after the period covered by the relevant report
- (5) Unless the court orders otherwise, the costs of the application shall be paid by the applicant, and are not payable as an expense of the administration

Statement of Claim Form

Appendix F

2E2 Group Limited
2E2 Holdings Limited
2E2 Investments Limited
2E2 Limited

(Please tick the box corresponding to the company you are making a claim in)

Date of Administration - 28 January 2013

Name and address of creditor

Amount claimed in the Administration

(Including VAT)

£

Signature of creditor

--

Name of creditor

--

Telephone

--

E-mail

--

Date

--

Please provide appropriate documentation in support of your claim

If you are registered for VAT the amount claimed should include VAT even if VAT bad debt relief has been claimed under the Value Added Tax Act 1994

Please return this form when you have completed it to Liam Griffin at FTI Consulting Limited, Midtown, 322 High Holborn, London WC1V 7PB or email it to liam.griffin@fticonsulting.com

Creditors registered for VAT may be able to claim VAT bad debt relief in accordance with Section 36 Value Added Tax Act 1994. In broad terms relief is available when the debt is six months old and "written off" by the creditor entering it on his VAT refunds-for-bad-debts-account

Claims lodged in the Administration should be gross, including any VAT element. If/when dividends are paid, creditors who have claimed VAT bad debt relief must apportion the dividend between VAT and the net element of their claim and account to HM Customs and Excise for the VAT element through their VAT return

Insolvency Practitioners have no role in administering VAT bad debt relief under the Value Added Tax Act 1994. Creditors who are uncertain how to claim should contact their VAT office or take professional advice