

The Insolvency Act 1986

Administrator's progress report

Name of Company 2E2 Holdings Limited	Company number 05929340
In the High Court of Justice, Chancery Division (Company Insolvency) [full name of court]	Court case number 606 of 2013

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

I / We (a) Simon Granger, Chad Griffin and Simon Ian Kirkhope ofFTI 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 January 2013(b) 27 July 2013

Signed

Joint / Administrator(s)

Dated 23 August 2013**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

Liam Griffin	
FTI Consulting LLP, Midtown, 322 High Holborn, London WC1V 7PB	
	Tel 020 7979 7405
DX Number	DX Exchange

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

Companies House, Crown Way, Cardiff, CF14 3UZ DX 33050 Cardiff

SATURDAY



**Joint Administrators' Six Month Report for the periods
28 January 2013 to 27 July 2013 and 14 February 2013 to
13 August 2013 (dependent upon the date of appointment)**

2E2 UK Limited (Company Number: 04090390) ("2e2 UK")
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")
2E2 Managed Operations Limited (Company Number: 03202152) ("Managed Ops")
Morse Overseas Holdings Limited (Company Number: 03712707) ("MOH")
2e2 Property Limited (Company Number: 04161428) ("Property")
Morse Group Limited (Company Number: 02212268) ("MGL")
Diagonal Quest Limited (Company Number: 03852299) ("DQL")
2e2 MS Limited (Company Number: 04543345) ("MS")
Morse Limited (Company Number: 03108179) ("Morse")
Diagonal Limited (Company Number: 02153353) ("Diagonal")
(Collectively "the Companies" or "the Group")

23 August 2013

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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 2e2 UK, Holdings, Investments, 2e2 Group, 2e2 Ltd, Managed Ops, MOH, Property, MGL, DQL ("the Initial Entities") on 28 January 2013
- 1 2 The Administrators were appointed over the Initial Entities by the directors of the Initial Entities in accordance with Paragraph 22, Schedule B1 of the Insolvency Act 1986, as amended ("the Act")
- 1 3 On 15 February 2013, the Administrators were appointed as Joint Administrators of MS, Diagonal and Morse The Administrators were appointed by the holders of Qualifying Floating Charges in accordance with Paragraph 14 of Schedule B1 of the Act
- 1 4 The court having conduct of the proceedings is High Court of Justice, Chancery Division, Companies Court ("the Court")
- 1 5 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 6 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 7 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 8 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 9 In preparing this report, we have relied on information provided by the directors and management of the Companies and other third parties Our investigations are continuing and accordingly, it has not been possible to verify all such information Therefore, we take no responsibility for the accuracy and completeness of this information or otherwise
- 1 10 No creditors committee has been formed in any of the Administrations
- 1 11 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 12 No extension of the period of the Administrations have been requested or given

2 Progress of the Administrations

2.1 Attached at Appendix D are the Receipts and Payments accounts for each of the Companies for the period 28 January 2013 to 27 July 2013 or 15 February 2013 to 14 August 2013 (dependent upon the date of appointment – see Appendix A for schedule of appointment dates)

2.2 Since our appointments, realisations across the Group have totalled £36.5m. In addition to this, third party funding of £5.0m was received at the start of the administrations in order to fund trading. This has since been repaid. Details of material recoveries and on-going work on realisations can be found below.

Sale of Business

2.3 As previously reported in our Proposals, the following sale of business transactions have taken place:

- Sale of 2e2 Ltd's and MOH's shareholdings in international subsidiaries in Spain, Ireland, Channel Islands and Netherlands to Logicalis Group Limited for total consideration of €24m (£20.6m). The €2.4m (£2.0m) of consideration which was held in escrow at the date of our Proposals has since been released,
- Sale of the Group's O2 Unify business to O2 Redwood Limited, a subsidiary of Telefonica UK Limited (£4.0m). £1 has been allocated to each of 2e2 Ltd, MOH, Property, Managed Ops, DQL and MGL, with the balance allocated to 2e2 UK,
- Sale of 2e2 UK's US subsidiary, Diagonal Consulting Inc, to Manor International Limited ("G3") for US\$250k (£159k),
- Sale of the data centres to Daisy Data Centre Solutions Limited ("Daisy") (£2.8m). Of the sales proceeds, £5k has been allocated to 2e2 MS, £800k to Managed Ops and £2.0m to 2e2 UK, and
- Sale of Wisdom assets and IP to Daisy (£290k). The realisation is allocated as 2e2 UK (£155k), Diagonal (£135k) and Morse (£120k).

Trading

2.4 As previously reported, we continued to trade 2e2 UK's business for the period 28 January 2013 to 14 February 2013 (the "Trading Period")

2.5 Pursuant to Statement of Insolvency Practice 7 ("SIP 7") A full analysis of receipts and payments in relation to the Trading Period can be found at Appendix C. The trading statement is presented on a cash basis for income received and costs paid during the Trading Period.

2.6 Trading receipts for the Trading Period totalled £2.1m, made up of the following:

- Funding for flexible resource staff for certain customers who provided undertakings to cover these costs (£335k),
- Funding from Data Centre customers to allow continuation of trading for a period whilst the sale process was finalised (£795k), and
- Receipts for invoices raised during the Trading Period (£972k)

2.7 During the Trading Period, the Group traded at a loss, driven by the significant payroll arrears that were paid for retained staff in order to pursue the administration strategy. However, we considered that without the business continuing to trade it would have been impossible to complete the UK sale of business transactions discussed above. In addition, the short period of trading allowed customers to effect a more orderly transition to new

suppliers where necessary, which we consider was beneficial as it minimised counter-claims and set offs against debtor collections

2 8 Further details required in accordance with SIP7 can be found below

- The Companies held limited free stock due to the bill and hold system they operated and suppliers retention of title rights. No stock was used for the purpose of trading, and instead we sought to sell the remaining free stock at auction, once third party claims had been identified. Details of these sales can be found in sections 2 13 and 2 14 of this report
- Work in progress ("WIP") on appointment related to goods and services provided but not yet billed. These amounts were billed during the Administrations. Certain invoices raised during the Administration period related to both WIP and services provided during the Trading Period. Company Records did not provide sufficient granularity to allocate these invoices between WIP and trading. Our trading statement therefore shows collections relating to post appointment invoices raised
- A total of £770k of invoices raised during the Trading Period remain uncollected. These invoices are being dealt with in conjunction with book debt collections as detailed below
- Details of unpaid liabilities in respect of the Trading Period can be found below in section 2 18
- There are no further trading assets still to be realised, save for the c £770k post administration invoices referred to above
- Joint Administrators remuneration drawn in respect of trading totalled £635,316 and Joint Administrators expenses totalled £32,167. A detailed analysis of total time costs can be found in Appendix E

Debtors

2 9 Our debt collectors, JP Associates, continue to collect certain book debts on behalf of the Companies whilst we continue negotiations directly with a small number of the debtors with large outstanding balances. Book debt collections to date total £5 8m

2 10 We anticipate that on-going negotiations may result in additional recoveries of up to £2m

Chattel Assets

2 11 Wyles Hardy & Co ("Wyles Hardy") and Sweeney Kincaid have been engaged to assist with the realisation of the fixtures, fittings, office and IT equipment where such assets are not subject to lease. To date, realisations from chattel assets outside of the sale of business transaction have totalled c £94k. Only £9k of these proceeds are currently reflected on the receipts and payments account as the remainder of the sale receipts are held by our chattels agents. Any surplus after the deduction of costs of sales and of the work undertaken by our agents in overseeing the orderly exit from the properties occupied by the Group, will be paid over to the appropriate group entity in due course

2 12 There are still a number of chattel assets for which the sales process continues. We anticipate that this will generate up to c £17k

Stock

2 13 Following a competitive sales process involving 14 parties, 2e2 UK's spares stock was sold for £90k

2 14 Realisations to date from 2e2 UK's stockholdings (excluding spares stock) have been significantly impacted by retention of title claims and other advanced payments. Wyles Hardy have been engaged to assist with realising this stock which has been sold for c £55k, but is

not yet included in the receipts and payments account pending Wyles Hardy final account figures

Other Assets

2 15 We engaged Sedo, a domain names sales specialist to explore the sale of domain names held by the Group that were not sold as part of the business and asset sales discussed above. The auction process for the domains concluded outside of the period covered by this report, so the proceeds of sale will be included in our next report to creditors. We do not anticipate any further recoveries from domain names or other intellectual property.

2 16 We have been informed that a liquidator has been appointed over a joint venture (Carna Technologies Limited) in which 2e2 UK holds a minority stake. The liquidator has confirmed that there is not expected to be any return to either creditors or shareholders of this company.

Suspense

2 17 The 2e2 UK receipts and payments account shows £178k allocated to suspense. This relates to post-appointment receipts in to 2e2 UK's pre-appointment bank accounts. Work is ongoing to ascertain which invoices these receipts relate to and to allocate accordingly.

Costs incurred but remain unpaid

2 18 The Joint Administrators have identified a number of costs which were incurred during the Trading Period, but which have not yet been invoiced by the suppliers or have been incorrectly invoiced. These largely relate to utility expenses, rent and agents fees, and are estimated to total £226k.

3 Other Matters

Employees

3 1 As detailed in our Proposals, 972 staff have been made redundant during the course of the Administrations. 260 staff transferred to new employers under TUPE legislation as a result of the transactions detailed in section 2.3 of this report.

3 2 We are aware of 110 employees who transferred to new employers under TUPE legislation outside of the business sales referred to above, this occurred in certain cases where customers cancelled their contracts and may have either taken services back in-house or entered into a contract with a new supplier and the relevant employees worked exclusively or mainly for that customer.

3 3 In addition, information has been provided to employees and to the Redundancy Payments Office to assist in the assessment and submission of employee claims against 2e2 UK and Holdings, in conjunction with our employment claims specialists, Payco.

3 4 We have also dealt with a high volume of employee queries in relation to aspects of the insolvency process and to the impact of the Administrations on the benefits that were formerly afforded to company staff, as well as queries from new employers in relation to the provision of legacy employee information.

3 5 We have also submitted a formal response to a number of employment tribunal claims raised by former members of staff against 2e2 UK. The tribunal is yet to reach judgement in these matters.

Retention of Title

3 6 We have received notification of retention of title ("ROT") claims from 38 parties. The current status in relation to these claims is summarised below:

- 31 have been resolved in full
- 5 are potential claims notified by trade insurers where no claim submission has been received from the supplier

- 2 claims in the process of being resolved
- 3 7 Stock has been returned to creditors where valid ROT claims were received. No cash settlements were paid to creditors with ROT claims. Cash settlements of £420k were received from suppliers where ROT was in dispute.
- 3 8 The Group operated a "bill and hold" system on behalf of certain customers where stock was invoiced to the customer, but remained in either the Group's premises or facilities operated by the Group's logistics partners. As a result, the majority of retention of title claims involved both a supplier and a customer of the Group asserting title over the same batch of stock. We continue to seek to resolve the two remaining claims as quickly as practicable given the complexities.

Property

- 3 9 At the date of our appointments, entities within the Group, or other subsidiaries of 2e2 Ltd for which we have been appointed as Liquidators, were lessees on 30 leases. These have been dealt with as follows:
- MS was the lessee on the lease for the Reading data centre property, whilst Managed Ops was the holder of a long lease over the Gateshead data centre property. The Group's interest in these property assets was sold to Daisy as part of the transaction discussed above. We have granted Daisy a license to occupy the premises whilst an assignment of the lease is sought,
 - We have written to the landlords of 21 of the premises to request a surrender of the lease. Surrenders have been accepted in respect of 4 of the leases. The remaining leases will be disclaimed in subsequent liquidations,
 - 2 leases have expired,
 - 1 lease held by a subsidiary of 2e2 Ltd which is in liquidation has been forfeited by the landlord. The premises had been occupied by Group companies,
 - 2 leases have been reclaimed by their respective landlords and the premises have been re-let,
 - 2 leases have been disclaimed in the liquidations of subsidiaries of 2e2 Ltd. These premises had been occupied by Group companies, and
 - 6 premises had been exited prior to our appointments and surrenders of these leases had been progressed by the Companies prior to Administration. We have contacted the relevant landlords to confirm that the group did not occupy these premises during the Administrations.

Unsecured Creditors

- 3 10 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 H, unless they have already done so.

Tax and VAT Matters

- 3 11 Pre-appointment corporation tax returns will be submitted in due course for each of the Companies. We do not anticipate any recovery arising from these returns. Further returns will be required during the course of the Administrations.
- 3 12 A VAT return for the Group for the period from the dates of our appointments to 30 June 2013 has been submitted. We anticipate a reclaim in the amount of £454k. Further VAT returns will be submitted during the course of the Administrations.

Statutory Investigations

- 3 13 We have undertaken initial investigation work in accordance with SIP2 including a review of the books and records of the Companies in order to understand the realisable assets of the Companies. We continue to investigate the affairs of the Companies to assess whether any potential recovery actions can be undertaken. These investigations are subject to confidentiality, and disclosure cannot be made at this time as such action may be prejudicial to any potential future litigation.

- 3 14 During the course of our initial investigation work, we have taken copies of the Companies' servers, held interviews with a number of directors and former directors of the Companies and performed analysis on historic financial information
- 3 15 We have prepared interim reports on the conduct of the Companies' directors in accordance with our statutory duties pursuant to the Company Directors Disqualification Act 1986. As a result of this interim report, the deadline for our final report has been extended until 30 September 2013 to allow for additional investigation work
- 3 16 Should any creditors have any further relevant information in relation to directors' conduct, they should provide details in writing to the Administrators. 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

The general positions of each of the categories of creditor are shown below. Indicative outcomes for creditors of each entity are shown in Appendix B

- **Secured Creditors** – £7.4m of cash on appointment was set-off by the Secured Creditors against amounts due. Fixed charge distributions totalling £19m have been made across the Group

Further Distributions will be paid in due course and will be dependent upon total net fixed and floating charge realisations

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. In the event that there is a surplus of floating charge realisations after Administration costs have been met, a dividend will be paid to preferential creditors

The only entities in which we anticipate preferential claims are 2e2 UK and Holdings. We currently anticipate that there will be sufficient floating charge realisations (after costs) to permit a dividend to preferential creditors of 2e2 UK, but that no dividend will be payable from Holdings. We currently anticipate that a full dividend of 100 pence in the pound will be made to preferential creditors of 2e2 UK. We are not yet in a position to declare a preferential dividend pending finalisation of total preferential claims

We are not aware of any preferential creditor claims against any other entity

- **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 estimated that a Prescribed Part dividend is only potentially available in 2e2 UK, 2e2 MS and Diagonal. In the event that there is a Prescribed Part dividend this will be distributed equally to all agreed unsecured creditors of the relevant company, with the dividend dependent upon the level of claims received. Given the level of unsecured creditor claims, any dividend rate from the Prescribed Part is expected to be de-minimus.

The requirement to make the Prescribed Part distribution to unsecured creditors is disapplied if, *inter alia*, either

- the company's net property is less than the prescribed minimum and the administrator or liquidator thinks that the cost of making a distribution to unsecured creditors would be disproportionate to the benefits (s176A(3)(b)), or
- the administrator or liquidator applies to the court for an order on such grounds and the court so orders (s176A(5)).

The administrators will consider the level of any potential dividend in due course and assess whether the cost of making a distribution is disproportionate to the benefits. Further information shall be provided to creditors in relation to this if we ultimately form the view that these provisions apply to 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

Pre-Appointment Billing

- 5.1 As previously reported, prior to the Companies entering Administration, FTI Consulting LLP billed £128,245.00 to the Group. These fees were billed and paid prior to the dates of our appointments.

Billed to Date

- 5.2 Following approval from the secured creditor, and preferential creditors where applicable, Administrators' remuneration totalling £3,142,596, category 1 disbursements totalling £39,316 and category 2 disbursements totalling £4,298 have been billed and drawn across 2e2 Ltd, 2e2 UK, Managed Ops, MOH, Property, MS and Diagonal for the period 28 January 2013 or 14 February 2013 (dependent upon the date of appointment) to 31 May 2013.

- 5.3 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 F.

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

- 5.5 No fees have been billed to date in respect of 2e2 Group, Investments, Holdings, DQL, MGL and Morse.

Unbilled Time Costs

- 5.6 Unbilled costs incurred across the Group for the period from 28 January 2013 to 27 July 2013 or 14 February 2013 to 13 August 2013 (dependent upon the date of appointment) total £411,773 in respect of time costs, £6,066 in respect of category one disbursements and £2,973 in respect of category 2 disbursements.

- 5.7 A split by entity of time costs and disbursements incurred is shown in the table at Appendix B with the full fee analysis in accordance with SIP9 shown in Appendix E.

5 8 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 9 Attached at Appendix F 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 10 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 11 I enclose further information in relation to creditors' rights to information at Appendix G

5 12 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](http://www.r3.org.uk/media/documents/publications/professional/Guide%20to%20Administrators%20Fees%20Nov2011.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

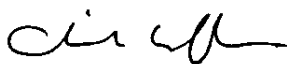
5 13 Any secured creditor or, unsecured creditor with the support of at least 10% in value of the unsecured creditors or with leave of the Court, may apply to the Court for one or more orders (in accordance with Rule 2 109(4) of the Rules), challenging the amount or the basis of the remuneration which 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



Chad Griffin
Joint Administrator

Statutory Information

Appendix A

Company	2E2 UK 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	612 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	04090390	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 Nicholas Paul Grossman	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	2E2 Limited	2E2 Managed Operations Limited
Court Details	High Court of Justice Chancery Division (Companies Court)	High Court of Justice Chancery Division (Companies Court)	High Court of Justice Chancery Division (Companies Court)	High Court of Justice Chancery Division (Companies Court)
Court Reference Appointed By	608 of 2013 The Directors of the company (forms signed by Terry Burt, The Mansion House, Benham Valence, Newbury RG20 8LU)	613 of 2013 The Directors of the company (forms signed by Terry Burt, The Mansion House, Benham Valence, Newbury RG20 8LU)	615 of 2013 The Directors of the company (forms signed by Terry Burt, The Mansion House, Benham Valence, Newbury RG20 8LU)	607 of 2013 The Directors of the company (forms signed by Terry Burt, The Mansion House, Benham Valence, Newbury RG20 8LU)
Registered Number	05928851	04826387	04501291	03202152
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	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 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
Company Secretary	Mr Terence William Burt	Mr Terence William Burt	Mr Terence William Burt	Mr Nicholas Paul Grossman
Date of Administration Appointment	28 January 2013	28 January 2013	28 January 2013	28 January 2013
Shareholding held by Directors and Secretary	N/A	N/A	N/A	N/A

Statutory Information

Appendix A

Company	Morse Overseas Holdings Limited	2e2 Property Limited	Morse Group Limited	Diagonal Quest Limited
Court Details	High Court of Justice Chancery Division (Companies Court)	High Court of Justice Chancery Division (Companies Court)	High Court of Justice Chancery Division (Companies Court)	High Court of Justice Chancery Division (Companies Court)
Court Reference	605 of 2013	610 of 2013	611 of 2013	609 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)	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	03712707	04161428	02212268	03852299
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	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 Nicholas Paul Grossman Mr Simon Derek Burt	Mr Terence William Burt Mr Mark Stevens McVeigh Mr Nicholas Paul Grossman	Mr Terence William Burt Mr Nicholas Paul Grossman Mr Simon Derek Burt	Mr Terence William Burt Mr Nicholas Paul Grossman Mr Simon Derek Burt
Company Secretary	Mr Nicholas Paul Grossman	Mr Nicholas Paul Grossman	Mr Nicholas Paul Grossman	Mr Nicholas Paul Grossman
Date of Administration Appointment	28 January 2013	28 January 2013	28 January 2013	28 January 2013
Shareholding held by Directors and Secretary	N/A	N/A	N/A	N/A

Statutory Information

Appendix A

Company	2e2 MS Limited	Morse Limited	Diagonal Limited
Court Details	High Court of Justice Chancery Division (Companies Court)	High Court of Justice Chancery Division (Companies Court)	High Court of Justice Chancery Division (Companies Court)
Court Reference	1066 of 2013	1062 of 2013	1067 of 2013
Appointed By	Qualifying Floting Chargeholder (Forms signed by Robert John Bell on behalf of RBC Europe Limited, Thames Court, One Queenhithe, London, EC4U 4DE)	Qualifying Floting Chargeholder (Forms signed by Robert John Bell on behalf of RBC Europe Limited, Thames Court, One Queenhithe, London, EC4U 4DE)	Qualifying Floting Chargeholder (Forms signed by Robert John Bell on behalf of RBC Europe Limited, Thames Court, One Queenhithe, London, EC4U 4DE)
Registered Number	04543345	03108179	02153353
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	c/o FTI Consulting LLP, Midtown, 322 High Holborn, London WC1V 7PB
Company Directors	Mr Terence William Burt Mr Nicholas Paul Grossman Mr Simon Derek Burt	Mr Terence William Burt Mr Mark Stevens McVeigh Mr Nicholas Paul Grossman	Mr Terence William Burt Mr Nicholas Paul Grossman Mr Simon Derek Burt
Company Secretary	Mr Nicholas Paul Grossman	Mr Nicholas Paul Grossman	Mr Nicholas Paul Grossman
Date of Administration Appointment	14 February 2013	14 February 2013	14 February 2013
Shareholding held by Directors and Secretary	N/A	N/A	N/A

Summarised Information

Appendix B

Company	Fixed Charge Dividend	Floating Charge Dividend	Preferential Dividend	Unsecured Dividend	Expected Exit Route
2E2 UK Limited	No fixed charge dividend expected	Currently uncertain	There is expected to be a dividend from floating charge realisations. The dividend rate remains uncertain.	A dividend may be payable from the Prescribed Part only. The current rate of dividend is unknown, but is expected to be no more than c 1 pence in the pound.	CVL (if a dividend to unsecured creditors through the prescribed part)
2E2 Holdings Limited	No fixed charge dividend expected	No floating charge dividend expected	Floating charge realisations are expected to be insufficient to allow a preferential dividend.	There are not expected to be any assets available to pay a dividend to unsecured creditors.	Dissolution
2E2 Investments Limited	No fixed charge dividend expected	No floating charge dividend expected	There are no preferential claims.	There are not expected to be any assets available to pay a dividend to unsecured creditors.	Dissolution
2E2 Limited	There is expected to be a fixed charge dividend.	No floating charge dividend expected	There are not expected to be any preferential claims.	There are not expected to be any assets available to pay a dividend to unsecured creditors.	Dissolution

Summarised Information

Appendix B

Company	Fixed Charge Dividend	Floating Charge Dividend	Preferential Dividend	Unsecured Dividend	Expected Exit Route
2e2 MS Limited	No fixed charge dividend expected	Possible, dependent on floating charge realisations	There are no preferential claims	A dividend may be payable from the Prescribed Part only. The current rate of dividend is unknown, but is expected to be no more than c. 1 pence in the pound	CVL (if a dividend to unsecured creditors through the prescribed part)
2e2 Property Limited	No fixed charge dividend expected	No floating charge dividend expected	There are no preferential claims	There are not expected to be any assets available to pay a dividend to unsecured creditors	Dissolution
2E2 Managed Operations Limited	There is expected to be a fixed charge dividend	No floating charge dividend expected	There are no preferential claims	There are not expected to be any assets available to pay a dividend to unsecured creditors	Dissolution (assuming the Gateshead lease is assigned)
Diagonal Limited	No fixed charge dividend expected	There is expected to be a dividend from floating charge realisations	There are no preferential claims	A dividend is expected to be payable from the Prescribed Part only. The current rate of dividend is uncertain	CVL
Diagonal Quest Limited	No fixed charge dividend expected	No floating charge dividend expected	There are no preferential claims	There are not expected to be any assets available to pay a dividend to unsecured creditors	Dissolution

Company	Fixed Charge Dividend	Floating Charge Dividend	Preferential Dividend	Unsecured Dividend	Expected Exit Route
Morse Group Limited	No fixed charge dividend expected	Possible, dependent on floating charge realisations	There are no preferential claims	A dividend may be payable from the Prescribed Part only The current rate of dividend is unknown, but is expected to be no more than c 1 pence in the pound	Dissolution, CVL (if a dividend to unsecured creditors through the prescribed part) or Compulsory Liquidation
Morse Limited	No fixed charge dividend expected	No floating charge dividend expected	There are no preferential claims	There are not expected to be any assets available to pay a dividend to unsecured creditors	Dissolution
Morse Overseas Holdings Limited	There is expected to be a fixed charge dividend	No floating charge dividend expected	There are no preferential claims	There are not expected to be any assets available to pay a dividend to unsecured creditors	Dissolution
2E2 Group Limited	No fixed charge dividend expected	No floating charge dividend expected	There are no preferential claims	There are not expected to be any assets available to pay a dividend to unsecured creditors	Dissolution or Compulsory Liquidation

Trading Statement for 2e2 UK

Appendix C

2E2 UK Limited (in administration) Trading Statement			
	28 January 2013 to 12 March 2013	13 March 2013 to 28 July 2013	Total for period to 28 July 2013
	£	£	£
Receipts			
Flex Resource Funding	335 319	-	335 319
Data Centre Funding Contributions	790,667	4,000	794,667
Post Appointment Invoices	104 430	867 736	972 166
Total	1,230,416	871,736	2,102,152
Payments			
Contractors	3 429	24,754	28,183
Cleaning	801	2 200	3 001
Staff Expenses	3 451	9,096	12,547
Insurance	104 455	-	104 455
Maintenance & Support Services	24 838	24,634	49 472
Leased Vehicles	5,247	15,659	20,906
PAYE/NIC Contributions - 2e2 Holdings ¹	15 303	18 742	34 045
PAYE/NIC Contributions ²	1,436 170	275 772	1 711 942
Employee and Payroll Service Providers	18 750	-	18 750
Electricity	1,266	98 732	99,998
Net Payroll ²	3 328 798	119 545	3 448 343
Pension Contributions	185 779	45 696	231 476
Employee Wages ³	408	(408)	-
Employee Benefits ⁴	58 215	(30,022)	28,194
Telecommunications and Connectivity	17,543	-	17,543
HP/Leased Equipment	500	-	500
Security Services	-	13 038	13 038
Office Holders Fees ⁵	-	635 316	635 316
Office Holders Expenses ⁵	-	32 167	32,167
IT & Telecom Services	-	85,224	85,224
Logistics and Warehousing services	-	28 413	28 413
Water	-	86	86
Gas	-	2,583	2,583
Rent	-	6 142	6 142
Datasite Services	-	11,283	11,283
Rates	-	11 080	11,080
Ransom Payments			
Datasite Services (Arrears)	3,096	-	3,096
Payroll Deductions (Arrears)	5,969	20	5,989
Maintenance Services (Arrears)	50 496	-	50 496
Logistics & Warehousing (Arrears)	108,088	-	108,088
Employee Benefits (Arrears)	40,025	-	40 025
Total	5,412,627	1,469,926	6 882 553
Net Trading Surplus (/Deficit)	(4 182 211)	(598 190)	(4 780 401)

Notes

[1] A small number of staff employed by Holdings were retained to assist with the Administration of 2e2 UK. These costs were borne by 2e2 UK.

[2] c £4.2m of payroll and PAYE/NIC costs relate to January payroll, the majority of which relates to arrears of wages for the period prior to our appointment for staff initially retained to assist with the Administration. These payments were required in order to continue to trade the business in order to complete the UK sale of business transactions.

[3] Certain employee related costs had been allocated to this code in error. These have since been allocated to the Net Payroll code.

[4] An employee healthcare scheme required funding in advance for a set period. Once the trading period ended, the scheme provider refunded the surplus funding provided by 2e2 UK.

[5] This relates to an allocation of Office Holders fees and expenses drawn in relation to trading activity. No fees were drawn in the period to 12 March 2013.

Receipts and Payments Accounts for the Period 28 January 2013 to 27 July 2013 or 14 February 2013 to 13 August 2013 (Dependent upon the date of appointment)

Appendix D

2E2 UK Limited (in administration) Receipts and Payments Account				
	Statement of Affairs Expected to Realise	28 January 2013 to 12 March 2013	13 March 2013 to 28 July 2013	Total for period to 28 July 2013
	£	£	£	£
Trading				
Net Trading Surplus / (Deficit)¹		(4 182 211)	(598 190)	(4 780 401)
Receipts				
Trade Debtors	5 000 000	4 115 205	1 617 263	5 732 468
Investment in Subsidiaries	159 000	158 514		158 514
Furniture & Equipment ²	6 190 000	5 899 985	132 466	6 032 451
Sale of Spares Stock	90 000	90 000		90 000
Third Party Funding ³	-	5 000 000		5 000 000
Goodwill	-	2		2
Business Intellectual Property	-	134 950	1 500	136 450
Intercompany Receipts	-	10 227		10 227
Marketing Information	-	2		2
Cash at Bank	-	986		986
Supply Contracts	-	1		1
Insurance Claims	-	1		1
Customer Databases and Customer Records	-	1		1
Employee Records	-	2		2
Motor Vehicles	-		2 000	2 000
ROT Settlements	-		419 942	419 942
Suspense ⁴	-		177 749	177 749
Long term sick employee benefit funding ⁵	-	4 161	(761)	3 400
Prepayment Recoveries	-		18 337	18 337
Total	11 439 000	15 414 038	2 368 496	17 782 534
Payments				
Repayment of Third Party Funding		5 000 000		5 000 000
Pre-appointment Legal Fees		45 000		45 000
Interest Payment on Third Party Funding		1 576		1 576
Suspense ⁴		10 746	(10 746)	-
Statutory Advertising		226		453
Bank Charges		6	1 665	1 671
Sundry Expense			65	65
Printing & Mailing Services			8 687	8 687
Archiving & Records Management			2 927	2 927
Legal Fees & Disbursements			548 073	548 073
Specific Bond		-	1 000	1 000
Office Holders Fees ⁶		-	1 985 424	1 985 424
Office Holders Expenses ⁶			3 716	3 716
Agents/Valuers Fees ⁷			287 989	287 989
Mail Redirection Costs			695	695
Total		5 057 554	2 789 546	7 847 100
Net Receipts/(Payments)		6 174 273	(1 019 241)	5 155 032
Represented by				
Floating Charge Account ⁸				4 767 869
Fixed Charge Account ⁸				(87)
Vat Receivable				807 042
VAT Payable				(420 648)
Payment on behalf of subsidiaries				855
Total				5 155 032

Notes.

[1] See separate trading statement for details

[2] £9 466 of these receipts relate to auctions of chattel assets with the balance being an allocation of the consideration in respect of the sale of the O2 Unify business, and the data centre sale

[3] Third party funding was provided by one of the senior secured creditors in order allow the Group to continue to trade. This funding was repaid in full on 20 February 2013

[4] The balance in the suspense account is made up of post-appointment receipts into various pre-appointment bank accounts. A process to identify what these receipts relates to is on-going. This was reported as a payment in our proposals due to a timing issue

[5] Refunds were received from long term sick income protection providers. These were refunded to providers where overpayment was made

[6] These figures exclude office holders fees and expenses incurred in relation to the trading period as these are separately reported in our trading statement

[7] Agents fees relate to book debt collection (J P Associates) property valuations (Storeys Edwards Symmons Ltd) recovery of business rates (Capa) and sale of chattel assets (Wyles Hardy & Co Ltd and Sweeney Kincad)

[8] Cash is held in interest bearing bank accounts. Although the Fixed Charge Account appears to be overdrawn, it is not. Bank charges had been charged in error which have been refunded since the date to which this report covers. In addition, there are a number of unbanked cheques on this account

Receipts and Payments Accounts for the Period 28 January 2013 to 27 July 2013 or 14 February 2013 to 13 August 2013
(Dependent upon the date of appointment)

Appendix D

	Morse Overseas Holdings Limited (in administration)				2a2 Limited (in administration)				2a2 Property Limited (in administration)			
	Statement of Affairs Expected to Realise	28 January 2013 to 12 March 2013	13 March 2013 to 28 July 2013	Total for period to 28 July 2013	Statement of Affairs Expected to Realise	28 January 2013 to 12 March 2013	13 March 2013 to 28 July 2013	Total for period to 28 July 2013	Statement of Affairs Expected to Realise	28 January 2013 to 12 March 2013	13 March 2013 to 28 July 2013	Total for period to 28 July 2013
	£	£	£	£	£	£	£	£	£	£	£	£
Receipts												
Investment in Subsidiaries	10 000 000	13 403 306	1 459 784	14 863 090	10 000	5 191 736	564 882	5 756 618	-	-	-	-
Trade Debtors	-	-	-	-	-	-	-	-	22 089	-	22 084	22 084
Intellectual Property	-	-	-	-	-	-	-	-	-	-	-	-
Software	-	-	-	-	-	-	-	-	-	-	-	-
Trademarks	-	-	-	-	-	-	-	-	-	-	-	-
Marketing & Collateral	-	-	-	-	-	-	-	-	-	-	-	-
Domain Names	-	-	-	-	-	-	-	-	-	-	-	-
Cash at Bank	8 744 231	1	-	1	8 762	1	-	1	8 108	1	-	1
Goodwill	-	-	-	-	-	-	-	-	-	-	-	-
Less:hold Property	-	-	-	-	-	-	-	-	-	-	-	-
Total	18 744 231	13 403 307	1 459 784	14 863 091	18 762	5 191 737	564 882	5 756 619	30 197	1	22 084	22 085
Payments												
Random Payments ²	-	-	-	-	-	-	-	-	-	-	-	-
Statutory Advertising	108 126	-	(5)	108 120	232 443	35 953	-	268 395	-	-	-	-
Net Retention Payments	50 168	-	-	50 168	19 432	-	-	19 432	-	-	-	-
Legal Fees	217 932	-	217 932	217 932	124 818	37 421	124 818	124 818	37 421	-	-	-
Legal Disbursements	40 085	-	40 085	40 085	30	30	30	30	30	-	-	-
Specific Bond	-	-	30	30	273 016	5 163	18	273 016	5 163	5	5	5
Office Holders Fees	227 639	-	227 639	227 639	18 654	300	18 654	18 654	15 000	15 000	15 000	15 000
Office Charges	2 568	-	2 568	2 568	18	-	18	18	-	-	-	-
Intangible Property Costs	17	-	17	17	-	-	-	-	-	-	-	-
IT Services	-	-	-	-	-	-	-	-	-	-	-	-
Records Management	-	-	-	-	-	-	-	-	-	-	-	-
Rent	-	-	-	-	-	-	-	-	-	-	-	-
Subsidiary Miscellaneous Expenses	-	-	-	-	-	-	-	-	-	-	-	-
Total	158 293	488 265	646 558	646 558	251 875	493 582	220	745 467	15 035	15 035	15 035	15 035
Distributions												
Fried Charge Distribution	11 228 000	2 700 000	-	13 928 000	3 772 000	1 000 000	1 000 000	4 772 000	-	-	-	-
	11 228 000	2 700 000	-	13 928 000	3 772 000	1 000 000	1 000 000	4 772 000	-	-	-	-
Net Receipts/(Payments)	2 017 014	(1 728 481)	288 533	288 533	1 167 861	(828 709)	239 152	239 152	1	7 049	7 049	7 050
Represented by												
Fried Charge Account ¹	-	-	-	-	-	-	-	-	-	-	-	-
Floating Charge Account ¹	-	-	-	-	-	-	-	-	-	-	-	-
VAT Payable	97 615	-	-	97 615	-	-	-	-	-	-	-	-
VAT Receivable	-	-	-	-	-	-	-	-	-	-	-	-
Total	97 615	-	-	97 615	91 429	239 152	239 152	239 152	4 050	3 000	3 000	3 000

Note [1]: Cash is held in interest bearing bank accounts

Note [2]: the £5 reduction in ransom payments relates to an adjustment to the allocation of transaction costs between MOH and 2a2 Ltd

Receipts and Payments Accounts for the Period 28 January 2013 to 27 July 2013 or 14 February 2013 to 13 August 2013
(Dependent upon the date of appointment)

Appendix D

	2a2 Managed Operations Limited (in administration)					Diagonal Quest Limited (in administration)					Morve Group Limited (in administration)				
	Statement of Affairs	28 January 2013	13 March 2013	Total for period	£	Statement of Affairs	28 January 2013	13 March 2013	Total for period	£	Statement of Affairs	28 January 2013	13 March 2013	Total for period	£
	Expected to Realise	to 12 March 2013	to 28 July 2013	to 28 July 2013		Expected to Realise	to 12 March 2013	to 28 July 2013	to 28 July 2013		Expected to Realise	to 12 March 2013	to 28 July 2013	to 28 July 2013	
Receipts															
Investment in Subsidiaries															
Trade Debtors	-														
Intellectual Property	-														
Software	-														
Trademarks	-														
Marketing & Collateral	-														
Domain Names	-														
Cash at Bank	1														
Goodwill															
Leasehold Property															
Total		800 000		800 000			1		1			1		1	
Payments															
Ransom Payments	-														
Statutory Advertising	-														
Net Retention Payments	-														
Legal Fees	-														
Legal Disbursements	-														
Specific Bond	-		30	30											
Office Holders Fees	-		7 597	7 597											
Office Holders Expenses	-														
Bank Charges	-		5	5											
Intangible Property Costs	-														
IT Services	-														
Records Management	-														
Rent	-														
Subsidiary Miscellaneous Expenses	-														
Total			7 632	7 632											
Distributions															
Fixed Charge Distribution			300 000	300 000											
			300 000	300 000											
Net Receipts/(Payments)		800 000	(307 632)	492 368			1		1			1		1	
Represented by															
Fixed Charge Account ¹				480 850					1					1	
Floating Charge Account ²															
VAT Payable															
VAT Receivable				1,519											
Total				492 369					1					1	

Note (1) Cash is held in interest bearing bank accounts

Receipts and Payments Accounts for the Period 28 January 2013 to 27 July 2013 or 14 February 2013 to 13 August 2013
(Dependent upon the date of appointment)

Appendix D

	2+2 MS Limited (in administration)				Diagonal Limited (in administration)				Morse Limited (in administration)			
	Statement of Affairs Expected to Realise	14 February 2013 to 12 March 2013	13 March 2013 to 13 August 2013	Total for period to 13 August 2013	Statement of Affairs Expected to Realise	14 February 2013 to 12 March 2013	13 March 2013 to 13 August 2013	Total for period to 13 August 2013	Statement of Affairs Expected to Realise	14 February 2013 to 12 March 2013	13 March 2013 to 13 August 2013	Total for period to 13 August 2013
	£	£	£	£	£	£	£	£	£	£	£	£
Receipts												
Investment in Subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-
Trade Debtors	-	-	-	-	-	-	-	-	-	-	-	-
Intellectual Property	-	-	-	-	-	-	-	-	-	-	-	-
Software	-	-	-	-	-	-	-	-	-	-	-	-
Trademarks	-	-	-	-	-	-	-	-	-	-	-	-
Marketing & Collateral	-	-	-	-	-	-	-	-	-	-	-	-
Domain Names	-	-	-	-	-	-	-	-	-	-	-	-
Cash at Bank	-	-	-	-	-	-	-	-	-	-	-	-
Goodwill	-	-	-	-	-	-	-	-	-	-	-	-
Leasehold Property	-	-	-	-	-	-	-	-	-	-	-	-
Total	-	5,000	461	5,461	-	134,850	-	134,850	-	100	-	100
Payments												
Random Payments	-	-	-	-	-	-	-	-	-	-	-	-
Salary Advertising	-	-	-	-	-	-	-	-	-	-	-	-
Net Realisation Payments	-	-	-	-	-	-	-	-	-	-	-	-
Legal Fees	-	-	-	-	-	-	-	-	-	-	-	-
Legal Disbursements	-	-	-	-	-	-	-	-	-	-	-	-
Specific Bond	-	-	-	-	-	-	-	-	-	-	-	-
Office Holders' Fees	-	-	-	-	-	-	-	-	-	-	-	-
Bank Charges	-	-	-	-	-	-	-	-	-	-	-	-
Intangible Property Costs	-	-	-	-	-	-	-	-	-	-	-	-
IT Services	-	-	-	-	-	-	-	-	-	-	-	-
Records Management	-	-	-	-	-	-	-	-	-	-	-	-
Rent	-	-	-	-	-	-	-	-	-	-	-	-
Subsidiary Miscellaneous Expenses	-	-	-	-	-	-	-	-	-	-	-	-
Total	-	50	152	202	-	50	13,725	13,775	-	50	45	95
Distributions												
Fixed Charge Distribution	-	-	-	-	-	-	-	-	-	-	-	-
Net Receipts/(Payments)	-	4,950	310	5,260	-	134,800	(13,725)	121,075	-	50	(45)	5
Represented by												
Fixed Charge Account ¹	-	-	-	-	-	-	-	-	-	-	-	-
Floating Charge Account ¹	-	-	-	-	-	-	-	-	-	-	-	-
VAT Payable	-	-	-	-	-	-	-	-	-	-	-	-
VAT Receivable	-	-	-	-	-	-	-	-	-	-	-	-
Total	-	-	-	-	-	-	-	-	-	-	-	-

Note 1: Cash is held in interest bearing bank accounts

Receipts and Payments Accounts for the Period 28 January 2013 to 27 July 2013 or 14 February 2013 to 13 August 2013
(Dependent upon the date of appointment)

Appendix D

	2a.2 Investments Limited (in administration)				2a.2 Holdings Limited				2a.2 Group Limited			
	Statement of Affairs Expected to Realise	28 January 2013 to 12 March 2013	13 March 2013 to 28 July 2013	Total for period to 28 July 2013	Statement of Affairs Expected to Realise	28 January 2013 to 12 March 2013	13 March 2013 to 28 July 2013	Total for period to 28 July 2013	Statement of Affairs Expected to Realise	28 January 2013 to 12 March 2013	13 March 2013 to 28 July 2013	Total for period to 28 July 2013
	£	£	£	£	£	£	£	£	£	£	£	£
Receipts												
Investment in Subsidiaries	-				-				-			
Trade Debtors	-				-				-			
Intellectual Property	-				-				-			
Software	-				-				-			
Trademarks	-				-				-			
Marketing & Collateral	-				-				-			
Domain Names	-				-				-			
Cash at Bank	-				-				-			
Goodwill	-				-				-			
Leasehold Property	-				-				-			
Total												
Payments												
Random Payments	-				-				-			
Statutory Advertising	-				-				-			
Net Retention Payments	-				-				-			
Legal Fees	-				-				-			
Legal Disbursements	-				-				-			
Specific Bond	-				-				-			
Office Holders Fees	-				-				-			
Office Holders Expenses	-				-				-			
Bank Charges	-				-				-			
Irrecoverable Property Costs	-				-				-			
IT Services	-				-				-			
Records Management	-				-				-			
Rent	-				-				-			
Subsidiary Miscellaneous Expenses	-				-				-			
Total												
Distributions												
Fixed Charge Distribution	-				-				-			
Net Receipts/(Payments)												
Represented by												
Fixed Charge Account ¹	-				-				-			
Fixed Charge Account ¹	-				-				-			
VAT Payable	-				-				-			
VAT Receivable	-				-				-			
Total												

Note 11: Cash is held in interest bearing bank accounts

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

Task		Senior Managing Director	Managing Director / Director	Senior Consultant / Consultant	Associate	Total Time	Total Cost	Average Cost
Administration and Planning								
Strategy and planning	A1	7.0	74.4	69.3	5.8	156.5	71,931.0	459.6
Initial actions	A2	6.0	8.0		4.0	18.0	9,150.0	508.3
Appointment and related formalities	A3	1.5		10.0		11.5	3,855.0	337.8
Receipts and payments accounts	A4		1.3	4.0	227.6	232.9	42,143.5	181.0
Checklist and reviews	A5	5.1	5.1	80.7	5.2	96.1	36,829.0	383.2
Cashiering and reconciliations	A6	6.2	28.3	211.8	190.4	436.7	135,293.5	309.8
Bonding and IPS maintenance	A7		1.8	2.5	69.1	73.4	14,137.0	192.6
Subtotal		25.8	118.9	378.3	502.1	1,025.1	313,139.0	
Investigations								
Correspondence with directors	B1		1.3	3.7	3.3	8.3	2,157.5	259.9
Directors questionnaire/checklists	B2			1.7	0.3	2.0	622.0	311.0
Statement of affairs	B3		2.1	4.4	0.6	7.1	2,982.5	420.1
Reports of Directors conduct	B4	13.0	1.0	31.0	1.4	45.4	16,565.0	357.0
Books and records	B5		1.7	14.3	40.2	56.2	11,817.0	210.3
Electronic records	B6	1.1	34.8	128.2	16.4	180.5	37,618.0	208.4
Other investigations	B7	90.3	227.2	98.2		415.7	188,224.0	452.8
Subtotal		104.4	268.1	281.5	62.2	716.2	259,986.0	
Realisation of assets								
Cash and investments	C1	1.0	4.0			5.0	2,835.0	567.0
Sale of business	C2	400.1	192.1	153.7		745.9	438,495.5	587.9
Post-completion obligations	C3		13.2	21.6		34.8	16,828.0	483.6
Bank debts	C4	3.5	70.3	361.1	4.2	439.1	147,566.5	336.1
Stock and WIP	C5		36.1	5.2		41.3	22,597.5	547.2
Property plant and vehicles	C6	1.5	26.4	78.0	8.9	114.8	42,132.5	367.0
Other assets	C7	2.5	26.0	4.6		33.1	17,886.5	540.4
Health & Safety/Insurance	C8	2.0	7.0	12.3		21.3	10,052.0	471.9
Legal issues/litigation	C9		2.3			2.3	1,368.5	595.0
Subtotal		410.6	377.4	636.5	13.1	1,437.6	699,762.0	
Trading								
Initial control of operations	D1	20.0	65.0	77.5		162.5	78,517.5	483.2
Ongoing trading/monitoring	D2	33.5	546.3	358.7		938.5	453,452.5	483.2
Closure of trading	D3	2.0	60.1	118.5		180.6	81,141.0	449.3
Ongoing VAT & tax issues	D4		16.0	65.3		81.3	30,726.0	377.9
TSA finance costs	D5						52.5	N/A
Subtotal		55.5	687.4	620.0	0.0	1,362.9	643,889.5	
Creditors (correspondence and claims)								
Unsecured creditors	E1	6.7	43.4	488.1	32.2	570.4	191,313.0	335.4
Secured creditors	E2	47.7	8.0	24.0	7.7	87.4	46,174.5	528.3
Pensions	E3		0.7			0.7	416.5	595.0
Employees	E4	34.5	161.6	612.5	12.9	821.5	300,316.0	365.6
ROT creditors	E5	9.0	232.3	224.3		465.6	195,322.0	419.5
Shareholders	E6				0.3	0.3	52.5	175.0
Lease creditors	E7		3.4	13.2		16.6	6,633.0	399.6
Subtotal		97.9	449.4	1,362.1	53.1	1,962.5	740,227.5	
Tax								
Initial reviews CT and VAT	F1	5.0	39.9			44.9	22,178.5	494.0
Pre-appointment CT	F2	8.0	17.5	26.5		52.0	20,717.5	398.4
Pre-appointment VAT	F3		10.7	3.7		14.4	6,946.5	482.4
Post-appointment CT	F4	0.8	6.0	59.9		66.7	14,587.0	218.7
Post-appointment VAT	F5		138.9	77.2	0.4	216.5	99,675.0	460.4
Tax advice on transactions	F6	11.6	44.3		1.9	57.8	33,387.0	577.6
Other post-appointment tax	F7	3.2	20.0	7.9		31.1	14,024.0	450.9
Subtotal		28.6	277.3	175.2	2.3	483.4	211,515.5	
Reporting								
Proposals	G2		9.2	9.8	2.3	21.3	9,660.5	453.5
Other statutory reports/meetings	G3	4.3	5.9		6.8	17.0	7,535.0	443.2
Secured creditor reports	G4	11.0	67.8	26.7		105.5	54,342.5	515.1
Subtotal		15.3	82.9	36.5	9.1	143.8	71,538.0	
Total Time by Grade		740.9	2,261.4	3,490.1	647.8	7,140.0		
Total Cost by Grade		514,691.0	1,246,096.5	1,057,803.5	113,330.0	2,931,721.0		
Average by Grade		694.7	551.0	303.0	175.0	410.8		
Time Costs								
		Time Costs		Category 1		Category 2		Total
Total Costs to Date		2,931,721.0		32,285.2		5,346.1		2,969,352.3
Amount Billed		(2,820,739.5)		(31,090.2)		(4,192.8)		(2,656,622.6)
WIP		310,981.5		595.0		1,153.2		312,729.7

Analysis of Administrators' Time Costs in Accordance with SIP9

Appendix E

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

Task	Senior Managing Director	Managing Director / Director	Senior Consultant / Consultant	Associate	Total Time	Total Cost	Average Cost
Administration and Planning							
Strategy and planning	10	21			31	1944.5	627.3
Initial actions				13	13	227.5	175.0
Appointment and related formalities	05		10		15	732.5	488.3
Receipts and payments accounts				83	83	1452.5	175.0
Checklist and reviews		02	09	05	16	549.0	343.1
Cashiering and reconciliations	20	46		17	83	4148.5	499.8
Bonding and IPS maintenance			02	07	09	210.5	233.9
Subtotal	35	69	21	125	250	9265.0	
Investigations							
Correspondence with directors				11	11	192.5	175.0
Statement of affairs			22		22	847.0	385.0
Books and records			03	04	07	124.0	177.1
Subtotal	00	00	25	23	48	1303.5	
Realisation of assets							
Sale of business	127.0	27.0	20		156.0	102720.0	658.5
Post-completion obligations		61	11.9		18.0	8499.5	472.2
Subtotal	127.0	38.1	13.9	00	179.0	114194.5	
Trading							
Ongoing trading / monitoring		45.9			45.9	24556.5	535.0
Subtotal	00	45.9	0.0	00	45.9	24556.5	
Creditors (correspondence and claims)							
Unsecured creditors		38.4			38.4	20544.0	535.0
Secured creditors		63	09		72	3474.5	510.6
Employees	20	50			70	4065.0	580.7
ROT creditors		12.5			12.5	6070.0	485.6
Subtotal	20	62.2	09	00	65.1	34355.5	
Tax							
Initial reviews CT and VAT		8.7			8.7	4045.5	465.0
Pre-appointment CT		08	50		58	1272.0	219.3
Pre-appointment VAT			05		05	90.0	180.0
Post appointment CT		60	25		85	3240.0	381.2
Tax advice on transactions	34.3	58.8	69.6		160.7	77151.5	480.1
Other post appointment tax	1.6	1.4			3.0	1811.0	603.7
Subtotal	35.9	73.7	77.6	04	187.6	87680.0	
Reporting							
Proposals		06	53		59	2408.5	408.2
Other statutory reports/meetings				38	38	665.0	175.0
Secured creditor reports	40	21			61	4029.5	660.6
Subtotal	40	27	53	38	158	7103.0	
Total Time by Grade	172.4	229.5	102.3	19.0	523.2		
Total Cost by Grade	120895.0	120420.0	33818.0	3325.0	278458.0		
Average by Grade	701.2	524.7	330.8	175.0	532.2		
	Time Costs		Category 1	Category 2	Total		
Total Costs to Date	278458.0		9539.8	15.2	288012.8		
Amount Billed	(273015.5)		(5147.8)	(15.2)	(278178.5)		
WIP	5442.5		4381.8	0.0	9824.3		

Analysis of Administrators' Time Costs in Accordance with SIP9

Appendix E

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

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
Checklist and reviews	A5		0.9	1.3	2.4	689.0	287.1
Bonding and IPS maintenance	A7		0.2	0.4	0.6	158.0	263.3
Subtotal		0.5	2.1	9.4	12.2	2,927.0	
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
Books and records	B5		0.5	0.6	1.1	195.0	177.3
Subtotal		0.0	1.2	2.6	3.7	694.5	
Realisation of assets							
Sale of business	C2	1.0			1.0	695.0	695.0
Subtotal		1.0	0.0	0.0	1.0	695.0	
Tax							
Pre-appointment CT	F2		3.5		3.5	1,560.0	283.6
Post appointment CT	F4	2.0	3.0		5.0	540.0	180.0
Tax advice on transactions	F6		0.6		0.6	192.0	320.0
Subtotal		2.0	7.1	0.0	9.1	2,292.0	
Reporting							
Proposals	G2	0.2	2.1		2.3	938.5	408.0
Other statutory reports/meetings	G3			3.0	3.0	525.0	175.0
Secured creditor reports	G4		0.3		0.3	178.5	595.0
Subtotal		0.2	2.4	3.0	5.6	1,642.0	
Total Time by Grade	1.8	2.7	13.4	14.9	34.5		
Total Cost by Grade	1,042.5	1,320.5	4,358.0	2,807.5	9,326.5		
Average by Grade	695.0	489.1	282.9	178.0	270.3		
Time Costs							
Total Costs to Date	9,326.5	0.0	0.0	0.0	9,326.5		
Amount Billed	0.0	0.0	0.0	0.0	0.0		
WIP	9,326.5	0.0	0.0	0.0	9,326.5		

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

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
Checklist and reviews	A5		0.9	0.6	1.7	566.5	333.2
Bonding and IPS maintenance	A7		0.2	0.4	0.6	158.0	263.3
Subtotal		1.0	2.1	3.0	6.3	2,154.5	
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
Books and records	B5		0.1	0.6	0.7	123.0	175.7
Subtotal		0.0	0.8	2.8	3.4	640.0	
Tax							
Pre-appointment CT	F2	0.6	2.9		3.5	801.0	228.9
Post appointment CT	F4		0.5		0.5	180.0	320.0
Subtotal		0.6	3.4	0.0	4.0	981.0	
Reporting							
Proposals	G2	0.2	2.0		2.2	900.0	409.1
Other statutory reports/meetings	G3			2.6	2.6	455.0	175.0
Secured creditor reports	G4		0.3		0.3	178.5	595.0
Subtotal		0.2	2.3	2.6	5.1	1,533.5	
Total Time by Grade	1.0	1.3	9.2	8.2	19.7		
Total Cost by Grade	695.0	689.5	2,785.5	1,438.0	5,595.0		
Average by Grade	695.0	515.0	303.9	175.0	284.0		
Time Costs							
Total Costs to Date	5,595.0	0.0	0.0	0.0	5,595.0		
Amount Billed	0.0	0.0	0.0	0.0	0.0		
WIP	5,595.0	0.0	0.0	0.0	5,595.0		

Analysis of Administrators' Time Costs in Accordance with SIP9

Appendix E

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

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				0.4	0.4	70.0	175.0
Checklist and reviews	A5		0.2	1.2	0.7	2.1	718.0	341.0
Bonding and IPS maintenance	A7			0.2	1.3	1.5	315.5	210.3
Subtotal		1.0	0.2	2.4	4.3	7.9	2,514.0	
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
Books and records	B5			0.3	0.5	0.8	141.5	176.9
Subtotal		0.0	0.0	1.6	3.4	5.0	1,047.0	
Trading								
Ongoing VAT & tax issues	D4			0.5		0.5	90.0	180.0
Subtotal		0.0	0.0	0.5	0.0	0.5	90.0	
Creditors (correspondence and claims)								
Employees	E4			0.5		0.5	192.5	385.0
Subtotal		0.0	0.0	1.6	0.0	1.6	534.5	
Tax								
Pre-appointment CT	F2			3.5		3.5	630.0	180.0
Post appointment CT	F4			3.8		3.8	796.0	209.5
Tax advice on transactions	F6			9.0		9.0	1,620.0	180.0
Other post appointment tax	F7		3.1		0.6	3.7	1,546.5	418.0
Subtotal		0.0	3.1	16.3	0.6	20.0	4,592.5	
Reporting								
Proposals	G2		0.2	2.0	0.4	2.6	970.0	373.1
Other statutory reports/meetings	G3				4.4	4.4	770.0	175.0
Secured creditor reports	G4		0.3			0.3	178.5	595.0
Subtotal		0.0	0.5	2.0	4.8	7.3	1,918.5	
Total Time by Grade		1.0	3.8	24.4	13.1	42.3		
Total Cost by Grade		695.0	1,832.0	5,877.0	2,292.5	10,696.5		
Average by Grade		695.0	482.1	240.9	175.0	252.9		
Time Costs								
Total Costs to Date		10,696.5	0.0	0.0	0.0	10,696.5		
Amount Billed		0.0	0.0	0.0	0.0	0.0		
WIP		10,696.5	0.0	0.0	0.0	10,696.5		

2e2 Managed Operations Limited - Analysis of Administrators' Time Costs In Accordance with SIP#
for the period 28 January 2013 to 27 July 2013

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	2.0	0.1	2.6	1,515.0	582.7
Initial actions	A2			1.5	1.5	262.6	175.0
Appointment and related formalities	A3	0.5		1.0	1.5	732.5	488.3
Receipts and payments accounts	A4			2.9	2.9	507.5	175.0
Checklist and reviews	A5		0.2	1.1	0.6	654.5	344.5
Cashiering and reconciliations	A6			1.3	1.3	227.5	175.0
Bonding and IPS maintenance	A7		0.2	0.9	1.1	245.5	223.2
Subtotal		1.0	2.2	2.3	7.3	4,145.0	
Investigations							
Correspondence with directors	B1			0.9	0.9	157.5	175.0
Statement of affairs	B3		0.2	0.4	0.6	147.0	245.0
Books and records	B5		0.1	0.5	0.6	105.5	175.8
Subtotal		0.0	0.0	0.3	2.9	550.0	
Realisation of assets							
Property, plant and vehicles	C6		2.3	1.0	3.3	1,808.5	548.0
Subtotal		0.0	2.3	1.0	3.3	1,808.5	
Tax							
Pre-appointment CT	F2		0.5		0.5	90.0	180.0
Post-appointment CT	F4		1.0		1.0	615.0	615.0
Subtotal		0.0	1.0	0.5	0.2	740.0	
Reporting							
Proposals	G2		0.4	2.0	2.4	1,019.0	424.6
Other statutory reports/meetings	G3			2.7	2.7	472.5	175.0
Secured creditor reports	G4		0.6		0.6	357.0	595.0
Subtotal		0.0	1.0	2.0	2.7	1,848.5	
Total Time by Grade	1.0	6.5	7.0	12.8	27.3		
Total Cost by Grade	695.0	3,821.5	2,641.5	2,240.0	9,398.0		
Average by Grade	695.0	587.9	377.4	175.0	344.2		
Time Costs							
Total Costs to Date	9,398.0	0.0	0.0	0.0	9,398.0		
Amount Billed	(7,598.5)	0.0	0.0	(7,598.5)			
WIP	1,801.5	0.0	0.0	1,801.5			

Analysis of Administrators' Time Costs in Accordance with SIP9

Appendix E

Morse Overseas Holdings - Analysis of Administrators' Time Costs in Accordance with SIP9 for the period 28 January 2013 to 27 July 2013

Task		Senior Managing Director	Managing Director / Director	Senior Consultant / Consultant	Associate	Total Time	Total Cost	Average Cost
Administration and Planning								
Strategy and planning	A1	1.0	2.1	2.0		5.1	2,514.5	493.0
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				6.3	6.3	1,102.5	175.0
Checklist and reviews	A5		1.1	0.9	0.5	2.5	967.5	387.0
Cashflow and reconciliations	A6				2.6	2.6	455.0	175.0
Bonding and IPS maintenance	A7			0.2	0.9	1.1	245.5	223.2
Subtotal		1.5	3.2	4.1	11.8	20.8	6,280.0	
Investigations								
Correspondence with directors	B1				0.9	0.9	157.5	175.0
Statement of affairs	B3			0.2		0.2	77.0	385.0
Books and records	B5			0.2	0.3	0.5	88.5	177.0
Subtotal		0.0	0.0	0.4	2.0	2.4	463.0	
Realisation of assets								
Sale of business	C2	183.8	73.0	25.0		281.8	174,921.0	620.7
Subtotal		183.8	73.0	25.0	0.0	281.8	174,921.0	
Trading								
Ongoing trading / monitoring	D2		13.0			13.0	6,955.0	535.0
Subtotal		0.0	13.0	0.0	0.0	13.0	6,955.0	
Creditors (correspondence and claims)								
Unsecured creditors	E1			8.0		8.0	2,280.0	285.0
Subtotal		0.0	0.0	8.0	0.0	8.0	2,280.0	
Tax								
Pre-appointment CT	F2			4.0		4.0	720.0	180.0
Post appointment CT	F4			5.3		5.3	954.0	180.0
Tax advice on transactions	F6	18.0	42.8			60.8	34,227.0	562.9
Subtotal		18.0	42.8	9.3	0.0	70.1	35,901.0	
Reporting								
Proposals	G2		0.6	2.0		2.6	1,138.0	437.7
Other statutory reports/meetings	G3				2.9	2.9	507.5	175.0
Secured creditor reports	G4		2.1			2.1	1,249.5	595.0
Subtotal		0.0	2.7	2.0	2.9	7.6	2,895.0	
Total Time by Grade		203.3	134.7	49.7	16.7	404.4		
Total Cost by Grade		141,833.5	70,554.5	14,690.5	2,922.5	230,001.0		
Average by Grade		697.7	523.8	295.6	175.0	568.7		
Time Costs								
		Time Costs		Category 1	Category 2	Total		
Total Costs to Date		230,001.0		2,478.0	90.0	232,569.0		
Amount Billed		(227,638.5)		(2,478.0)	(90.0)	(230,206.5)		
WIP		2,362.5		0.0	0.0	2,362.5		

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

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	1.5		2.0	1,210.0	605.0
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			1.9	1.9	332.5	175.0
Checklist and reviews	A5		1.6	0.6	2.2	1,305.5	595.6
Bonding and IPS maintenance	A7		0.2	0.9	1.1	245.5	223.2
Subtotal		1.0	3.1	3.2	12.8	4,518.0	
Investigations							
Correspondence with directors	B1			1.1	1.1	192.5	175.0
Statement of affairs	B3		0.2	0.4	0.6	147.0	245.0
Books and records	B5		0.3	0.6	0.9	159.0	176.7
Subtotal		0.0	0.5	2.1	3.4	638.5	
Realisation of assets							
Property, plant and vehicles	C6		0.2		0.2	349.5	573.5
Subtotal		0.0	0.2	0.0	0.2	349.5	
Tax							
Pre-appointment CT	F2		2.5		2.5	450.0	180.0
Post-appointment CT	F4		3.0		3.0	750.0	250.0
Post-appointment VAT	F5		8.3	0.8	9.1	5,292.5	581.6
Subtotal		0.0	11.8	0.8	12.6	6,492.5	
Reporting							
Proposals	G2		2.0		2.2	900.0	409.1
Other statutory reports/meetings	G3			3.3	3.3	577.5	175.0
Secured creditor reports	G4		0.5		0.5	297.5	595.0
Subtotal		0.0	2.5	3.3	5.8	1,775.0	
Total Time by Grade		1.0	18.0	12.2	13.0	44.2	
Total Cost by Grade		695.0	10,470.0	5,881.5	2,176.0	17,122.5	
Average by Grade		695.0	581.7	302.6	175.0	387.6	
Time Costs							
		Category 1	Category 2	Total			
Total Costs to Date	17,131.5	0.0	0.0	17,131.5			
Amount Billed¹	(7,085.0)	0.0	0.0	(7,085.0)			
WIP	10,046.5	0.0	0.0	10,046.5			

Note [1] £7,085 has been billed but not yet drawn. These fees will be drawn once there are funds available.

Diagonal Quest Limited - Analysis of Administrators' Time Costs In Accordance with SIP9 for the period 28 January 2013 to 27 July 2013

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	70.0	175.0
Checklist and reviews	A5		0.9	0.4	1.3	531.5	354.3
Bonding and IPS maintenance	A7		0.2	0.9	1.1	245.5	223.2
Subtotal		1.0	2.1	2.8	6.4	2,384.5	
Investigations							
Correspondence with directors	B1			1.2	1.2	210.0	175.0
Statement of affairs	B3			0.4	0.4	70.0	175.0
Books and records	B5		0.1	0.4	0.5	88.0	176.0
Subtotal		0.0	0.1	2.0	2.5	608.0	
Realisation of assets							
Other assets	C7		1.8		1.8	1,071.0	595.0
Subtotal		0.0	1.8	0.0	1.8	1,071.0	
Tax							
Post-appointment CT	F4		2.1		2.1	378.0	180.0
Subtotal		0.0	2.1	0.0	2.1	378.0	
Reporting							
Proposals	G2		2.0		2.2	900.0	409.1
Other statutory reports/meetings	G3			2.7	2.7	472.5	175.0
Secured creditor reports	G4		0.3		0.3	178.5	595.0
Subtotal		0.0	2.3	2.7	5.0	1,551.0	
Total Time by Grade		1.0	4.1	4.7	10.4		
Total Cost by Grade		695.0	1,461.5	2,324.5	1,697.5	6,178.5	
Average by Grade		695.0	356.5	492.6	175.0	302.9	
Time Costs							
		Category 1	Category 2	Total			
Total Costs to Date	6,178.5	0.0	0.0	6,178.5			
Amount Billed	0.0	0.0	0.0	0.0			
WIP	6,178.5	0.0	0.0	6,178.5			

Analysis of Administrators' Time Costs in Accordance with SIP9

Appendix E

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

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			1.6	1.6	280.0	175.0
Appointment and related formalities	A3	0.5	1.0		1.5	732.5	488.3
Receipts and payments accounts	A4			0.3	0.3	52.5	175.0
Checklist and reviews	A5		0.2	1.1	0.4	819.5	364.4
Bonding and IPS maintenance	A7		0.2	0.9	1.1	245.5	223.2
Subtotal		1.0	0.2	2.3	4.0	2,417.5	
Investigations							
Correspondence with directors	B1		0.7	1.1	1.8	318.5	176.9
Books and records	B5		0.1	0.6	0.7	123.0	176.7
Subtotal		0.0	0.0	0.8	2.5	581.5	
Realisation of assets							
Sale of business	C2	2.0			2.0	1,390.0	695.0
Property plant and vehicles	C6		0.7		0.7	308.0	440.0
Subtotal		2.0	0.0	0.7	2.7	1,698.0	
Tax							
Pre-appointment CT	F2		4.8	2.7	7.5	3,018.0	402.4
Post-appointment CT	F4		0.8	0.8	0.8	186.0	232.5
Subtotal		0.3	4.8	3.5	8.6	3,421.5	
Reporting							
Proposals	G2		0.2	2.0	2.2	900.0	409.1
Other statutory reports/meetings	G3			2.9	2.9	507.5	175.0
Secured creditor reports	G4		0.3		0.3	178.5	595.0
Subtotal		0.0	0.5	2.0	2.8	1,586.0	
Total Time by Grade	3.3	8.5	10.8	8.4	29.0		
Total Cost by Grade	2,302.5	2,922.5	3,352.5	1,645.0	10,222.5		
Average by Grade	697.7	531.4	310.4	175.0	352.5		
Time Costs							
Total Costs to Date	10,222.5	0.0	0.0	0.0	10,222.5		
Amount Billable	0.0	0.0	0.0	0.0	0.0		
WIP	10,222.5	0.0	0.0	0.0	10,222.5		

2c2 MS Limited - Analysis of Administrators' Time Costs in Accordance with SIP9 for the period 14 February 2013 to 13 August 2013

Task	Senior Managing Director	Managing Director / Director	Senior Consultant / Consultant	Associate	Total Time	Total Cost	Average Cost
Administration and Planning							
Strategy and planning	A1			0.1	0.1	17.5	175.0
Appointment and related formalities	A3		2.7	2.9	5.6	1,558.0	278.2
Cashflow and reconciliations	A6		0.2	2.0	2.2	397.0	180.5
Bonding and IPS maintenance	A7		0.2	0.7	0.9	210.5	233.9
Subtotal	0.0	0.2	3.7	7.7	11.6	2,880.0	
Investigations							
Statement of affairs	B3			0.4	0.4	70.0	175.0
Subtotal	0.0	0.0	0.1	1.2	1.3	228.0	
Realisation of assets							
Property plant and vehicles	C6	0.8	0.2		1.0	564.0	564.0
Other assets	C7		7.5		7.5	3,197.5	426.3
Subtotal	0.0	0.8	8.1	0.0	8.9	3,937.5	
Tax							
Pre-appointment CT	F2		1.8		1.8	324.0	180.0
Post-appointment CT	F4	0.5	2.5		3.0	897.5	299.2
Other post-appointment tax	F7		0.6		0.6	108.0	180.0
Subtotal	0.0	0.6	4.9	0.0	5.4	1,329.5	
Reporting							
SIP16	G1		5.8		5.8	2,233.0	385.0
Proposals	G2	0.4	2.0		2.4	1,019.0	424.6
Other statutory reports/meetings	G3			2.7	2.7	472.5	175.0
Secured creditor reports	G4	0.4	0.8		1.2	426.0	355.0
Subtotal	0.0	0.8	8.6	2.7	12.1	4,150.5	
Total Time by Grade	0.0	2.3	27.4	11.7	41.4		
Total Cost by Grade	0.0	1,352.5	9,943.0	2,047.5	13,343.0		
Average by Grade	0.0	886.0	362.9	175.0	322.3		
Time Costs							
Total Costs to Date	13,343.0	0.0	0.0	0.0	13,343.0		
Amount Billable	0.0	0.0	0.0	0.0	0.0		
WIP	13,343.0	0.0	0.0	0.0	13,343.0		

Analysis of Administrators' Time Costs in Accordance with SIP9

Appendix E

Morse Limited - Analysis of Administrators' Time Costs in Accordance with SIP9 for the period 14 February 2013 to 13 August 2013

Task	Senior Managing Director	Managing Director / Director	Senior Consultant / Consultant	Associate	Total Time	Total Cost	Average Cost
Administration and Planning							
Appointment and related formalities	A3		1.1	2.8	3.9	688.0	176.4
Bonding and IPS maintenance	A7		0.2	0.8	1.0	228.0	228.0
Subtotal		0.0	0.2	4.8	7.1	1,530.0	
Investigations							
Statement of affairs	B3			0.4	0.4	70.0	175.0
Subtotal		0.0	0.0	1.2	1.3	228.0	
Tax							
Initial reviews CT and VAT	F1	0.5			0.5	232.5	465.0
Pre-appointment CT	F2	0.5	3.5		4.0	862.5	215.6
Post appointment CT	F4		0.5		0.5	90.0	180.0
Other post appointment tax	F7		0.5		0.5	90.0	180.0
Subtotal		0.0	1.0	0.0	5.5	1,275.0	
Reporting							
Proposals	G2	0.2	2.0		2.2	900.0	409.1
Other statutory reports/meetings	G3			2.7	2.7	472.5	175.0
Secured creditor reports	G4	0.3	0.8		1.1	366.5	333.2
Subtotal		0.0	0.8	2.7	6.0	1,739.0	
Total Time by Grade	0.0	1.7	10.4	8.7	20.8		
Total Cost by Grade	0.0	855.5	2,700.0	1,522.5	5,078.0		
Average by Grade	0.0	503.2	259.6	175.0	244.1		
	Time Costs	Category 1	Category 2	Total			
Total Costs to Date	5,078.0	0.0	0.0	5,078.0			
Amount Billed	0.0	0.0	0.0	0.0			
WIP	5,078.0	0.0	0.0	5,078.0			

Diagonal Limited - Analysis of Administrators' Time Costs in Accordance with SIP9 for the period 14 February 2013 to 13 August 2013

Task	Senior Managing Director	Managing Director / Director	Senior Consultant / Consultant	Associate	Total Time	Total Cost	Average Cost
Administration and Planning							
Bonding and IPS maintenance	A7		0.2	1.4	1.6	333.0	208.1
Subtotal		0.0	1.0	4.3	5.3	1,181.8	
Investigations							
Statement of affairs	B3		0.1	1.2	1.3	228.0	175.0
Subtotal		0.0	0.0	1.2	1.3	228.0	
Realisation of assets							
Other assets	C7	21.6	0.2	0.0	21.8	11,556.0	535.0
Subtotal		0.0	21.6	0.0	21.8	11,644.0	
Tax							
Pre-appointment CT	F2		0.7		0.7	126.0	180.0
Post appointment CT	F4		0.5		0.5	90.0	180.0
Other post appointment tax	F7		0.5		0.5	90.0	180.0
Subtotal		0.0	0.0	1.7	1.7	306.0	
Reporting							
Proposals	G2	0.2	1.0		1.2	516.0	429.2
Other statutory reports/meetings	G3			3.0	3.0	525.0	175.0
Secured creditor reports	G4	0.3	0.8		1.1	366.5	333.2
Subtotal		0.0	0.5	3.0	5.3	1,406.5	
Total Time by Grade	0.0	22.1	8.7	8.5	36.3		
Total Cost by Grade	0.0	11,946.5	1,705.0	1,925.0	15,572.5		
Average by Grade	0.0	540.8	268.4	228.5	429.0		
	Time Costs	Category 1	Category 2	Total			
Total Costs to Date	15,572.5	0.0	0.0	15,572.5			
Amount Billed	(13,806.0)	0.0	0.0	(13,806.0)			
WIP	1,966.5	0.0	0.0	1,966.5			

Additional Information in Relation to Administrators' Fees Pursuant to Statement of Insolvency Practice 9

Appendix F

Detailed below is FTI'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	966,828.35
Stephenson Harwood LLP (legal advice)	Hourly rate and disbursements	nil
Payco (employee claims advice)	Hourly rate and disbursements	13,475.60
Wyles Hardy (chattels agents and valuers)	Hourly rate and disbursements and percentage of realisations	17,094.39
Sweeney Kincaid (chattel agents and valuers)	Hourly rate and disbursements and percentage of realisations	4,446.60
JP Associates (debt recovery agents)	Percentage of realisations	205,413.90
Storeys Edward Symmons Ltd	Fixed fee	1,500.00
Capa (recovery of business rates)	Percentage of realisations	12,357.05

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

A summary of total category 2 expenses incurred and billed can be found below.

Type of Expense	2e2 UK	2e2 Ltd	MOH
Postage	2,347.10	0.00	0.00
Mileage	1,082.72	15.20	90.00
IT Equipment	348.32	0.00	0.00
Catering	38.00	0.00	0.00
Data Storage	1,530.00	0.00	0.00
Total Incurred to date	5,346.14	15.20	90.00
Total billed	(4,192.94)	(15.20)	(90.00)
Amount outstanding	1,153.2	0.0	0.0

1.4 Charge-out Rates

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

	(Per hour) £
Directors	
Senior Managing Director	£695
Managing Director	£595
Tax Director	£615
Director	£535
Manager	
Senior Consultants	£440
Other Senior Professionals	
Consultants	£385
Associates	£135 - £235

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 H

2E2 Group Limited
2E2 Holdings Limited
2E2 Investments Limited
2E2 Limited
2E2 Managed Operations Limited
2e2 MS Limited
2e2 Property Limited
2E2 UK Limited
Diagonal Limited
Diagonal Quest Limited
Morse Group Limited
Morse Limited
Morse Overseas Holdings Limited

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

Date of Administration – 28 January 2013
(except Morse Ltd, Diagonal Ltd and 2e2 MS Ltd – 14 February 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.