

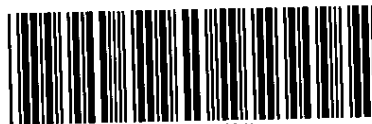
AM03

Notice of administrator's proposals



Companies House

WEDNESDAY



A07 *A67LUA8Y* #477
31/05/2017
COMPANIES HOUSE

1 Company details

Company number 0 6 7 3 6 5 5 3

Company name in full CFO Lending Limited

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

2 Administrator's name

Full forename(s) Paul

Surname Boyle

3 Administrator's address

Building name/number 102 Sunlight House

Street Quay Street

Post town Manchester

County/Region

Postcode M 3 3 J Z

Country

4 Administrator's name ●

Full forename(s) David

Surname Clements

● Other administrator
Use this section to tell us about
another administrator.

5 Administrator's address ●

Building name/number 102 Sunlight House

Street Quay Street

Post town Manchester

County/Region


Postcode M 3 3 J Z

Country

● Other administrator
Use this section to tell us about
another administrator.

AM03

Notice of Administrator's Proposals

6		Statement of proposals	
	<input checked="checked" type="checkbox"/>	I attach a copy of the statement of proposals	
7		Sign and date	
Administrator's Signature	<div>Signature</div> <div>✕  ✕</div>		
Signature date	<div>^d2^d6</div>	<div>^m0^m5</div>	<div>^y2^y0^y1^y7</div>

AM03 Notice of Administrator's Proposals



Presenter information

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

Contact name **cfole001**

Company name **Harrisons Business Recovery and Insolvency Limited**

Address **102 Sunlight House**

Quay Street

Post town **Manchester**

County/Region

Postcode **M 3 3 J Z**

Country

DX

Telephone **0161 876 4567**



Checklist

We may return forms completed incorrectly or with information missing.

Please make sure you have remembered the following:

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



Important information

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



Where to send

Do not send this form to any Companies House address, however for expediency we advise you to return it to the address below:

The Registrar of Companies, Companies House,
Crown Way, Cardiff, Wales, CF14 3UZ.
DX 33050 Cardiff.



Further information

For further information please see the guidance notes on the website at www.gov.uk/companieshouse or email enquiries@companieshouse.gov.uk

This form is available in an alternative format. Please visit the forms page on the website at www.gov.uk/companieshouse

**CFO Lending Limited
In Administration**

**Report and Joint Administrators' Proposals
to Creditors Pursuant to Paragraph 49
of Schedule B1 of the Insolvency Act 1986**

CFO LENDING LIMITED - IN ADMINISTRATION

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CFO LENDING LIMITED - IN ADMINISTRATION

1 Introduction and Background

- 1.1 The following provides a narrative background to CFO Lending Limited (the Company)'s trading history in addition to the events which have led to the appointment of Administrators. Information has been provided by the Directors, Tony Marshall ('TM') and Chris Payne ('CP').
- 1.2 The Company was initially incorporated on 29 October 2008 however did not commence trading until April 2009. The Company was a high cost short term credit ('HCSTC') lender, the type of credit prominently offered being often referred to as Payday loans. The Company has traded under various styles to include Payday First, Flexible First, Money Resolve, Paycfo, Payday Advance and Payday Credit.
- 1.3 The Company was under the management of former CEO James Keeble ('JK') from the point of incorporation until December 2014. In early 2014 the Company's main investor Aitch Estates Limited ('Aitch') ceased providing funding for additional lending when it became concerned over the commercial performance of the business. Aitch was also concerned about the Company's conduct in relation to the treatment of customers due to various reports which were circulating on social media.
- 1.4 During 2014, upon the transfer of regulations from the Office of Fair Trading under the Consumer Credit Act to the Financial Conduct Authority ('FCA') under its rules and guidelines the business became the subject of increased and intense scrutiny and supervision by the FCA. During this period it became apparent that the business had been involved in systemic malpractice under the supervision of JK.
- 1.5 This resulted in a very strained relationship with the FCA to the point that the FCA entered the business into a S166 under FSMA and ultimately requested that the business commence an orderly wind down with removal of its interim permissions at December 2014. At this point the Company was stopped from making outbound collection calls. From the commencement of trading until the business ceased, the Company had written approximately 287,000 loans.
- 1.6 During December 2014, Aitch decided that the board and senior managers should be removed and a replacement management team recruited. In February 2015, TM was appointed as Managing Director and CP as Finance Director. TM has over 30 years experience in various financial sectors and CP is a qualified accountant who has previously worked in practice within the lending sector.

Events Leading to the Appointment of Administrators

- 1.7 Upon their appointment in February 2015, TM and CP commenced engagement with the FCA and submitted an application for authorisation.
- 1.8 Following the historic practices of the Company, various areas of redress were established along with the quantum of customers who were affected. In June 2015, a compromise agreement was reached with the FCA concerning balance re-engineering.
- 1.9 In September 2015 a requirement notice was issued for a 3 phased skilled person review in order to audit the methodologies, data extraction and outcomes produced by the Company, the skilled person appointed was Grant Thornton.
- 1.10 Over the next 5 months, the skilled person reports were completed for phase 1. These reports were satisfactory with only minor issues identified, as a result and in February 2016, the S166 was lifted and the Company was given full authorisation to administer and service its own debts.
- 1.11 The Company commenced collections in April 2016 and at the same time began weekly reporting to the FCA.

CFO LENDING LIMITED - IN ADMINISTRATION

- 1.12 The phase 2 skilled person review was conducted with a satisfactory response.
- 1.13 Cash receipts started to show an upward trend in the period leading up to September 2016 and the Company submitted cash flow projections to the FCA showing the feasibility of the business going forwards.
- 1.14 Later that month a public announcement was agreed with the FCA regarding the launch of a redress plan which included the amounts in question. The Company was to provide over £34 million of redress to more than 97,000 customers for unfair practices. The redress consisted of £31.9 million to be written-off customers' outstanding balances and £2.9 million in cash payments to customers.
- 1.15 This announcement was made on 19 September 2016 and created widespread publicity and animosity towards the Company.
- 1.16 As a direct result of the historic and systemic failings of the business prior to 2015 in assessing applicants' ability to pay as was its requirement under the Consumer Credit Act. Customer complaints escalated, especially in light of the public announcement, the root cause of the complaints were that the loans granted were unaffordable to consumers at the point of origination. The allegation was that the business had undertaken inadequate assessments of affordability and therefore had behaved as an irresponsible lender by supplying finance to customers that they knew or should have known that the applicant did not have sufficient resource to pay. The existing management team were unable to defend the majority of complaints because they found that insufficient information was obtained from customers to establish affordability, furthermore where it was identified that there was evidence that affordability checks had been conducted or even considered it was found that by and large the information was ignored. The financial ombudsman framework for dealing with this type of complaint, where it finds in favour of the customer, which it did in most instances, is to order that the company return to the customer all interest and charges paid by the borrower plus statutory interest of 8% per annum back dated to the date of the event. When the business was operational and lending it also performed multiple refinance agreements or "roll overs" as they are termed in the industry and as a result there are examples of some customers having valid claims of in excess of £5,000 per complaint. The acceleration of complaints led to an acceleration of redress payments for irresponsible lending, for which the business was unable to support in addition to its other liabilities.
- 1.17 On 26 September 2016, the Company's payment service provider withdrew from the market. This led to the cancellation of all ongoing continuous payment authority payments with immediate effect along with removing the Company's ability to take ad-hoc card payments. The Company was able to engage with a new payment service provider however, the cash receipts experienced a downward trend from which it was unable to recover.
- 1.18 Over the next few months the Company continued in its attempts to collect the substantial amounts owing to the Company from the debtor book. However it became clear that the Company would be unable to generate sufficient receipts from the loan book to meet the cost of customer redress payments and the escalating amounts due to customers for successful complaints, both of which were continually increasing due to accumulating statutory interest.
- 1.19 As a result and on the 21 March 2017, TM and CP met with Paul Boyle and Tom Bowes of Harrisons, who reviewed the financial position of the Company and confirmed that the Company, was insolvent within the meaning of Section 123 of the Insolvency Act 1986 in that it was unable to pay its debts as and when they fell due in addition to its liabilities outweighing its asset value.
- 1.20 As a result, Paul Boyle and David Clements of Harrisons Business Recovery and Insolvency Limited, 102 Sunlight House, Quay Street, Manchester, M3 3JZ were appointed Joint Administrators of the Company by the the Directors of the Company on 6 April 2017. Paul

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Boyle is licensed to act in the United Kingdom as an insolvency practitioner by the IPA. David Clements is licensed to act in the United Kingdom as an insolvency practitioner by the ICAEW.

- 1.21 We can advise that pursuant to Paragraph 100(2) of Schedule B1 Insolvency Act 1986 the functions of the Joint Administrators are being exercised by either or both of the Administrators.
- 1.22 The EC Regulation on Insolvency Proceedings 2000 applies to the Administration. The proceedings are main proceedings as defined by Article 3 of the Regulation. The Company is based in the United Kingdom.

2 Administration Strategy and Objective

- 2.1 The Administrators must perform their functions with the purpose of achieving one of the following objectives:
 - *Rescuing the Company as a going concern; or*
 - *Achieving a better result for the Company's creditors as a whole than would be likely if the Company were wound up (without first being in Administration); or*
 - *Realising property in order to make a distribution to one or more secured or preferential creditors.*
- 2.2 The purpose of the Administration, in accordance with Paragraph 3(1)(b), is to achieve a better result for the Company's creditors as a whole than would be likely if the Company were wound up (without first being in Administration).

It was not possible to achieve the purpose as defined in Paragraph 3(1)(a) of Schedule B1 of the Insolvency Act 1986, to rescue the Company as a going concern as the Company had no means of generating income apart from the continued loan book collections. The Company stopped offering new loans in 2014 and collections have been declining gradually up to the point where the collections were only just able to cover the associated running costs of the business.

Progress Since Appointment

- 2.3 In the period since the commencement of the Administration the majority of time spent dealing with this matter is classified in the 'realisation of assets' section of the Time Analysis attached at Appendix D. Time in this category relates to dealing with the sale of the payday loan book including liaising with our agents, solicitors, the Company Directors and numerous interested parties

A substantial amount of time has also been listed in the 'case specific matters' category. Time in this category is predominantly time spent dealing with client queries via either email or phone. To date around 145 hours has been spent dealing with over 1,000 client emails and a substantial number of phone queries amounting to time costs of approximately £38,000. This category also incorporates time corresponding with the Financial Conduct Authority.
- 2.4 Attached at Appendix D is a time matrix outlining the time spent by the Administrators and their staff since the date of appointment. Further information about the basis of remuneration being proposed by the Administrators can be found in section 8 of this report. Below is information about the work performed by the Administrators and their staff since the Company entered Administration.

CFO LENDING LIMITED - IN ADMINISTRATION

Administration (including statutory compliance and reporting)

- 2.5 Following my appointment, the strategy for the Administration was carefully assessed to ensure that a coherent planned process for the case could be achieved. This work will, where appropriate, have included liaison with solicitors to deal with any legal considerations surrounding the Company's insolvency (such as assessing the validity of any 3rd party security in relation to the assets) and liaising with valuation agents about the most appropriate means of realising the value in the Company's business and assets.
- 2.6 I have also dealt with a number of statutory formalities which are required of me under related legislation. Typically, this includes issuing and filing all appointment notices with creditors and the Registrar of Companies and also advertising my appointment in the London Gazette.
- 2.7 Where a pre-packaged sale of the Company's assets and business has taken place, I have prepared and issued the report on the transaction as required by Statement of Insolvency Practice 16 and I have also prepared and issued these proposals to creditors outlining how the purpose of the Administration may be achieved.
- 2.8 Other statutory duties performed are outlined in further detail in the fees information which can be found at Appendix E. Please note that much of this work will have been performed to comply with statutory requirements and as such may not necessary add any value to the insolvent estate.
- 2.9 As mentioned at 2.3, the administrators and their staff have received in excess of 1,000 emails from current and ex clients of the Company in addition to a significant number of calls. This has taken a substantial administrative resource to monitor and respond to.

Trading

- 2.10 Upon appointment the Administrators took the decision to retain a number of key staff to continue to proactively collect and monitor the collections process. This enabled a level of continuity for the clients while the payday loan book was marketed and subsequently sold.
- 2.11 There were seven staff employed by the Company upon appointment. Four staff were made redundant shortly after appointment as they were not required for the collection process.
- 2.12 TM and CP have effectively managed the remaining staff due to their historic involvement and knowledge of the business. Both TM and CP are employed by an associated company that trades from the same premises.
- 2.13 The three remaining staff were made redundant on the 19 May 2017 following the completion of the payday loan book sale, further information regarding the sale is detailed below.

Realisation of assets

- 2.14 Payday Loan Book

The Company's major asset was the payday loan book. At the commencement of the administration the Company was owed approximately £18,721,500 from 60,950 clients, the amounts owing all relating to loans taken out prior to December 2014. In anticipation of the appointment of administrators, Breal Asset Valuation Limited ('Breal') were instructed to market the payday loan book. Breal are specialist asset valuation and sale professionals.

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On 28 March 2017 and strictly on a no names basis, Breal circulated a business sale memorandum to their database of around 4,800 interest parties. In addition, Breal also sent the memorandum to 178 FCA regulated lenders in the U.K.

Following the circulation of the sale information, interest was received from twelve unconnected third parties and NDAs were provided to all. Seven signed NDAs were returned to Breal and the initial sales information provided. Following a review of this information, three parties entered into initial due diligence. On the 18 April 2017, Motormile Finance (UK) Limited (MMF) made an offer of £325,000 in addition to 20% of any collections over £1,000,000, this offer was subsequently accepted following advice being taken from Breal. MMF continued to complete their due diligence processes with the assistance of the Company directors.

On 4 May 2017, SLL Capital Limited made an offer of £230,000 subject to further due diligence being completed, this offer was rejected as it was lower than the offer from MMF. Both MMF and SLL continued to complete due diligence on the loan book. On 9 May 2017 and following MMF completing the majority of their due diligence they advised Breal that they were reducing their offer to £260,000. MMF advised that this was because they believed only approximately £13.5m of the payday loan book was collectable due to the historic interest and charges added by the Company. This offer was accepted as it was still in excess of the only other offer to date.

The particulars of sale and the deed of assignment was finalised on 19 May 2017 with the sale consideration of £260,000 being received into the client account of Walker Morris LLP on the same day. At the date of the sale, there was approximately £18,675,500 outstanding from 60,832 clients.

In the period from appointment to the date of sale completion, approximately £35,000 has been received in respect of ongoing payday loan collections. To date around £15,000 has been transferred from the Company's bank account to the administration estate, the remaining balance has been requested. Any funds received into the Company account following the sale completion will be transferred to MMF in accordance with the terms of the deed of assignment.

2.15 Guarantor Loan Book

In addition to the payday loan book, the Company also offered guarantor loans. These are loans to which a third party who usually has a close relationship with the borrower co-signs the loan agreement to confirm that they will repay the loan back should the borrower fail to do so.

Upon appointment, the Company had approximately £426,000 outstanding from 427 clients. On 3 May 2017, Bouchers with Allansons Solicitors ('Bouchers') were engaged as the administrator's agents to collect the outstanding amounts due to the Company. Around 25% of the clients with outstanding balances were making regular payments to the Company and Bouchers were instructed to request these clients amend their payment details from the Company's account to Bouchers client account. Bouchers have also attempted to contact the non-paying clients with a view to coming to an affordable payment arrangement.

2.16 Office Furniture

The Company owns various office furniture, namely around 20 desks. The desks were abandoned at the Company's former trading premises following the advice of Breal. The cost of removal and sale of the desks greatly outweighing any potential benefit to the administration estate.

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2.17 Cash at Bank

Upon appointment £13,436.01 was held in the Company's account at Barclays Bank Plc. This amount was requested and received into the Administration estate on 5 May 2017.

2.18 Associated Company Loan

The records of the Company show an amount of £338,818 owing from an associated company.

The Joint Administrators will investigate the movements on this account and seek payment of any funds which are due and payable to the Company accordingly.

2.19 Former Directors/Staff Loan Accounts

The records of the Company show amounts of approximately £233,804 owing from a former Company director and £15,000 owing from a former staff member.

The Joint Administrators will investigate the movements on these accounts and seek payment of any funds which are due and payable to the Company accordingly.

2.20 The work undertaken by the Administrator and his staff to date in realising the Company's assets has been necessary in order to maximise the likelihood of a return to creditors being made. Where assets remain to be realised, these will be dealt with as the Administration progresses and further updates will be provided to creditors in my progress reports.

2.21 Further information on the estimated outcome of the Administration can be found in section 9 below.

Creditors

2.22 There are approximately 26,400 former clients of the Company who are owed an estimated £3,400,000, including statutory interest as the date of my appointment. It is not currently thought that there will be a dividend to unsecured creditors however should it transpire that a dividend would be payable then a significant amount of time would be spent agreeing claims.

Investigations

2.23 As Administrator, I am required to conduct investigations into the conduct of the directors of the Company and transactions entered into prior to the Company's insolvency, as required by the Company Directors Disqualification Act 1986 and Statement of Insolvency Practice 2 (Investigations by Office Holders in Administrations and Insolvent Liquidations).

2.24 This work may not necessarily lead to any financial benefit to creditors yet is work I am required to undertake by statute

3 Joint Administrators' Receipts and Payments

3.1 A summary of receipts and payments for the Administration period from the date of my appointment to 25 May 2017 is attached at Appendix B.

4 Financial Position

4.1 Attached at Appendix C is a summary of the Director's Estimated Statement of Affairs of the Company as at the date of the appointment of the Administrators.

CFO LENDING LIMITED - IN ADMINISTRATION

5 Proposals

- 5.1 It is proposed that the Administrators will continue to manage the affairs of the Company in order to achieve the objective of the Administration. In the circumstances it is proposed that:
- 5.2 If having realised the assets of the Company, the Administrators think that a distribution will be made to the unsecured creditors from the fund created out of the Company's net floating charge property (known as the **Prescribed Part**) by virtue of section 176A(2)(a), this will be distributed by the Administrators in the Administration and the Company will thereafter proceed to dissolution.
- 5.3 If, however, having realised the assets of the Company the Administrators think that a distribution will be made to the unsecured creditors other than by virtue of section 176A(2)(a) as noted above, they propose filing a notice with the Registrar of Companies which will have the effect of bringing the appointment of the Administrators to an end and will move the Company automatically into Creditors' Voluntary Liquidation (**CVL**) in order that the distribution can be made. In these circumstances, it is proposed that the Administrators in office at the date of conversion to CVL will become the Joint Liquidators in the CVL. The acts of the Joint Liquidators may be undertaken by either or both of them.
- 5.4 Court approval is not required to enable the Administrators to make a distribution to the unsecured creditors of the Prescribed Part. If, however, a distribution to unsecured creditors not limited to the Prescribed Part is anticipated, the Administrators may consider making an application to Court to seek permission to distribute this in the Administration. If permission is granted, the Company will exit into dissolution once the distribution has been made and the Administration is concluded.
- 5.5 If the Administrators think that the Company has no property which might permit a distribution to its creditors, they will file a notice with the Court and the Registrar of Companies for the dissolution of the Company.
- 5.6 See Section 6 below on **Exit Routes** for further information on the exit routes available from Administration.
- 5.7 The Administrators shall do all such other things and generally exercise all of their powers as contained in Schedule 1 of the Insolvency Act 1986, as he considers desirable or expedient to achieve the statutory purpose of the Administration.
- 5.8 If the Administrators consider it necessary to extend the period of the Administration, they will seek the consent of the secured creditor or the approval of the Court to the extension. The Secured creditor may consent to an extension for a period of up to one year and the Court can order that the Administrators' term of office be extended for a specified period determined by it.
- 5.9 The creditors consider establishing a Creditors' Committee and that if any such Committee is formed they be authorised to sanction the basis of the Administrators' remuneration and disbursements and any proposed act on the part of the Administrators without the need to report back to a further meeting of creditors generally, to include any decision regarding the most appropriate exit route from the Administration.
- 5.10 The basis of the Administrators' remuneration may be fixed as one or more of the following bases and different bases may be fixed in respect of different things done by them:
- As a percentage of the value of the assets they have to deal with, or
 - By reference to time properly spent by the Administrators and their staff managing the Administration, or

CFO LENDING LIMITED - IN ADMINISTRATION

- As a set amount

- 5.11 In accordance with Statement of Insolvency Practice 9, issued by the Association of Business Recovery Professionals, the Administrators be authorised to draw Category 2 disbursements as and when funds are available, in accordance with their firm's published tariff. Details of Category 2 disbursements charged by the firm can be found at Appendix E.
- 5.12 Where no Creditors' Committee is appointed the remuneration and disbursements of the Administrators shall be fixed by a decision of creditors or where the Administrators think that the Company has insufficient property to enable a distribution to be made to the unsecured creditors (other than via the Prescribed Part), approval will be sought from the secured and (if necessary) the preferential creditors in accordance with insolvency legislation. The Administrators will also seek approval for any unpaid pre-administration costs detailed in this report and their discharge from liability in the same manner.
- 5.13 It is intended that the Administrators remuneration will be drawn from Company assets and it is proposed that it will be charged by reference to the time the Joint Administrators and their staff spend dealing with the affairs of the Company.

Further details about the proposed fee basis can be found in Section 8 below.

- 5.14 The Administrators will be discharged from liability under Paragraph 98 of Schedule B1 to the Insolvency Act 1986 immediately upon their appointment as Administrators ceasing to have effect.

6 Exit Routes

Creditors Voluntary Liquidation

- 6.1 Based on present information, the Administrators do not think a dividend will be paid to the unsecured creditors other than by virtue of the Prescribed Part. As a result, the Administrators will either make an application to Court to enable them to make a distribution to unsecured creditors in the Administration or they will file a notice with the Registrar of Companies in order that the Administration will cease and the Company will move automatically into Creditors' Voluntary Liquidation (**CVL**) to facilitate this distribution. It is proposed that the Administrators in office at the date of conversion to CVL will become the Joint Liquidators of the CVL.
- 6.2 It is proposed that the Joint Liquidators will be authorised to act jointly and severally in the subsequent liquidation.
- 6.3 Creditors have the right to nominate an alternative liquidator of their choice. To do this, creditors must make their nomination in writing to the Administrators prior to these proposals being approved. Where this occurs, the Administrators will advise creditors and provide the opportunity to vote. In the absence of a nomination, the Administrators will automatically become the Joint Liquidators of the subsequent CVL.

Dissolution of the Company

- 6.4 If the Administrators think that a distribution will be available to the unsecured creditors from the Prescribed Part by virtue of section 176A(2)(a). This will be distributed in due course within the Administration and a notice will thereafter be filed at Court and with the Registrar of Companies with the Administrators' final report, for the dissolution of the Company.

CFO LENDING LIMITED - IN ADMINISTRATION

- 6.5 The same notice will be filed and the Company moved to dissolution if the Administrators think that the Company has no property which might permit a distribution to its unsecured creditors. A copy of these documents will be sent to the Company and its creditors.
- 6.6 The Administrators' appointment will end following the registration of the notice by the Registrar of Companies.

Compulsory Liquidation

- 6.7 If a move to Creditors' Voluntary Liquidation is not possible because a dividend to the unsecured creditors (other than by virtue of the Prescribed Part) is not anticipated, but the Administrators conclude that an exit into liquidation is appropriate so that further investigations into the Company's affairs may be carried out for example, an application to Court may be made to exit into Compulsory Liquidation instead. If this exit route is appropriate, at this stage it is anticipated (but is not mandatory) that the Administrators will become the Joint Liquidators in the subsequent liquidation.

7 Pre-administration Costs

- 7.1 Pre-administration costs are defined as:

- (i) Fees charged, and
- (ii) Expenses incurred

by the Administrators, or another person qualified to act as an insolvency practitioner before the company entered Administration (but with a view to its doing so), and "unpaid pre-administration costs" are pre-administration costs which had not been paid when the company entered Administration.

- 7.2 Below is information on the pre-administration costs incurred in this case, together with details of any amounts which remain unpaid, where applicable.

- 7.3 Pre-appointment fees charged and expenses incurred by the Administrators are as follows:

Charged by	Brief description of services provided	Total amount charged £	Amount paid £	Who payments made by	Amount unpaid £
Harrisons Business Recovery and Insolvency Limited	Advice with regards to the financial position of the Company and dealing with matters leading to appointment	£86,257.50	Nil	n/a	£86,257.50
Walker Morris LLP	Advice in respect of the Appointment of Administrators.	£20,000.00	Nil	n/a	£20,000.00

- 7.4 The payment of unpaid pre-administration costs set out above as an expense of the Administration is subject to the approval of creditors, separately to the approval of the Administrators' proposals. As the Administrators think that the Company has insufficient property to enable a distribution to be made to the unsecured creditors (other than via the Prescribed Part), approval will be sought from the secured and (if necessary) the preferential creditors in accordance with insolvency legislation.

CFO LENDING LIMITED - IN ADMINISTRATION

8 Joint Administrators' Remuneration

- 8.1 As Joint Administrators, we are required to provide creditors with details of the work we propose to undertake in the Administration and the expenses we consider will be, or is likely to be, incurred in dealing with the Company's affairs, prior to determining the basis upon which my remuneration will be fixed.
- 8.2 In addition to this, where Administrators seek agreement to the basis of their remuneration by reference to time properly spent by them and their staff in attending to matters arising in the Administration, a fees estimate outlining the time and estimated cost of the work to be done must also be provided.
- 8.3 In this case, we are seeking to agree that our remuneration be based on the time properly spent by us and our staff in dealing with the affairs of the Company. My fees estimate and details of the work we propose to undertake in the Administration will be sent to the secured creditor in due course for approval, further details on my fee estimate will be included in my next report. Further information on the work done since my appointment to the date of this report can be found in section 2.
- 8.4 Please note that where appropriate, the fees estimate may be to a particular stage of the case only and if we consider the estimate will be exceeded during the Administration, we are obliged to seek further approval for any increase in our remuneration. The fees estimate provides details of these matters where relevant and appropriate approval to the basis of our remuneration will be sought as outlined in section 5 of this report.
- 8.5 For information, attached at Appendix D is a time matrix outlining the time spent by us and our staff since the date of my appointment as Administrator. Please note that this time is included within the overall fees estimate provided with this report.
- 8.6 Please note however, that in circumstances where my initial investigations reveal matters for further detailed investigation or previously unknown assets to be realised, we reserve the right to refer back to the secured creditor to establish how we are to be remunerated for such additional work, which may be proposed on a time cost basis. If such work proves necessary, we will revert to creditors with our fees estimate for approval.
- 8.7 We will provide updates on the expenses we consider will be, or are likely to be, incurred during this case with our progress reports in due course.
- 8.8 Administrators may include details of the remuneration they anticipate will be charged and the expenses they anticipate will be incurred if they become the Joint Liquidators in the subsequent CVL. This can be done when seeking approval to the basis of their remuneration as Administrators, or alternatively their fees estimate for the CVL can be provided once the Company has moved into CVL. Please refer to Appendix E to this report for further information.
- 8.9 A copy of "A Creditors' Guide to Administrators' Fees" is available on request or can be downloaded from <http://harrisons.uk.com/creditors-guide-fees>. If you would prefer this to be sent to you in hard copy please contact Jonathan Moon of this office on 0161 876 4567.

9 Estimated Outcome

- 9.1 Based on the directors' Estimated Statement of Affairs attached to this report the estimated value of the preferential creditors is £4,000 and the unsecured creditors is £4,687,669.
- 9.2 It is currently thought that no dividend will be payable to any class of creditor.

CFO LENDING LIMITED - IN ADMINISTRATION

- 9.3 The Company granted floating charges to Aitch Estates Limited on 20 February 2012 and 28 March 2012. Accordingly, we are required to create a fund out of the Company's net floating charge property for the benefit of unsecured creditors (known as the **Prescribed Part**).
- 9.4 Based on present information, we are currently unable to estimate the value of the Company's net floating charge property, this is due to uncertainties regarding the future costs in the matter. Please be aware that the value of this fund is likely to fluctuate during the course of the Administration and further updates will be provided in our progress reports in due course.

10 Proposals approval and next report

- 10.1 As I think the Company has insufficient property to enable it to make a distribution to its unsecured creditors (other than a potential distribution of the prescribed part fund of any net floating charge property), I am not required to seek a decision from the unsecured creditors on the approval of my Proposals.
- 10.2 The Administrators are required to provide a progress report within one month of the end of the first six months of the Administration and we will report to you again at this time.

For and on behalf of
CFO Lending Limited



Paul Boyle
Joint Administrator

Enc

CFO LENDING LIMITED - IN ADMINISTRATION

Appendix A

Statutory Information

Company information

Company name	CFO Lending Limited
Trading name(s)	Payday First, Flexible First, Money Resolve, Paycfo, Payday Advance and Payday Credit.
Registered number	06736553
Registered office address	102 Sunlight House Quay Street Manchester M3 3JZ
Former registered office address	First Floor Kirkdale House Kirkdale Road Leytonstone London E11 1HP
Trading address(s)	First Floor Kirkdale House Kirkdale Road Leytonstone London E11 1HP
Court details	High Court of Justice, Chancery Division, Leeds District Registry
Court reference number	335 of 2017

Details of the Company's Directors, Secretary and Shareholdings

	Date appointed	Date resigned	Shares held
Directors			
Tony Marshall	10 February 2015	-	-
Chris Payne	10 February 2015	-	-
Borgan Garrit-Smith	17 July 2011	19 September 2014	-
Keara Garrit-Smith	17 July 2011	19 September 2014	-
Shauna Garrit-Smith	17 July 2011	19 September 2014	-
James Keeble	29 October 2008	10 February 2015	-
Enamur Rahman	9 September 2011	8 January 2013	-
Faye Kara Smith	17 July 2011	19 September 2014	-
Shareholdings			
Henry Smith (H+ML Smith 1991 Settlement Trust)			9,700 A Shares
Ross Miller			300 B Shares

CFO LENDING LIMITED - IN ADMINISTRATION

Joint Administrators' Details

Name of Administrators	Paul Boyle	David Clements
Address	102 Sunlight House Quay Street Manchester M3 3JZ	102 Sunlight House Quay Street Manchester M3 3JZ
Telephone Number	0161 876 4567	0161 876 4567
Fax Number	0161 876 4554	0161 876 4554
Administrator's IP Number	008897	008765
Authorising Body	IPA	ICAEW

CFO LENDING LIMITED - IN ADMINISTRATION

Appendix B

Receipts and Payments Account for the Period from 6 April 2017 to 25 May 2017

**CFO Lending Limited
(In Administration)
Joint Administrators' Summary of Receipts & Payments**

Statement of Affairs £	From 06/04/2017 To 25/05/2017 £	From 06/04/2017 To 25/05/2017 £
ASSET REALISATIONS		
Client Debtors - Loan Book	23,878.68	23,878.68
Cash at Bank	13,436.01	13,436.01
	<u>37,314.69</u>	<u>37,314.69</u>
COST OF REALISATIONS		
Cat 1 I.T Costs	538.33	538.33
Cat 1 Phone Costs	1,982.06	1,982.06
Equifinance Staff Recharge Costs	708.33	708.33
Rent Payable	502.50	502.50
Service Charge Payable	100.00	100.00
Post Appointment Customer Overpay	45.34	45.34
Wages & Salaries	7,738.85	7,738.85
PAYE & NI	1,695.22	1,695.22
Pension & Student Loan Contributio	119.56	119.56
Irrecoverable VAT	127.67	127.67
	<u>(13,557.86)</u>	<u>(13,557.86)</u>
	<u>23,756.83</u>	<u>23,756.83</u>
REPRESENTED BY		
Bank 2 - Current		23,756.83
		<u>23,756.83</u>

Note:

CFO LENDING LIMITED - IN ADMINISTRATION

Appendix C

Summary of the Directors' Statement of Affairs of the Company

Statement of affairs

Name of Company:
CFO Lending Limited

Company number:
06736553

In the:
High Court of Justice, Chancery Division,
Leeds District Registry

[full name of court]

Court case number:
335 of 2017

(a) Insert name and address of
registered office of the Company

Statement as to the affairs of (a) CFO Lending Limited, First Floor
Kirkdale House, Kirkdale Road, Leytonstone London

(b) Insert date

on the (b) 6 April 2017, the date that the company entered administration.

Statement of Truth

I believe that the facts stated in this statement of affairs are a full, true and complete statement of the affairs of the above named company as at (b) 6 April 2017, the date that the company entered administration.

Full name: Christopher Rose

Signed: 

Dated: 25/4/17

HARRISONS
DATE RECEIVED

- 3 MAY 2017

Received by _____
Passed to _____

A – Summary of Assets

Assets

Assets subject to fixed charge:

Assets subject to floating charge:

Fixed Assets
Other debtors
Loan portfolio (gross value disclosed as book value)
Cash at bank
Corporation tax asset
Overdrawn directors loan account (former director)
Other loan
Associated company loan

Uncharged assets:

Estimated total assets available for preferential creditors

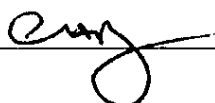
Book Value £	Estimated to Realise £
28,857	nil
28,390	8,911
19,088,468	450,000
21,709	21,709
24,175	nil
233,805	nil
15,000	nil
338,818	nil
	480,620

Signature Chak Date 28 Feb 77

A1 – Summary of Liabilities

		Estimated to realise £
Estimated total assets available for preferential creditors (carried from page A)		480,620
Liabilities	£	
Preferential creditors:-	4,000	
Estimated deficiency/surplus as regards preferential creditors		476,620
Estimated prescribed part of net property where applicable (to carry forward)	£ 98,324	
Estimated total assets available for floating charge holders		383,296
Debts secured by floating charges	£ 6,975,866	
Estimated deficiency/surplus of assets after floating charges		(6,592,570)
Estimated prescribed part of net property where applicable (brought down)	£ 98,324	
Total assets available to unsecured creditors		98,324
Unsecured non-preferential claims (excluding any shortfall to floating charge holders)	£ 4,687,669	
Estimated deficiency/surplus as regards non-preferential creditors (excluding any shortfall to floating charge holders)		(4,589,345)
Shortfall to floating charge holders (brought down)	£	(6,592,570)
Estimated deficiency/surplus as regards creditors	£	(11,186,915)
Issued and called up capital	£	(100)
Estimated total deficiency/surplus as regards members	£	(11,187,015)

Signature



Date

28/01/17

COMPANY CREDITORS

Note: You must include all creditors and identify all creditors under hire-purchase, chattel leasing or conditional sale agreements *and* customers claiming amounts paid in advance of the supply of goods or services *and* creditors claiming retention of title over property in the company's possession.

Name of creditor or Claimant	Address (with postcode)	Amount of debt £	Details of any security held by creditor	Date security given	Value of security £
Aitch Estates Limited	First Floor, Kirkdale House, Kirkdale Road, Leytonstone, London, E11 1HP	6,975,866	Debenture	31/03/12	£6,975,866
Customer redress including statutory interest	Schedule provided separately	3,561,259	N/A	N/A	N/A
Directors loan – former director	First Floor, Kirkdale House, Kirkdale Road, Leytonstone, London, E11 1HP	974,275	N/A	N/A	N/A
HMRC	Enforcement and Insolvency Services, Durrington Bridge House, Barrington Road, Worthing, BN12 4SE	8,750	N/A	N/A	N/A
Holman Fenwick Willan	Friar Court, 65 Crutched Friars, London, EC3N 2AE	36,144	N/A	N/A	N/A
Financial Ombudsman Service	Exchange Tower, London, E14 9SR	33,000	N/A	N/A	N/A
Grant Thornton	30 Finsbury Square, London, EC2P 2YU	15,028	N/A	N/A	N/A
CallCredit Limited	One Park Lane, Leeds, West Yorkshire, LS3 1EP	6,720	N/A	N/A	N/A
Welcom Software LLP	The Exchange, Station Parade, Harrogate, HG1 1TS	6,003	N/A	N/A	N/A

Arrow Business Communications Limited	1 st Floor, The Wharf, Abbey Mill Business Park, Lower Easing, Godalming, Surrey, GU7 2QN	3,828	N/A	N/A	N/A	N/A
1 st Rays Consultancy	177 Blumfield Crescent, Slough, Berkshire, SL1 6NN	2,500	N/A	N/A	N/A	N/A
MME Interiors	7 Kidd Place, Charlton, London, SE7 8HG	1,944	N/A	N/A	N/A	N/A
Fathom Management Solutions Limited	7 Windsor Square, Silver Street, Reading, RG1 2TH	1,200	N/A	N/A	N/A	N/A
Chess Limited	Bridford House, Heyes Lane, Alderley Edge, Cheshire, SK9 7JP	943	N/A	N/A	N/A	N/A
Rackspace Limited	Unit 5, Millington Road, Hayes, Middlesex, UB3 4AZ	87	N/A	N/A	N/A	N/A
Equifinance Limited	2 nd Floor Kirkdale House, Kirkdale Road, Leytonstone, London, E11 1HP	35,988	N/A	N/A	N/A	N/A

Signature  Date 28/06/17

COMPANY SHAREHOLDERS

Name of Shareholder	Address (with postcode)	No. of shares held	Nominal Value	Details of Shares held
Henry Thomas Smith (H&ML Smith 1991 Settlement Trust)	First Floor, Kirkdale House, Kirkdale Road, Leytonstone, London, E11 1HP	9,700	97	Ordinary A shares
Ross Henry Miller	Unknown	300	3	Ordinary B shares
TOTALS		10,000	100	

Signature  Date 28 Feb 2022

CFO LENDING LIMITED - IN ADMINISTRATION

Appendix D

Time Analysis for the Period from 6 April 2017 to 25 May 2017

Time Entry - Detailed SIP9 Time & Cost Summary

CFOLE001 - CFO Lending Limited
From: 08/04/2017 To: 25/05/2017
Project Code: POST

Classification of Work Function	Partner	Manager	Other Senior Professionals	Assistants & Support Staff	Total Hours	Time Cost (£)	Average Hourly Rate (£)
100 Administration & Planning	19.10	8.00	28.80	0.00	55.90	17,162.50	307.02
103 Appointment notification	7.20	1.00	3.10	0.00	11.30	4,485.00	396.90
104 Maintenance of records	0.00	0.00	0.70	0.10	0.80	189.00	236.25
113 Dealing with Directors	1.20	0.00	3.00	0.00	4.20	1,335.00	317.86
115 Insurance	0.00	0.00	0.40	0.00	0.40	100.00	250.00
122 Pfr Review and Signing	0.20	0.00	0.00	0.00	0.20	90.00	450.00
146 Admin - P49 Report	0.00	0.00	14.00	0.00	14.00	3,500.00	250.00
187 Cashier - Payments	0.00	0.00	0.00	1.50	1.50	210.00	140.00
192 Pensions - Pension Searches	0.00	0.00	0.40	0.00	0.40	100.00	250.00
193 Pensions - \$120 Forms & Submission	0.00	0.00	0.40	0.00	0.40	100.00	250.00
194 Pensions - PPF Dealings	0.00	0.00	0.40	0.00	0.40	100.00	250.00
196 Pensions - TPR Dealings	0.00	0.00	0.40	0.00	0.40	100.00	250.00
198 Preparation of Fee Forecast	3.30	0.00	0.00	0.00	3.30	1,485.00	450.00
Administration & Planning	31.00	9.00	51.80	1.60	93.20	29,956.50	310.69
604 FCA Dealings	19.70	0.00	2.00	0.00	21.70	9,973.00	459.59
606 Client Dealings/Communications	1.10	0.00	145.30	0.00	146.40	26,552.50	181.37
607 Client Accounts	0.00	0.00	2.40	0.00	2.40	600.00	250.00
609 FOS Dealings	1.60	0.00	3.50	0.00	5.10	1,595.00	312.75
Case specific matters	22.40	0.00	153.20	0.00	175.60	38,720.50	220.50
500 Creditors	3.70	0.00	19.60	0.00	23.30	5,525.50	237.15
501 Communication with creditors	2.40	0.00	9.50	0.00	11.90	3,314.00	278.49
517 Employee - Unsecured (Red/PILON)	0.00	0.00	1.30	0.00	1.30	325.00	250.00
519 Claims - HMRC	0.00	0.00	0.50	0.00	0.50	125.00	250.00
Creditors	6.10	0.00	30.90	0.00	37.00	9,289.50	251.07
204 Client Accounts - Investigations	0.00	0.00	2.00	0.00	2.00	500.00	250.00
205 General Investigations	0.40	0.00	0.20	0.00	0.60	230.00	383.33
206 SIP 4/CDDA Review	0.00	0.00	1.00	0.00	1.00	250.00	250.00
Investigations	0.40	0.00	3.20	0.00	3.60	980.00	272.22
300 Realisation of assets	14.60	0.20	14.80	0.00	29.60	10,340.00	349.32
301 Ident, securing and insuring assets	0.00	0.00	12.00	0.00	12.00	3,000.00	250.00
303 Debt collection	6.30	0.00	0.00	0.00	6.30	3,014.00	478.41
304 Sale of business and assets	39.80	0.00	1.40	0.00	41.20	20,069.00	487.11
311 Agents - Realisation of Assets	2.30	0.00	0.00	0.00	2.30	1,035.00	450.00
312 Legal - Realisation of Assets	3.20	0.00	0.00	0.00	3.20	1,440.00	450.00
316 Leasehold Land & Property	0.10	0.00	4.60	0.00	4.70	1,195.00	254.26
317 Leases/Licences	0.60	0.00	1.20	0.00	1.80	597.00	331.67
Realisations of Assets	66.90	0.20	34.00	0.00	101.10	40,690.00	402.47
400 Trading	0.00	0.00	1.00	0.00	1.00	250.00	250.00

Time Entry - Detailed SIP9 Time & Cost Summary

CFOLE001 - CFO Lending Limited
From: 06/04/2017 To: 25/05/2017
Project Code: POST

Classification of Work Function	Partner	Manager	Other Senior Professionals	Assistants & Support Staff	Total Hours	Time Cost (£)	Average Hourly Rate (£)
401 . Management of operators	26.70	0.20	1.80	0.00	28.70	13,696.00	477.21
402 Accounting for trading	0.50	0.00	0.00	0.00	0.50	240.00	480.00
403 On-going employee issues	8.30	0.00	8.90	0.00	17.20	6,335.00	368.31
Trading	35.50	0.20	11.70	0.00	47.40	20,521.00	432.93
Total Hours	162.30	9.40	284.60	1.80	457.90	139,157.50	303.90
Total Fees Claimed						0.00	

CFO LENDING LIMITED - IN ADMINISTRATION

Appendix E

Additional Information in Relation to Joint Administrators' Fees

Fee Basis

The Administrators are seeking to agree the basis of their remuneration in this case as time properly spent by him and his staff in dealing with the affairs of the Company. My fees estimate and details of the work we propose to undertake in the Administration will be sent to the secured creditor in due course for approval, further details on my fee estimate will be included in my next report. Information about the work done to date can be found in the body of the Administrators Report and Statement of Proposals at Section 2.

Where a time cost basis is being sought, the Administrators' fees estimate will provide details of the rates the Administrators and their staff propose to charge for each part of that work and the time they anticipate each part of that work will take.

The fees estimate is based on information about the Company's affairs available to the Administrators at the present time. Should any matters arise which impact on this estimate, such as additional investigatory matters or potential realisable assets, further time or cost will be incurred and it may be necessary to revise the Administrators' estimate of fees.

In this case, we do not anticipate that it will be necessary to seek further approval to increase the level of the fees estimate if the time incurred is in excess of the fees estimate enclosed with this report.

Expenses

Below is a table which outlines the expenses that we consider at this stage will be, or are likely to be, incurred in dealing with the Company's affairs. We will provide an update to creditors in my future progress reports.

Expense	Provider	Basis of fee arrangement	Cost to date £
Book debt collection	Bouchers with Allansons	% of realisations	To be agreed
Agent's costs in dealing with marketing and asset sale	Breal Asset Valuation Limited	Time costs and % of realisations	To be agreed
Solicitor's costs in dealing with sale of loan book	Walker Morris LLP	Time costs	To be agreed
Statutory advertising	London Gazette	Fixed Cost	81.59
Communication Consultancy and Media Management	Morgan Rossiter	Fixed Cost	5000.00
Administrator's bond	AUA Insolvency Risk Services	Fixed Cost	205.00
Staff related travel expenses	Direct cost of Administrator & his staff	Fixed Cost	5,857.84

Staff Allocation and the Use of Sub-Contractors

The 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 Partner, a Manager, and an Administrator or Assistant. The exact constitution of the case team will depend on the

CFO LENDING LIMITED - IN ADMINISTRATION

anticipated size and complexity of the assignment and the experience requirements of the assignment. Where the basis of the Administrators' remuneration is being proposed on a time cost basis, details of our current charge-out rates can be found below.

We are not proposing to utilise the services of any sub-contractors in this case.

Joint Administrators' 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. Any Category 1 disbursements we anticipate being incurred in this case are included in the table of expenses above.

Category 2 disbursements do require approval from creditors. These are costs which are directly referable to the appointment in question but are not payments which are made to an independent third party and may include shared or allocated costs that can be allocated to the appointment on a proper and reasonable basis such as internal room hire, document storage or business mileage.

We would advise that the following Category 2 disbursements are currently charged by this firm:

Type and purpose	
Photocopying	15p per sheet
Letterhead	12p per sheet
Fax	40p per sheet
Mileage	65p per mile
Meeting Room	£50
Registered Office Fee	£60 per annum
Document Storage	Storage charge of £3 per box per quarter

Separate approval will be sought for the authorisation of this firm's Category 2 disbursements from the secured creditor.

Charge-out Rates

A schedule of Harrison's Business Recovery and Insolvency Limited charge-out rates for this assignment effective from 1 July in each period is shown below. Please note this firm records its time in minimum units of 6 minutes.

	2015/2016	2016/2017
	£	£
Directors	305 – 550	305 – 550
Managers	250 – 350	250 – 350
Senior Case Supervisors	175 – 250	175 – 250
Case Supervisors	125 – 205	125 – 205
Assistants/Trainee Case Supervisors	100 – 150	100 – 150