



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

1	Company details	
Company number	0 8 1 2 0 2 0 0	→ Filling in this form Please complete in typescript or in bold black capitals.
Company name in full	FundingSecure Limited	
2	Administrator's name	
Full forename(s)	Daniel	
Surname	Richardson	
3	Administrator's address	
Building name/number	Greg's Building	
Street	1 Booth Street	
Post town	Manchester	
County/Region		
Postcode	M 2 4 D U	
Country		
4	Administrator's name ^①	
Full forename(s)	Edward M	① Other administrator Use this section to tell us about another administrator.
Surname	Avery-Gee	
5	Administrator's address ^②	
Building name/number	Greg's Building	② Other administrator Use this section to tell us about another administrator.
Street	1 Booth Street	
Post town	Manchester	
County/Region		
Postcode	M 2 4 D U	
Country		

AM10

Notice of administrator's progress report

6

Period of progress report

From date	^d 2	^d 3	^m 0	^m 4	^y 2	^y 0	^y 2	^y 0
To date	^d 2	^d 2	^m 1	^m 0	^y 2	^y 0	^y 2	^y 0

7

Progress report

☐ I attach a copy of the progress report

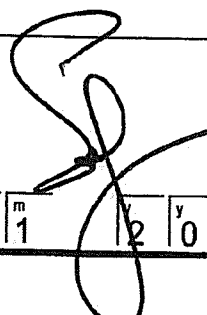
8

Sign and date

Administrator's
signature

Signature

X



X

Signature date

^d 1	^d 8	^m 1	^m 1	^y 2	^y 0	^y 2	^y 0
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Continuation page

Name and address of insolvency practitioner

✓ **What this form is for**
Use this continuation page to tell us about another insolvency practitioner where more than 2 are already jointly appointed. Attach this to the relevant form. ①
Use extra copies to tell us of additional insolvency practitioners.

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

→ **Filling in this form**
Please complete in typescript or in bold black capitals.
All fields are mandatory unless specified or indicated by *

1 Appointment type

Tick to show the nature of the appointment:

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

① You can use this continuation page with the following forms:

- VAM1, VAM2, VAM3, VAM4, VAM6, VAM7
- CVA1, CVA3, CVA4
- AM02, AM03, AM04, AM05, AM06, AM07, AM08, AM09, AM10, AM12, AM13, AM14, AM19, AM20, AM21, AM22, AM23, AM24, AM25
- REC1, REC2, REC3
- LIQ2, LIQ3, LIQ05, LIQ13, LIQ14, WU07, WU15
- COM1, COM2, COM3, COM4
- NDISC




2 Insolvency practitioner's name

Full forename(s) Jonathan E
Surname Avery-Gee

3 Insolvency practitioner's address

Building name/number Greg's Building
Street 1 Booth Street
Post town Manchester
County/Region
Postcode M 2 4 D U
Country

 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	Edward M Avery-Gee
Company name	CG&Co
Address	Greg's Building
	1 Booth Street
Post town	Manchester
County/Region	
Postcode	M 2 4 D U
Country	
DX	
Telephone	0161 358 0210
 Checklist	
We may return forms completed incorrectly or with information missing.	
Please make sure you have remembered the following:	
<input type="checkbox"/> The company name and number match the information held on the public Register.	
<input type="checkbox"/> You have attached the required documents.	
<input type="checkbox"/> You have signed the form.	

 Important information	
All information on this form will appear on the public record.	
 Where to send	
You may return 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	

FundingSecure Limited
(In Administration)
Joint Administrators' Trading Account

Statement of Affairs £	From 23/04/2020 To 22/10/2020 £	From 23/10/2019 To 22/10/2020 £
TRADING EXPENDITURE		
Salaries	16,042.58	87,452.67
Consultancy Fee	45,000.00	110,316.00
PAYE/NIC	7,151.28	38,641.31
Travel & Expenses	9.00	3,015.34
Subscriptions	40.00	40.00
Rent & Service Charge	2,617.09	13,656.95
Rates	4,770.48	4,770.48
Sundry Expenses	41.66	275.79
Office sundries	NIL	707.94
Essential storage costs	3,892.51	15,800.86
IT/Phone Costs	3,784.80	8,448.20
Accounts Software	647.61	1,007.85
Anti Money Laundering Checks	NIL	113.93
	(83,997.01)	(284,247.32)
TRADING SURPLUS/(DEFICIT)	(83,997.01)	(284,247.32)

FundingSecure Limited
(In Administration)
Joint Administrators' Summary of Receipts & Payments

Statement of Affairs £	From 23/04/2020 To 22/10/2020 £	From 23/10/2019 To 22/10/2020 £

FundingSecure Limited
(In Administration)
Joint Administrators' Summary of Receipts & Payments

Statement of Affairs £	From 23/04/2020 To 22/10/2020 £	From 23/10/2019 To 22/10/2020 £
Specific Bond	NIL	1,800.00
Statutory Advertising	NIL	142.00
Surplus to Borrower	20,564.35	20,564.35
	(591,173.11)	(985,648.04)
PREFERENTIAL CREDITORS		
(22,081.00) Employee Arrears/Hol Pay	NIL	NIL
	NIL	NIL
FLOATING CHARGE CREDITORS		
(3,000,000.00) Floating Charge Creditor	NIL	NIL
	NIL	NIL
UNSECURED CREDITORS		
(502,520.55) JC Starr Holdings Ltd	NIL	NIL
(434,491.32) Trade & Expense Creditors	NIL	NIL
	NIL	NIL
DISTRIBUTIONS		
(3,525.40) Ordinary Shareholders	NIL	NIL
	NIL	NIL
(3,961,918.27)	2,852,629.35	5,681,854.96
REPRESENTED BY		
Barclay's Client Acc 7290		1,526,238.59
Barclays Company's Client Acc 2014		511,682.11
General Current a/c		359,641.44
Post appointment trust account		1,520,103.74
Suspence Account (2) INA Homes Ltd		513,950.62
Suspence Account (1) CAMCO No3		110,688.88
Suspence Account (3) Charter House		1,139,549.58
		5,681,854.96

Note:


Edward M Avery-Gee
Joint Administrator

Joint Administrators' Progress Report

**FundingSecure Limited
- In Administration**

For the Period from 23 April 2020 to 22 October 2020

FUNDINGSECURE LIMITED - IN ADMINISTRATION

CONTENTS

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- 2** Progress of the Administration
- 3** Pre-administration Costs
- 4** Joint Administrators' Remuneration
- 5** Financial Conduct Authority
- 6** Estimated Outcome for Creditors
- 7** Ending the Administration
- 8** Creditors' Rights
- 9** Next Report

APPENDICES

- A** Receipts and Payments Account for the Period from 23 April 2020 to 22 October 2020 together with a Cumulative Receipts and Payments Account for the Period from 23 October 2019 to 22 October 2020
- B** Additional Information in Relation to the Joint Administrators' Fees, Expenses & Disbursements

THE ADMINISTRATOR'S PROGRESS REPORT

1 Introduction

- 1.1 I, together with my partners, Jonathan E Avery-Gee and Daniel Richardson, was appointed Joint Administrator of FundingSecure Ltd (the Company) on 23 October 2019. The appointment was made by the Director, Nigel Hackett, following receipt of the consent from the Financial Conduct Authority (FCA).
- 1.2 This Administration is being handled by CG&Co at Greg's Building, 1 Booth Street, Manchester M2 4DU. The Administrators' contact details are by phone on 0161 358 0210 or via email at fundingsecure@cg-recovery.com. The Administration is registered in the High Court of Justice Business and Property Courts in Manchester Insolvency and Companies List (Chd), reference number CR-2019-MAN-1065.
- 1.3 Information about the way that we will use, and store personal data on insolvency appointments can be found at www.cg-recovery.com. If you are unable to download this, please contact us and a hard copy will be provided to you.
- 1.4 The trading address of the Company was Unit 8 Stokenchurch Business Park, Ibstone Road, Stokenchurch, Buckinghamshire, HP14 3FE.
- 1.5 The registered office of the Company is c/o CG& Co, Greg's Building, 1 Booth Street, Manchester M2 4DU and its registered number 08120200.
- 1.6 As Joint Administrator, I am required to provide a progress report covering the period of six months commencing from the date the Company entered Administration and every subsequent period of six months. This progress report covers the period from 23 April 2020 to 22 October 2020 (the Period) and should be read in conjunction with my earlier Proposals that were delivered to creditors on 13 November 2019.
- 1.7 It should be noted that an application was made to the Court to extend the period of the Joint Administration. The Court Order was made on 15 October 2020 and the Joint Administration has been extended to 22 October 2023.

2 Progress of the Administration

- 2.1 You may recall that the statutory objective being pursued in the Administration was achieving a better result than would be likely if the company were wound up. In addition to the pursuance of this statutory objective, the Administrators have duties imposed by insolvency and other legislation, some of which may not provide any financial benefit to creditors.

FUNDINGSECURE LIMITED - IN ADMINISTRATION

- 2.2 You will recall that creditors and investors requested that a physical meeting of creditors be held to approve the Joint Administrators' Proposals and that a creditors committee be formed, which duly happened.
- 2.3 This section of the report provides creditors with an update on the progress made in the Period, both in terms of the achievement of the statutory objective, but also work which is required of the Administrators under other related legislation.
- 2.4 At Appendix A is my Receipts and Payments Account covering the period of this report together with a cumulative Receipts and Payments Account from the date of my appointment as Joint Administrator to 22 October 2020.
- 2.5 Further information about the basis of remuneration agreed in this case and the Administrators' fees estimate can be found in Section 4 of this report, together with any relevant information about revisions to my initial estimate, where applicable.

Administration (including statutory compliance & reporting)

- 2.6 As noted above, the Administrators must comply with certain statutory obligations under the Insolvency Act 1986 and other related legislation. Details about the work that I anticipated would need to be done in this area was outlined in my initial fees estimate/information.
- 2.7 Where the costs of statutory compliance work or reporting to creditors exceeds the initial estimate, it will usually be because the duration of the case has taken longer than anticipated, possibly due to protracted asset realisations, which have in turn placed a further statutory reporting requirement on the Administrators.
- 2.8 As noted in my initial fees estimate/information, this work will not necessarily bring any financial benefit to creditors but is required on every case by statute.

Trading

- 2.9 As previously advised, the Company did not continue to trade in terms of new investor loans, but it was deemed necessary to retain staff and consultants of the Company and continue to operate at the Company's premises.
- 2.10 To recap, staff members has been reduced to one and consultants reduced to two and the Company has vacated the premises. A request was made to the landlord to accept an informal surrender of the lease; however, this request was declined.
- 2.11 Whilst this does not have a direct effect on trading expenditure the continuation of the lease will result in an unsecured claim from the landlord.

Realisation of Assets

Loan Book

- 2.12 During the Period total gross loan realisations amount to £11,943,484.36. To date, total gross loan realisations amount to £23,480,054.35. Appendix A attached gives a summary of the category of each loan.
- 2.13 It should be noted that during the current Period there have been certain loans that have fully redeemed that were originally noted as part payments. These amounts are reflected accordingly in the Receipts and Payments.
- 2.14 It should be noted that there are three loans that have completed but the funds cannot be released to investors at present. Two are the same borrower, who has raised concerns over the validity of the Receivers' appointment and the security that was held by the Company. On the third loan the borrower is a corporate entity and its director appointed Administrators after we had appointed Receivers over the property. The borrower has advised that they are considering challenging the Receivers appointment. Based on legal advice, at this stage, the funds cannot be released to investors.
- 2.15 Since the Joint Administrators' appointment, each of the 470 loans have been reviewed and the investors for each specific loan have been given updates on the progression of redemption of the loan.
- 2.16 Following a recent review of the loan book the decision has been made to close off certain loans as these specific loans are considered to be bad loans. The total amount invested in these loans was £606,500.00.
- 2.17 As at the date of this report, the remaining defaulted loans are 119. It is considered that there are no performing loans. The total capital invested amounts to £56,689,498.56. It is not possible to provide an estimate on timing for dealing with the remaining assets, in particular the property assets, given the impact that the COVID-19 pandemic is having on the property market and the ability of the Joint Administrators to take certain actions.
- 2.18 It is not considered practicable, or in line with the Company's terms and conditions, to give specific information in respect of each loan within the progress report, which is a public document. Investors should continue to observe the platform in respect of their specific investments.
- 2.19 As previously advised, various Receivers and Administrators were appointed in relation to assets prior to our appointment, and the Joint Administrators have continued to work with these professionals. Where necessary, the Joint Administrators have appointed their choice of Receivers to recover assets that are in default with no clear exit strategy.

FUNDINGSECURE LIMITED - IN ADMINISTRATION

Bank Accounts

- 2.20 To recap, the Company operated with three operational bank accounts with Barclay's Bank plc ("Barclays"). The accounts at Barclays have remained functional to assist with the smooth operation of making payments to investors.
- 2.21 As at the date of appointment funds held in client account one, which is connected to the electronic platform amounted to £1,977,160.92. As you will be aware the investor withdrawals were made available to investors in March 2020. The platform has been functioning since this time and as at the date of this report, investor withdrawals during the Period amounts to £6,801,908.75. Total investor withdrawals amount to £17,016,033.72
- 2.22 Client account two had the main function of holding payments on account of redemptions prior to the funds being remitted to the e-wallet account. The amount currently held in client account two amounts to £511,682.11. The amount has decreased due to certain loans completing which had funds held in client account two.

Directors' Loan Account

- 2.23 Mr Richard Luxmore has acknowledged correspondence in respect of his overdrawn Directors loan account. Mr Luxmore's initial offer of settlement has been rejected. This matter is ongoing.
- 2.24 Mr Nigel Hackett has made an offer of full settlement in respect of his overdrawn loan account. Based on his current financial situation, he has offered a monthly repayment, which is currently being reviewed.

Physical Assets

- 2.25 The Company's physical assets have been sold in the sum of £500. Recommendation was received by the agent instructed.

Software

- 2.26 There was an expression of interest to purchase the Company's bespoke software. This matter was explored, however; the initial offer received was derisory and was not considered worthwhile to spend further time on the matter. It is considered that there will be no realisation from this source.

Gross Bank Interest

- 2.27 During the Period gross bank interest amounts to £4,072.70. Total gross interest amounts to £10,605.58.

FUNDINGSECURE LIMITED - IN ADMINISTRATION

Assets Remaining to be Realised

- 2.28 The Joint Administrators are continuing to collect the outstanding loan book and collect the overdrawn Directors' loan accounts.

Litigation

- 2.29 As per my earlier progress report, two pieces of litigation (as detailed in my previous Progress Report) were sold to third parties. Updates for these loans will be posted to the platform in the normal course.
- 2.30 The Joint Administrators' Investigations have also identified some additional areas which may result in further litigation being pursued or available for assignment in due course.
- 2.31 It is considered that the work the Administrators and their staff have undertaken to date will bring a financial benefit to creditors. This may be a distribution to secured creditors of the Company only (from which a Prescribed Part fund may be derived for the benefit of unsecured creditors) or may, depending on realisations and the extent of any 3rd party security, result in a distribution to the preferential and unsecured creditors of the Company.

Creditors (claims and distributions)

- 2.32 Further information on the anticipated outcome for creditors in this case can be found at section 5 of this report. The Administrators are not only required to deal with correspondence and claims from unsecured creditors (which may include retention of title claims), but also those of any secured and preferential creditors of the Company. This may involve separate reporting to any secured creditor and dealing with distributions from asset realisations caught under their security, most typically a debenture.
- 2.33 Claims from preferential creditors typically involve employee claims and payments made on behalf of the Company by the Redundancy Payments Service ("RPS") following dismissal.
- 2.34 The above work will not necessarily bring any financial benefit to creditors generally, however the Administrators are required by statute to undertake this work. Similarly, if a distribution is to be paid to any class of creditor, work will be required to agree those claims and process the dividend payments to each relevant class of creditor. The more creditors a company has, the more time and cost will be involved by the Administrators in dealing with those claims.
- 2.35 I consider the following matters worth noting in my report to creditors at this stage:
- There are approximately 47 unsecured creditor claims in this case with a value per the director's statement of affairs of £941,585.25.

FUNDINGSECURE LIMITED - IN ADMINISTRATION

- There are two secured creditors. Rajinder Kumar that is owed £1,594,595.20 and EZ Invest Limited that is owed £1,237,470.00. There have been no payments made to the secured creditors.
- The RPS have submitted a preferential claim in the sum of £2,050.85.
- There is potentially an excess preferential claim due to one employee that is still under review.
- To date, unsecured creditor claims have been received in the sum of £755,479.65

Creditors Committee

- 2.36 To date there have been two committee meetings that have assisted with the Administration. It is intended that further correspondence will be entered into with the committee shortly.

Investigations

- 2.37 You may recall from my first progress report to creditors that some of the work the Administrators are required to undertake is to comply with legislation such as the Company Directors' Disqualification Act 1986 (**CDDA 1986**) and Statement of Insolvency Practice 2 – Investigations by Office Holders in Administration and Insolvent Liquidations and may not necessarily bring any financial benefit to creditors, unless these investigations reveal potential asset recoveries that can be pursued for the benefit of creditors.
- 2.38 My report on the conduct of the Directors of the Company to the Department for Business, Energy & Industrial Strategy under the CDDA 1986 was submitted during the first period of the Administration and is confidential.
- 2.39 The main arrears of concern relate to negligence of Receivers and/or office holders appointed by the Company prior to our appointment and potential claims against valuers. These matters are still under review.

Connected party transactions

- 2.40 In accordance with Statement of Insolvency Practice 13, the connected party payment for the physical assets has been disclosed.

What remains to be done in the Administration

- 2.41 In addition to the asset realisations, there is a matter of concern by the investors, which relates to the fee that is levied by the Company in accordance with the terms and conditions between the Company and the investors. In accordance with the agreement, the Company is entitled to levy a 5% charge of the loan value from the net redemption in priority to the repayment of investors.

FUNDINGSECURE LIMITED - IN ADMINISTRATION

- 2.42 In respect of this fee, there has been periodic concerns raised by certain investors advising that they were not aware that such a fee existed, and that the Investors consider that the Company has on various occasions waived this fee.
- 2.43 The Joint Administrators have sought legal opinion on this issue from three independent solicitors together with Leading Counsel, who have each stated that the fee has been correctly levied and is payable. This information has been relayed to investors but as there was still concern about the issue, the Joint Administrators made the decision to instruct Leading Counsel to make an application to Court for directions pursuant to their powers under paragraph 63 of Schedule B1 of the Insolvency Act 1986.

Directions

- 2.44 The relationship between the Company and its investors is governed by the terms and conditions in place from time to time (the T&Cs). Clause 6 of the T&Cs deals with "Repayments, Defaults and Renewals". Clause 6.2 provides that if: "the Loan Term has elapsed and the balance outstanding under the Loan Agreement has not been repaid, FundingSecure, acting on behalf of the Investors, undertakes to enforce the default procedures set out in the Loan Agreement,". Clauses 6.2.1 and 6.2.2 set out how the Company would go about enforcing the default procedures, by the realisation of "Assets", i.e. "those assets which are secured by a pledge as security for a Loan" (in accordance with clause 14.1 of the T&Cs).
- 2.47 Clauses 6.2.4 and 6.2.5 of the T&Cs then provide as follows:
- "6.2.4 An additional administration fee of 5% of the Loan value will be deducted from the net proceeds of sale of the Asset and paid to FundingSecure (after deduction of all selling expenses such as commissions).
- 6.2.5 Net proceeds of sale of Assets shall be used to settle amounts due in the following order:
1. Principal amount of Loan which was funded by, and is repayable to, the Investors (allocated pro rata in accordance with the proportion of the Loan amount which each Investor invested);
 2. Direct costs incurred by FundingSecure through the setting up and the administration of the Loan including, but not limited to, storage costs, referral fees and valuation fees up to the date of sale;
 3. Interest due to the Investors up to the date of sale (allocated pro rata in accordance with the proportion of the Loan amount which each Investor invested);
 4. Administration fees due to FundingSecure not recovered through clause 6.2.5(ii) above;
 5. The balance (if any) will be returned to the Borrower."

FUNDINGSECURE LIMITED - IN ADMINISTRATION

- 2.48 The Joint Administrators have caused the Company to deduct the additional administration fee of 5% as referred to in clause 6.2.4 of the T&Cs (the 5% Fee) from the realisations of "Assets". For the avoidance of doubt, this fee is not being used to meet the Administrators' remuneration although it is being used when required to meet expenses in the administration. However, a number of investors have complained as to the deduction of the 5% Fee and have argued that it should not be deducted before payment to the investors. In light of these objections, the Administrators decided to seek directions from the Court on the issue by way of an application dated 20 August 2020 (the Application) pursuant to paragraph 63 of Schedule B1 to the Insolvency Act 1986. The Joint Administrators joined three of the investors to the Application as Respondents so that the views of the investors could be made known to the Court.
- 2.49 The Court initially heard the Application on 16 October 2020, at which hearing the Respondents were legally represented and noted for the record that the following issues arise on the Application:
- a. Whether the 5% Fee falls to be deducted from the proceeds of sale of the Asset before repayment of investors, or only out of any surplus thereafter;
 - b. Whether the 5% Fee is to be calculated by reference to the amount realised on sale of the Asset, or to the "Loan value", i.e. the amount of the initial advance;
 - c. Whether the 5% Fee applies to all loans that have exceeded term, or just those that have been marked as "defaulted", i.e. loans closed without realising the full amount of the capital; and
 - d. Whether the way in which the Administrators ought to approach the deduction of the 5% Fee on behalf of the Company is affected in any way by any course of conduct on the part of the Company prior to Administration, and if so, how and to what extent.
- 2.50 The Court ordered that Mr Rajinder Kumar be joined to the Application as the Fourth Respondent on his application and made various directions as to the filing and serving of further evidence by the parties. The Application has now been listed for a further hearing on 19 January 2021 with a time estimate of one day.
- 2.51 The Administrators will provide a further update on the Application in the next report.

3 Pre-administration Costs

- 3.1 On 17 December 2019, the amounts shown overleaf, in respect of pre-administration costs were approved by the creditors committee:

FUNDINGSECURE LIMITED - IN ADMINISTRATION

Name of Recipient	Brief Description of Services Provided	Total Amount Approved (plus VAT) £
CG&Co	Advice in respect of the insolvency of the Company	7,500.00
Drydensfairfax Solicitors	Advice in respect of the insolvency of the Company	3,600.00

3.2 These fees have been discharged in full.

4 Joint Administrators' Remuneration

4.1 The basis of the Administrators' fees has been fixed in the Administration by resolution of the Creditors at the meeting held on 28 November 2019 which was ratified and confirmed by the creditors committee at the first meeting of the committee held on 17 December 2019, and confirmed by the signing of the minutes of the meeting as follows:

- Under Rule 18.16 of the Insolvency Rules that the basis of the Administrators' remuneration be fixed at 2.5% of the "defaulted" assets realised (those loans where the term has expired) (exclusive of VAT and disbursements) and 0.125% of the "in term" assets realised (those loans where the term has not expired) during the conduct of the Administration (exclusive of VAT and disbursements) and the allocation of those fees, costs and expenses on pro rata basis amongst all creditors and investors of the Company as detailed in the Administrators' Report and Statement of Proposals.
- Under Rule 18.16 a set amount of £25,000 (exclusive of VAT) in respect of statutory formalities

4.2 In respect of the agreed fee as a percentage of asset realisations on defaulted and in term loans, fees have been drawn in the sum of £206,658.32 plus VAT for the current Period. Total fees amount to £390,206.52 plus VAT.

4.3 The fee in relation to statutory duties has been drawn in the sum of £25,000 plus VAT.

4.4 It is the duty of the creditors committee to agree the remuneration of the Joint Administrators. It should be noted that the sum agreed for statutory formalities is to be shortly reviewed with the creditors committee with a view to an increase as the statutory formalities have increased as it has been deemed necessary to extend the term of the Joint Administration.

4.5 A copy of 'A Creditors' Guide to Administrators' Fees' is available on request or can be downloaded from www.r3.org.uk/technical-library/england-wales/technical-guidance/fees/.

4.6 Attached at Appendix B is additional information in relation to the Administrators' fees, expenses, and disbursements, including where relevant, information on the use of subcontractors and professional advisers. It should be noted that the Company is not registered

FUNDINGSECURE LIMITED - IN ADMINISTRATION

for Value Added Tax ("VAT"). Therefore, receivable VAT is irrecoverable and is noted accordingly as an expenditure on the Receipts and Payments account.

5 Financial Conduct Authority ("FCA")

- 5.1 There has been regular contact with the FCA in respect of all matters concerning the Administration.
- 5.2 The Joint Administrators will continue to furnish the FCA with the necessary information that they require and will advise the FCA of pertinent issues.

6 Estimated Outcome for Creditors

- 6.1 Given the volume and value of loans remaining to be concluded, it is not considered possible or appropriate to provide an Estimated Outcome Statement at this stage.

Investors

- 6.2 The issue relating to the investors and the trust position has now been resolved, which has enabled investors to withdraw funds in respect of redeemed loans. To date total investor withdrawals amount to £17,016,033.72.

Secured Creditors

- 6.3 Rajinder Kumar holds a fixed and floating charge over the Company's assets dated 12 October 2018. At the date of the Administration the indebtedness to the secured creditor was reported at £1,594,595.20. There have been no payments made to date in respect of this security.
- 6.4 In addition, EZ Invest Limited holds a fixed and floating charge dated 15 May 2019. At the date of the Administration the indebtedness to the secured creditor was reported at £1,237,470.00. There have been no payments made to date in respect of this security.
- 6.5 It should be noted that the security held by Rajinder Kumar ranks in priority to EZ Invest Limited.

Preferential Creditors

- 6.6 To recap the preferential claim submitted by the RPS in the sum of £2,050.85 is expected to be paid in full.
- 6.7 There has been further information remitted to this office by one former employee which is currently under review. There is potentially a further preferential claim in respect of holiday pay owed to that employee.

FUNDINGSECURE LIMITED - IN ADMINISTRATION

Unsecured Creditors

- 6.8 I have received claims totalling £755,479.65 from 18 unsecured creditors. I have yet to receive claims from approximately 29 unsecured creditors whose debts total circa £273,075.69 as per the Company's statement of affairs.
- 6.9 The Company granted a floating charge to Rajinder Kumar and EZ Invest Limited. Subject to the review of their security, I am required to create a fund out of the Company's net floating charge property for unsecured creditors (known as the **Prescribed Part**).
- 6.10 At the present time, I am unable to estimate the value of the Company's net floating charge property as asset realisations are far from complete and due to the nature of the assets, the ongoing issue in respect of the 5% fee together with the default positions and the fluctuating costs to realise the assets, the dividend position to unsecured creditors has to be noted as uncertain.
- 6.11 Should a dividend be available to the unsecured creditors other than from the Prescribed Part and unless it is more expedient to make an application to court to allow this to be distributed in the Administration, I anticipate that the Company will exit into creditors' voluntary liquidation in due course to facilitate the payment of a distribution to the unsecured creditors. Further details in respect of an unsecured distribution other than the prescribed part will be given when appropriate.

7 Ending the Administration

- 7.1 Contained within the Joint Administrators' Proposals were various exit routes dependent upon the success of the asset recoveries.
- 7.2 It was deemed necessary to extend the Joint Administration via an application to Court. The application was heard in the High Court of Justice Business and Property Court in Manchester on 2 September 2020. The Court extended the Joint Administration to 22 October 2023.
- 7.3 The Administrators will be discharged from liability under Paragraph 98(3) of Schedule B1 to the Insolvency Act 1986 immediately upon their appointment as Administrators ceasing to have effect.

8 Creditors' Rights

- 8.1 Within 21 days of the receipt of this report, a secured creditor, or an unsecured creditor (with the concurrence of at least 5% in value of the unsecured creditors) may request in writing that the Administrators provide further information about their remuneration or expenses (other than pre-administration costs) which have been itemised in this progress report.

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- 8.2 Any secured creditor, or an unsecured creditor (with the concurrence of at least 10% in value of the unsecured creditors) may within 8 weeks of receipt of this progress report make an application to court on the grounds that, in all the circumstances, the basis fixed for the Administrators' remuneration is inappropriate and/or the remuneration charged or the expenses incurred by the Administrators, as set out in this progress report, are excessive.

9 Next Report

- 9.1 The Administrators are required to provide a progress report within one month of the end of the next six months of the Administration or earlier if the Administration has been finalised

For and on behalf of
FundingSecure Limited

E M Avery-Gee
Joint Administrator



**Receipts and Payments Account for the Period from 23 April 2020 to 22 October 2020 together
with a Cumulative Receipts and Payments Account for the Period from 23 October 2019 to 22
October 2020**

FundingSecure Limited (In Administration)
Joint Administrators' Summary of Receipts Payments

Statement of Affairs	Asset Realisation	From 23/4/2020 to 22/10/2020	From 23/10/2019 to 22/10/2020
£			
	Loan Specific Realisations		
	Completed Property Redemptions	860,908.93	7,370,857.44
	Proceeds from Auction Non Property	213,048.33	247,068.33
	Non-Property Assets	426,284.02	763,217.55
	Part Payment Redemptions Property	111,129.85	225,129.85
	Part Payment Redemptions Non-Property	78,050.00	84,860.00
	Insolvency Property Redemptions	10,254,063.23	14,698,921.18
	Interest Payments	0.00	90,000.00
		11,943,484.36	23,480,054.35
	Funds held in Client Account 1	0.00	1,977,160.92
	Funds held in Client Account 2	0.00	804,160.33
		0.00	2,781,321.25
	General Asset Realisations		
Uncertain	Work in Progress	0.00	0.00
Uncertain	Directors/Former Directors Loan Account	0.00	0.00
	Miscellaneous Funds	6.59	173.02
	Cash at Bank	0.00	4,561.37
500	Office Equipment	500.00	500.00
200	Furniture & Fittings	0.00	0.00
Uncertain	Software Development	0.00	0.00
	Gross Bank Interest- Pre Appointment	0.00	1,977.23
	Gross Bank Interest - Post Appointment	4,072.70	10,605.58
		4,579.29	17,817.20
	Costs of Realisation Specific to Loans		
	Legal Fees & Disbursements	-84,024.54	-110,380.49
	Agents/Valuers Fees	-11,762.33	-17,998.83
	Agents Disbursements	-12,043.08	-12,043.08
	Insurance of Assets	0.00	-881.19
	Occupancy & Security Check	0.00	-2,810.00
	Postage & Stationery	-11.80	-23.50
	Quantity Surveyor	-2,450.00	-4,250.00
	Receivership/Insolvency Costs & Expenses	-762,674.57	-1,030,147.30
	Receivership/Insolvency Legal Costs	-281,520.11	-313,803.25
	Charge holders with Direct Security on Loans	0.00	-819,071.12
		-1,154,486.43	-2,311,408.76
	General Costs of Realisations		
	Specific Bond	0.00	-1,800.00
	Joint Administrators Pre Appointment Fee	0.00	-7,500.00
	Joint Administrators Office Holders Fees	-206658.32	-390,206.52
	Joint Administrators Statutory Formality Fee	-25,000.00	-25,000.00
	Court Fee	0.00	-50.00
	General Legal Fee's	-49,758.60	-125,608.60
	Forensic Accountancy	0.00	-4,250.00
	Counsels Opinion	-8,500.00	-8,500.00
	IT Consultancy	-4,170.00	-8,185.00
	Committee Expenses	0.00	-333.33

FundingSecure Limited (In Administration)
Joint Administrators' Summary of Receipts Payments

Bank Charges	-330.09	-416.63
Postal Redirection	0.00	-313.00
Room Hire	0.00	-450.00
Statutory Advertising	0.00	-142.00
	-294,417.01	-572,755.08
Trading Expenditure		
Salaries	-16,042.58	-87,452.67
Consultancy Fee's	-45,000.00	-110,316.00
HMRC-PAYE/NIC	-7,151.28	-38,641.31
Travel & Expenses	-9.00	-3,015.34
Subscriptions	-40.00	-40.00
Rent & Services Charges	-2,617.09	-13,656.95
Rates	-4,770.48	-4,770.48
Sundry Expenses	-41.66	-275.79
Office sundries	0.00	-707.94
Storage Costs	-3,892.51	-15,800.86
IT/Phone Costs	-3,784.80	-8,448.20
Accounts Software	-647.61	-1,007.85
Anti-Money Laundering Checks	0.00	-113.93
	-83,997.01	-284,247.32
VAT		
Irrecoverable VAT	-276,191.75	-392,328.61
	-276,191.75	-392,328.61
Borrowers		
Surplus to Borrowers from Redemption	-20,564.35	-20,564.35
	-20,564.35	-20,564.35
Trust Creditors		
Investors	-6,801,908.75	17,016,033.72
	-6,801,908.75	-17,016,033.72
Preferential Creditors		
-22,081.00 Employee Wages & Holiday Pay	0.00	0.00
	0.00	0.00
Floating Charge Creditors		
-3,000,000.00 Floating Charge Creditors	0.00	0.00
	0.00	0.00
Unsecured Creditors		
-502,520.55 JC Starr Holdings Limited	0.00	0.00
-434,491.32 Trade & Expense Creditors	0.00	0.00
Distributions		
-3525.40 Ordinary Shareholders	0.00	0.00
-3,961,918.27	0.00	0.00
		5681854.96
REPRESENTED BY		
Barclays Client Account 1		1,526,238.59
Barclays Client Account 2		511,682.11
General Current Account		359,641.44
Post Appointment Trust Account		1,520,103.74
Suspense Account 1 Camco No3		110,688.88

FundingSecure Limited (In Administration)
Joint Administrators' Summary of Receipts Payments

Suspense Account 2 INA Homes Limited	513,950.62
Suspense Account 3 Charter House	<u>1,139,549.58</u>
	<u>5,681,854.96</u>

Additional Information in Relation to the Joint Administrators' Fees, Expenses & Disbursements

1 Staff Allocation and the Use of Sub-Contractors

- 1.1 The general approach to resourcing our assignments is to allocate staff with the skills and experience to meet the specific requirements of the case.
- 1.2 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 anticipated size and complexity of the assignment and the experience requirements of the assignment.
- 1.3 There have been no subcontractors utilised to date.

Professional Advisors

- 1.4 On this assignment the Joint Administrators have retained the services of the following professional advisors listed below in respect of the collection of the loan book. I 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
Scotts Wright Limited	Hourly rate and disbursements
Thompson Crooks Solicitors Limited	Hourly rate and disbursements
Avison Young (UK) Limited	Hourly rate and disbursements
Thomas Del Mar Limited	Hourly rate and disbursements
OKT	Hourly rate and disbursements
Templeton LPA Limited	Hourly rate and disbursements
Adam Partridge Auctioneers	Hourly rate and disbursements
Anthony Cribb Auctioneers	Hourly rate and disbursements
Lindsays	Hourly rate and disbursements
Quantuma LLP	Hourly rate and disbursements
Kuits Solicitors	Hourly rate and disbursements

- 1.5 On this assignment the Joint Administrators have instructed the following professional advisors listed below in respect of the collection of the loan book.

Name of Professional Advisor	Basis of Fee Arrangement
Drydensfairfax LLP	Hourly rate and disbursements
Brabners LLP	Hourly rate and disbursements
Brightstone Law LLP	Hourly rate and disbursements
Brechters LLP	Hourly rate and disbursements
Mazars LLP	Hourly rate and disbursements
Cowgills Business Recovery LLP	Hourly rate and disbursements
Begbies Traynor Group Plc	Hourly rate and disbursements
Begbies Traynor (Central) LLP	Hourly rate and disbursements
Behr & Co Limited	Hourly rate and disbursements
Wilman Building Consultancy Limited	Hourly rate and disbursements
Occasio Legal Limited	Hourly rate and disbursements
Memery Crystal LLP	Hourly rate and disbursements

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TLT LLP	Hourly rate and disbursements
TLT NI LLP	Hourly rate and disbursements
FRP Advisory LLP	Hourly rate and disbursements
Hill Dickinson LLP	Hourly rate and disbursements
Humphrey & Gray Ltd	Hourly rate and disbursements
Leonard Curtis Business Solutions Group	Hourly rate and disbursements
Waterfold Asset Management Limited	Hourly rate and disbursements
Mitchells Robertson Ltd	Hourly rate and disbursements
Shakespeare Martineau LLP	Hourly rate and disbursements
AUA Insolvency Risk Services Limited	Risk based premium
Addleshaw Goddard LLP	Hourly rate and disbursements
ITC Valuers Limited	Percentage of Realisations and disbursements
UHY Hacker Young	Hourly rate and disbursements
Crawfords Accountants	Hourly rate and disbursements
DWF Solicitors	Hourly rate and disbursements
JMW Solicitors	Hourly rate and disbursements
PJI Property	Hourly rate and disbursements

- 1.6 The following professional advisors have been instructed in respect of the general issues of the case.

Name of Professional Advisor	Basis of Fee Arrangement
Brecher LLP	Hourly rate and disbursements
TLT Solicitors	Hourly rate and disbursements
Hacker Young	Hourly rate and disbursements
Drydensfairfax solicitors	Hourly rate and disbursements
Exchange chambers	Hourly rate
Lopian Gross Barnett & Co	Hourly rate and disbursements
GARC Ltd	Hourly rate and disbursements

- 1.7 Our choice was based on our perception 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.

- 1.8 The decision was made to continue with the services of the Law of Property Act Receiver ("LPA Receivers") that were in office at the onset of the insolvency as the LPA Receivers fees would be paid in priority to another office holder and this would made a duplication of costs.

2 Joint Administrators' Expenses & Disbursements

- 2.1 As you are aware, the Joint Administrators expedited the drafting of the Proposals and advised that due to the vast array of loans and the complexity of matters relating to the loans and the case in general that it would be difficult to give an accurate estimate of the costs that would be incurred for the entire duration of the case. Below is the estimate that was provided in the Joint Administrators' Proposals, below:

Expense	Estimated cost (plus VAT) £
Counsel opinion	15,000.00
Solicitors' costs in relation to Counsels opinion	10,000.00
Statutory advertising (per advert)	71.00
Specific penalty bond	1,800.00
Court fee	50.00
Computer specialist	745.00
Category 2 disbursements charged by the firm:	
Business mileage	
0.45 pence per mile	

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Current Position of the Joint Administrators' Expenses Specifically in Relation to the Case

- 2.2 An analysis of the expenses paid to the date of this report, together with those incurred but not paid at the date of this report is provided below:

	Paid in the prior period £	Paid in the period covered by this report £	Incurred but not paid to date £	Total anticipated cost £
Salaries	16,042.58	71,410.09	-	
Consultancy Fee	45,000.00	65,316.00	-	
PAYE/NIC	7,151.58	31,490.03	-	
Travel & expenses	9.00	3,006.34	-	3,015.34
Subscriptions	00.00	40.00	40.00	120.00
Rent & service charge	2,617.09	11,039.86	0.00	13,656.95
Rates	0.00	4,770.48	0.00	4,770.48
Sundry expenses	41.66	234.13	-	275.79
Office sundries	707.94	0.00	-	707.94
Storage costs	11,908.35	3,892.51	-	
IT/Phone costs	4,663.40	3,784.80	-	
Accounts software	360.24	647.61	-	
Anti-Money Laundering checks	113.93	0.00	-	
Postage & stationery	11.70	11.80	-	50.00
Specific bond	1,800.00	0.00	0.00	1,800.00
Court Fee	50.00	0.00	0.00	50.00
General legal costs	75,850.00	49,758.60	71,972.73	
Forensic accountant	4,250.00	0.00	-	4,250.00
Committee expenses	333.33	0.00	-	
Counsels opinion	0.00	8,500.00	7,500.00	
IT Consultancy	4,015.00	4,170.00	-	
External meeting room hire	450.00	0.00	-	450.00
Re-direction of the Company's mail	313.00	0.00	-	313.00
Statutory advertising	142.00	0.00	-	142.00
Bank charges	86.54	330.09	-	
Category 2 disbursements				
Business mileage 0.45 pence				

- 2.3 It should be noted that there has been continual assistance in respect of this case from legal advisers and it was considered necessary for a solicitor to be present at the creditor's meetings, committee meetings and during the conference calls with the FCA.
- 2.4 Due to the nature of this case there are certain costs that the total final costs cannot be calculated as the costs continue to be incurred to enable asset realisations to complete.

Current Position of the Expenses Specifically Incurred in Respect of Loan Redemptions

	Paid in the Prior Period £	Paid in the current Period £
Legal fees and disbursements	25,155.95	84,024.54
Agents valuers fee	6,236.50	10,929.00
Agents disbursements	0.00	12,043.08
Insurance of assets	881.19	0.00
Occupancy & security check	2,810.00	0.00
Quantity surveyor	1,800.00	2,450.00
Receivership & insolvency costs	267,472.73	762,674.57
Receivership & insolvency legal costs	32,283.14	281,520.11

- 2.5 Instructed solicitors across all loan specific matters have incurred, to date, WIP of £342,302.43 inclusive of VAT. This is inclusive of time incurred in relation to receivership appointments.

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- 2.6 As advised in the Joint Administrators' Proposals the costs that would be incurred in respect of each specific loan would be difficult to accurately advise. In the main the above costs have been deducted at source from the gross realisation or is a payment that has been made that will be recoverable from the specific loan and is a necessary disbursement in respect of the recovery action for that loan and will be repaid in priority to the amounts recovered for investors.
- 2.7 The general costs of solicitors and Counsels fees is in excess of the initial estimations in the main due to the need to seek Direction from the Court in relation to the 5% percent matter.
- 2.8 It should be noted that the Company is not registered for Value Added Tax ("VAT"). Therefore, receivable VAT is irrecoverable and is noted accordingly as an expenditure on the Receipts and Payments account.
- 2.9 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. These disbursements are included in the tables of expenses above.
- 2.10 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. Details of Category 2 disbursements charged by this firm (where appropriate) were provided in the Administrators' Proposals Report and approved by creditors. Any Category 2 disbursements incurred are specifically highlighted in the tables of expenses.