

# AM03

## Notice of administrator's proposals



Companies House



### 1 Company details

Company number 1 0 3 9 3 2 0 4

Company name in full Otro Club Limited

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

### 2 Administrator's name

Full forename(s) John Anthony

Surname Lowe

### 3 Administrator's address

Building name/number Ashcroft House

Street Ervington Court

Post town Meridian Business Park

County/Region Leicester

Postcode L E 1 9 1 W L

Country

### 4 Administrator's name ①

Full forename(s) Nathan

Surname Jones

① Other administrator  
Use this section to tell us about  
another administrator.

### 5 Administrator's address ②

Building name/number Ashcroft House

Street Ervington Court

Post town Meridian Business Park

County/Region Leicester

Postcode L E 1 9 1 W L

Country

② Other administrator  
Use this section to tell us about  
another administrator.

AM03

## Notice of Administrator's Proposals

### 6 Statement of proposals

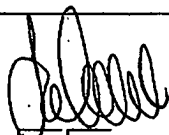


I attach a copy of the statement of proposals

### 7 Sign and date

Administrator's  
Signature

Signature



Signature date

<sup>d</sup>1<sup>d</sup>6

<sup>m</sup>0<sup>m</sup>9

<sup>y</sup>2<sup>y</sup>0<sup>y</sup>2<sup>y</sup>0

# 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	Jack Harwood-Scott
Company name	FRP Advisory Trading Limited
Address	Ashcroft House Ervington Court
Post town	Meridian Business Park
County/Region	Leicester
Postcode	L E 1 9 1 W L
Country	
DX	cp.leicester@frpadvisory.com
Telephone	0116 303 3337



### 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

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](http://www.gov.uk/companieshouse) or email [enquiries@companieshouse.gov.uk](mailto: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](http://www.gov.uk/companieshouse)

**FRP**

Otro Club Limited (In Administration)

The Administrators' Proposals

16 September 2020

## Contents and abbreviations

**FRP**

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1.	Introduction
2.	Conduct of the administration
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4.	Estimated outcome for the creditors
<b>Appendix</b>	<b>Content</b>
A.	Statutory information about the Company and the administration
B.	Administrators' receipts & payments account
C.	Explanation of the pre-packaged sale in accordance with Statement of Insolvency Practice 16
D.	The Administrators' remuneration, disbursements and costs information <ul style="list-style-type: none"><li>• Estimated outcome statement</li><li>• Schedule of work</li><li>• FRP disbursement policy</li><li>• Fee estimate</li><li>• FRP charge out rates</li></ul>
E.	Schedule of pre-administration costs
F.	Details of the financial position of the Company

### The following abbreviations may be used in this report:

<b>The Administrators</b>	John Anthony Lowe and Nathan Jones of FRP Advisory Trading Limited
<b>The Company</b>	Otro Club Limited (In Administration)
<b>Otro Club Limited</b>	Otro
<b>CVA</b>	Company Voluntary Arrangement
<b>CVL</b>	Creditors' Voluntary Liquidation
<b>FRP</b>	FRP Advisory Trading Limited
<b>HMRC</b>	HM Revenue & Customs
<b>The Insolvency Rules</b>	The Insolvency (England and Wales) Rules 2016
<b>QFCH</b>	Qualifying floating charge holder
<b>SIP</b>	Statement of Insolvency Practice

## 1. Introduction

**FRP**

On 9 September 2020, the Company entered administration and John Lowe and Nathan Jones were appointed as Administrators.

This document, together with its appendices, forms the Administrators' statement of proposals to creditors in accordance with Paragraph 49 of Schedule B1 to the Insolvency Act 1986 and the Insolvency Rules. The proposals are deemed delivered four business days after they are dated.

These proposals have been prepared from information available at the time of their preparation. Due to the global outbreak of Covid 19 and the UK's response to this, requiring working from home and necessarily a lack of access to physical files or other information, we should advise that we may not have all the information required to ensure these proposals are both complete and accurate. Where there are errors and/or omissions we will endeavour to correct these where possible in our next report to you.

Certain statutory information about the Company and the administration is provided at **Appendix A**.

A sale of part of the business and assets of the Company was effected on 9 September 2020 by the Administrators. Background information regarding the Company together with full details of the events that resulted in the appointment of the Administrators and this transaction taking place and why it was considered to be in the overall best interest of the creditors of the Company as a whole are set out in the statement attached at **Appendix C** in accordance with SIP 16 which is circulated with this report.

Background information regarding the Company

The Company was incorporated in 2016. The business (Otro) was launched with the aim of creating a subscription-based sport and media technology platform, providing exclusive content featuring high-profile sporting talent ("Talent"), including globally recognised footballers.

Otro was the non trading parent of Otro Global Limited. Both companies have been placed into Administration and sold as part of this process. We reported separately on the Administration of Otro Global Limited and made comment in this report where relevant. The Company had no employees as these were employed via the trading subsidiary Otro Global Limited.

The only secured creditor is 23 Capital, which has a fixed and floating charge debenture over the Company's assets with a cross guarantee over its lending to Otro Global Limited.

Substantial investment has been introduced by the funder, the vast majority of which has been utilised in securing contracts with Talent and infrastructure overheads.

In the period from 1 December 2019 to 30 June 2020, management accounts report a loss of (£6.5m) with a combined loss with Otro Global Limited of £9.3m.

Events leading to the Administrators appointment

FRP was approached by the Company's solicitor on 7 July 2020. Prior to this FRP had had no involvement in the Company.

FRP was engaged by the Company to advise with a primary duty of care to the Company which include consideration of the directors; fiduciary duties to act in the overall best interest of all the Company's creditors and stakeholders. Until the appointment of the Administrators the directors continued to be responsible for the Company and its affairs.

For approx. 12 months, the business has been trying to secure additional investment of c. USD20m. At the time of our engagement, this remained an outside possibility, although the Board required advice on their options and duties should the investment not be forthcoming, given the financial position.

## 1. Introduction

**FRP**

However, it almost immediately became apparent that the investment was not deliverable and FRP's role was to focus on an insolvency sale process to protect value for creditors. Further details of the sale are at **Appendix C**.

## 2. Conduct of the administration

### The objective of the administration

The Insolvency Act (at paragraph 3 of Schedule B1 to the Act (sets out a hierarchy of objectives that the Administrators must pursue).

The Administrators think that objective (a) of the administration, as detailed in Paragraph 3(1) of Schedule B1 to the Insolvency Act 1986, being to rescue the Company as a going concern, will not be achieved. The Company required significant investment to re-finance the business and this was the principal option. Current funders and shareholders had no appetite to inject further funds. Due to the quantum of the debt and onerous contracts, investment or a sale of the business as a going concern was not achievable.

Objective (b) is to provide a better return for creditors as a whole compared to Liquidation. The sale and asset realisations would not have been achievable in a Liquidation. I can confirm that the transaction detailed in **Appendix C** will enable the statutory purpose identified above to be achieved and that the sale price was the best reasonably obtainable in all the circumstances and was considered to be in the overall best interests of all creditors of the Company.

### The Administrators' actions

The Administrators' actions to the date of the sale of the business and assets is set out in detail in the SIP16 statement set out at **Appendix C**.

Details of work already undertaken since appointment or anticipated will be undertaken is set out in the schedule of work attached at **Appendix D**.

Following approval of the Administrators proposals the Administrators will continue to conduct the Administration to achieve the purpose of the administration. Key matters to be undertaken include:

- Realise the Company's remaining assets

- Investigate and, if appropriate, pursue any claims that the Company may have against any person, firms or company whether in contract or otherwise, including any officer or former officer of the Company or any person, firm or company that supplies or has supplied goods or services to the Company
- Distribute realisations to the secured and preferential creditors where applicable
- Seek an extension of the administration if needed
- Agree the claims of the unsecured creditors and distribute the Prescribed Part
- Ensure all statutory and compliance matters are attended to
- Pay all administration expenses and bring the administration to an end when deemed appropriate by the Administrators

### Receipts and payments account

A copy of the Joint Administrators' receipts and payment account to date is attached as **Appendix B**. This has no entries as the sale proceeds and the bank balances have not yet been transferred to the Administrator.

### The Directors' Statement of Affairs

The directors of the Company have been asked to submit a Statement of Affairs under paragraph 47 of Schedule B1 of the Insolvency Act 1986 and this is awaited. As and when the directors' Statement of Affairs is received it will be filed with the Registrar of Companies.

Details of the financial position at the latest practicable date, prepared from information available to the Administrators and including a list of names and addresses of creditors is provided at **Appendix D**.



## 2. Conduct of the administration

**FRP**

### Matters requiring investigation

The Administrators are required as part of their duties to establish what assets the Company owns and to consider the way in which the Company's business has been conducted. They are also required under the provisions of the Company Directors Disqualification Act 1986 to report to the Secretary of State for Business Energy and Industrial Strategy on the conduct of the directors. If you have any information or concerns regarding the way in which the Company's business has been conducted, or have information regarding potential recoveries for the estate please contact me as soon as possible.

### The end of the administration

The administration will end automatically after 12 months from the date of appointment of the Administrators. This period can be extended with consent of the creditors for up to 12 months or longer by application to the Court as required.

If the Administrators think the Company has no property which might permit a distribution to its unsecured creditors, or if they also consider that an exit from the administration into liquidation is not appropriate they will send a notice to the Registrar of Companies in accordance with Paragraph 84 of Schedule B1 to the Insolvency Act 1986 to bring the administration to an end and three months after the filing of the notice the Company will be deemed to be dissolved.

If the Administrators are of the view that a dividend will become available to the unsecured creditors (other than by virtue of the prescribed part) it is appropriate for the Company to move from administration into CVL pursuant to Paragraph 83 of Schedule B1 to the Insolvency Act 1986. If applicable the Administrators will take steps to place the Company into CVL.

Should a dividend not become available to the unsecured creditors but it is still appropriate for the Company to enter liquidation, the Administrators will petition the Court pursuant to Paragraph 79 of Schedule B1 to the Insolvency Act 1986 for an

order to bring the administration to an end with a consequential order for the compulsory winding up of the Company.

Pursuant to Paragraph 83 of Schedule B1 to the Insolvency Act 1986, should the creditors not nominate a Liquidator, the proposed Liquidators in a CVL are to be the Administrators or any successor office holder(s). Any act to be done by the Liquidators may be done by all or any one of them. Pursuant to Paragraph 83(7)(a) of Schedule B1 to the Insolvency Act 1986 and the Insolvency Rules, creditors may nominate a different person as the proposed liquidator, provided that the nomination is made after the receipt of these proposals and before these proposals are approved.

The Liquidators in a compulsory winding up will be appointed by the Court and may be the Administrators, or any successor office holder(s).

If the Administrators are of the view that it is appropriate for the creditors to consider the approval of a CVA the proposed supervisors are to be the Administrators or any successor office holder(s). Creditors may nominate different supervisors when considering whether to approve the CVA proposals.

### Discharge of Liability

The Joint Administrators' discharge from liability shall take effect in accordance with Paragraph 98 of Schedule B1 of the act 30 days following either the Company entering liquidation or CVA or filing the notice of moving from administration to dissolution.

### Decision of creditors

Based on information currently available, the Administrators think that the Company has insufficient property to enable a distribution to be made to unsecured creditors, except from the prescribed part if applicable. They are therefore not required to seek a decision from creditors as to whether they approve the Administrators' proposals pursuant to Paragraph 51 of Schedule B1 to the Insolvency Act 1986. The Administrators must however seek a decision from the creditors if requested to do so by a single or group of creditors whose debts amount to at least 10% of the total

## 2. Conduct of the administration

**FRP**

debts of the Company. The request must contain the particulars prescribed by rule 15.18 of the Insolvency Rules and be made within eight business days of the date of delivery of this report, in accordance with the Insolvency Rules.

The expenses of seeking the decision shall be paid by the creditor or creditors requesting the decision, who will be required to lodge a deposit with the Administrators security for their payment. The creditors may decide that the expenses of seeking the decision should be paid as an expense of the Administration payable from the assets of the Company.

In accordance with the Insolvency Rules where the Administrators have not sought a decision of the creditors, the proposals set out below will be deemed to have been approved by the creditors unless at least 10% by value of the creditors requisition a decision of creditors within eight business days of the date of delivery of this report.

### 3. The Administrators' remuneration, disbursements and pre-appointment costs

**FRP**

#### Administrators' remuneration

A schedule of the work to be undertaken during the administration is set out at **Appendix D** together with an estimated outcome statement which includes an estimate of the expenses likely to be incurred by the Administrators. Assumptions made in preparing the summary of work, estimated expenses and the fees estimate where a time cost resolution is proposed are set out in the schedule of work.

The Administrators' remuneration will be drawn from the Company's assets and it is proposed that it will be charged by reference to the time incurred in attending to matters arising. Further details of how this will be calculated is set out below. The basis of the Administrators' remuneration has not yet been approved by creditors, and the Administrators have accordingly not drawn any remuneration in this case. The Administrators' fees for dealing with the assets subject to a fixed and floating charge will be agreed with 23 Capital.

Should the Company subsequently be placed into liquidation and the Administrators appointed as Liquidators, the basis agreed for the drawing of the Administrators' remuneration will also be that utilised in determining the basis of the Liquidators' remuneration, in accordance with the Insolvency Rules. The Liquidators will seek further creditor approval for the quantum of fees to be drawn in the liquidation where necessary.

Remuneration charged by reference to the time incurred in attending to matters arising

The Administrators' remuneration which is proposed to be charged by reference to time incurred is set out on the fee estimate attached at **Appendix D**. Time costs incurred to date total £10,690. The time charged is based on computerised records capturing time charged by myself and my staff in dealing with the conduct of those aspect of the case being charged on a time cost basis. Matters dealt with during the assignment are dealt with by different members of staff depending on the level of complexity and the experience required. Time is charged to the case in maximum

units of six minutes. Charge-out rates are based on individual expertise, qualification and grade. The costs of the firm's support staff are not directly charged to the estate unless dealing with directly identifiable case specific matters.

Charge out rates are reviewed at least annually, details of FRP's charge out rates are included at **Appendix D**.

#### Administrators' disbursements

The Administrators' disbursements are a recharge of actual costs incurred by the Administrators on behalf of the Company. Mileage payments made for expenses relating to the use of private vehicles for business travel, which is directly attributable to the administration of the Company, are paid by FRP at the HMRC approved mileage rate. It is proposed mileage is recharged and drawn at the HMRC approved mileage rate prevailing at the time the mileage was incurred.

#### Pre-administration costs charged or incurred by the Administrators

The Company resolved to pay FRP the sum of £50,000.00 plus VAT for assisting with the placing of the Company into administration and dealing with the sale of the business and assets. This was paid before administration by the Company.

Attached at **Appendix E** is a statement of pre-administration costs charged or incurred by the Administrators.

#### Creditors' ability to challenge the Administrators' remuneration and expenses

Creditors have a right to request further information from the Administrators and further have a right to challenge the Administrators' remuneration and other expenses under the Insolvency Rules following receipt of a progress report.

Further details of these rights can be found in the Creditors' Guide to Fees which you can access by using the following link <https://creditors.frpadvisor.com/info.aspx> and select the one for administrations. Alternatively, a hard copy of the relevant guide will be sent to you on request.

#### 4. Estimated outcome for the creditors

**FRP**

##### Estimated outcome statement

We attach at **Appendix D** an estimated outcome statement which has been prepared from the information provided by the directors, advice received in connection with the value of the Company's assets, estimated sums due to creditors and an estimate of our remuneration and other expenses that may be incurred during the course of this administration. The assumptions made in preparing the estimated outcome statement details are set out in the schedule of work.

Based on the information available to date and the assumptions made I set out below the anticipated the outcome for creditors:

##### Outcome for secured creditor

The secured creditor holds fixed and floating charge debentures over the Company's assets which were created on 28 March 2018 and 13 March 2019 and registered on 29 March 2018 and 20 March 2019 respectively. The secured creditor is likely to suffer a substantial shortfall in its investment.

##### Outcome for preferential creditors

There are no preferential creditors in this matter as the Company had no employees.

##### Outcome for unsecured creditors

It is currently estimated that, subject to costs, a dividend will be available to unsecured creditors in due course from funds available under the prescribed part. Based upon information available to date, any dividend is likely to be a few pence in the pound.

##### Prescribed part

The prescribed part is a carve out of funds available to the holder of a floating charge which is set aside for the unsecured creditors in accordance with Section 176A of the Insolvency Act 1986. The prescribed part only applies where the floating charge was

created after 15 September 2003 and the net property available to the floating charge holder exceeds £10,000.

The prescribed part, based on net property estimated to be £597,899 has been calculated to be approximately £122,580. The prescribed part is available for all unsecured creditors and where there are only sufficient funds to enable a dividend to be paid to unsecured creditors from the prescribed part, this will be paid by the Administrators.

## Appendix A

### Statutory information about the Company and the administration

**FRP****COMPANY INFORMATION:**

Other trading names: Otro

Date of incorporation: 26 September 2016

Company number: 10393204

Registered office: The Carriage House, Mill Street,  
Maidstone, ME15 6YE

Previous registered office: Second Floor 45 Whitfield Street  
London W1T 4HD

Business address: N/a

Directors: Jonathan Mandle  
Jason Cipriani  
Anne Ruane

Company secretary: N/a

**ADMINISTRATION DETAILS:**

Names of Administrators: John Lowe and Nathan Jones

Address of Administrators: FRP Advisory Trading Limited  
Ashcroft House, Ervington  
Court, Meridian Business  
Park, Leicester, LE19 1WL

Date of appointment of Administrators: 9 September 2020

Court in which administration  
proceedings were brought: High Court of Justice  
Business and Property Courts  
of England and Wales (ChD)

Court reference number: 003507 of 2020

Date of notice of intention to appoint  
Administrators presented to Court: 4 September 2020

Administration appointment made by: Directors

Consent to the notice to appoint an Administrator provided by the qualifying  
charge holder as follows:

**Holder of Qualifying Floating Charge Date of consent**

XXIII Capital C Limited (23 Capital) 8 September 2020

## Appendix A

### Statutory information about the Company and the administration

**FRP**

The appointment of the Administrators included a declaration that they are acting jointly and severally as Administrators of the Company in accordance with Paragraph 100 of Schedule B1 to the Insolvency Act 1986.

The EC Regulation on Insolvency Proceedings will apply in this matter and accordingly the administration will constitute main proceedings.

Extracts from the financial statements available are summarised below:

Period Ended	Turnover £	Gross Profit £	Net Profit / (Loss) £	Dividend Paid £	P & L a/c c/fed £
30/11/2017	-	(1,113,529)	(1,113,529)	-	(1,113,529)
30/11/2018	-	(6,381,428)	(8,027,408)	-	(9,140,937)
30/11/2019	-	(24,331,176)	(31,322,295)	-	(40,463,232)
30/6/2020	-	N/K	(6,563,941)	-	(43,821,870)

Appendix B

Administrators’ receipts & payments account

**FRP**

**Otro Club Limited  
(In Administration)  
Joint Administrators' Summary of Receipts & Payments  
To 09/09/2020**

<b>S of A £</b>	<b>£</b>	<b>£</b>
		<b>NIL</b>
REPRESENTED BY		<b>NIL</b>



Appendix C

Explanation of the pre-packaged sale in accordance with Statement of Insolvency Practice 16

**FRP**

**FRP**

Otro Club Limited (in administration)

Disclosure to creditors in accordance with Statement of Insolvency Practice 16

16 September 2020

## Contents and Glossary

**FRP**

Section	Content
1.	Introduction
2.	Statement of Insolvency Practice 16 – Pre-packed sales in administrations: An overview for creditors
3.	Background information and events leading to appointment of the Administrators
4.	Pre-appointment considerations

### Abbreviations

The following abbreviations are used in this document:

<b>The Administrators</b>	John Lowe and Nathan Jones of FRP Advisory Trading Limited
<b>The Company</b>	Otro Club Limited (In Administration)
<b>CDDA86</b>	The Company Directors Disqualification Act 1986
<b>CVA</b>	Company Voluntary Arrangement
<b>IA86</b>	The Insolvency Act 1986
<b>IP</b>	Insolvency Practitioner
<b>IR16</b>	The Insolvency (England and Wales) Rules 2016
<b>FRP</b>	FRP Advisory Trading Limited
<b>NDA</b>	Non-Disclosure Agreement
<b>SIP</b>	Statement of Insolvency Practice

Otro Club Limited (in administration)

Disclosure to creditors in accordance with Statement of Insolvency Practice 16

## 1. Introduction

**FRP**

### **To all known creditors**

Following the appointment of the Administrators on 9 September 2020 we are required to provide the creditors with a detailed narrative explanation of the justification of the pre-pack sale within seven days of completion in accordance with SIP 16.

This statement has been prepared from information available at the time of its preparation. Due to the global outbreak of Covid 19 and the UK's response to this, requiring working from home and necessarily a lack of access to physical files or other information, we should advise that we may not have all the information required to ensure this statement is both complete and accurate. Where there are errors and/or omissions we will endeavour to correct these where possible in our next report to you.

I set out in this document full details of the sale and reasons behind the decision for this sale and why it was considered to be in the overall best interests of all creditors of the Company as a whole.

I can confirm that the transaction will enable the statutory purpose of the administration, Objective B to be achieved and that the sale price realised was the best reasonably obtainable in all the circumstances.

Should you require any further information regarding this report or the administration in general please contact Rob Lineham of my staff.

## 2. Statement of Insolvency Practice 16 – Pre-packaged sales in administrations

### An overview for creditors

**FRP**

#### What is a SIP?

The purpose of SIPs is to promote and maintain high standards by setting out required practice and harmonising the approach of IPs to particular aspects of insolvency practice. They apply in parallel to the prevailing statutory framework.

SIPs set principles and key compliance standards with which IPs are required to comply. Failure to observe the principles and/or maintain the standards set out in a SIP is a matter that may be considered by an IP's regulatory authority for the purposes of disciplinary or regulatory action in accordance with that authority's membership and disciplinary rules.

SIPs set out required practice, but they are not statements of the law or the obligations imposed by insolvency legislation itself.

#### What is a pre-packaged sale?

The term 'pre-packaged sale' refers to an arrangement under which the sale of all or part of a company's business or assets is negotiated with a purchaser prior to the appointment of an administrator and the administrator effects the sale immediately on, or shortly after, appointment.

The particular nature of an IP's position in these circumstances renders transparency in all dealings of primary importance. Creditors and other interested parties should be confident that the IP has acted professionally and with objectivity; failure to demonstrate this clearly may bring the practitioner and the profession into disrepute.

#### What are the principles of SIP 16

The IP should differentiate the roles that are associated with an administration involving a pre-packaged sale.

Creditors should be provided with sufficient information such that a reasonable and informed third party would conclude that the pre-pack was appropriate and that the administrator has acted with due regard for the creditors' interests.

Otro Club Limited (in administration)  
Disclosure to creditors in accordance with Statement of Insolvency Practice 16

#### Key Compliance Standards

Preparatory work – the IP should be clear about the nature and extent of the role of adviser in the pre-appointment period. The IP should bear in mind the duties and obligations owed to both the company and the creditors in the pre-appointment period. The IP should keep a detailed record of the reasoning behind the decision to undertake a pre-packaged sale and all alternatives considered.

After appointment – the administrator should be able to demonstrate that the duties of an administrator have been considered.

Disclosure – the administrator should provide creditors with a detailed narrative explanation of the justification of the pre-pack sale within seven days of completion. The following information should be included:

- Source of the initial introduction to the IP;
- Pre-appointment considerations;
- Marketing of the business and assets;
- Valuation of the business and assets; and
- Details of the transaction including the assets sold and the consideration received.

The SIP does not restrict an administrator from not disclosing information in certain limited circumstances in accordance with the IA86.

#### Further information

A copy of SIP 16 can be found from the following link  
<https://creditors.frpadvisor.com/info.aspx>.

## 4. Pre-appointment considerations

**FRP**

### Background information regarding the Company

Otro Club limited was incorporated in 2016. The business (Otro) was launched with the aim of creating a subscription-based sport and media technology platform, providing exclusive content featuring high-profile sporting talent ("Talent"), including globally recognisable footballers.

Otro was the non trading parent of Otro Global Limited. Both companies have been placed into Administration and sold as part of this process. We reported separately on the Administration of Otro Global Limited and made comment in this report where relevant. The Company had no employees as these were employed via the trading subsidiary Otro Global Limited.

The only secured creditor is 23 Capital, which has fixed and floating charge debentures over the Company's assets with a cross guarantee over its lending to Otro Global Limited.

Substantial investment has been introduced by the funder, the vast majority of which has been utilised in securing contracts with Talent and infrastructure overheads.

In the period from 1 December 2019 to 30 June 2020, management accounts report a loss of (£6.5m) with a combined loss with Otro Global Limited of (£9.3m).

### Events leading to the appointment of the Administrators

The Company required significant investment to re-finance the business and this was the principal option. Current funders and shareholders had no appetite to inject further funds. Due to the quantum of debt and onerous contracts, investment or a sale of the business as a going concern was not achievable.

Given there was a possibility of a sale via an insolvency, and continuity was essential to protect value, a pre-pack administration was considered to be the most appropriate option and in the best interests of all creditors.

### Administrators' initial introduction and pre-appointment involvement

Otro Club Limited (in administration)

Disclosure to creditors in accordance with Statement of Insolvency Practice 16

At this stage FRP's primary duty of care was to the Company which would include consideration of the directors' fiduciary duties to act in the overall best interest of the company and its creditors. Until the appointment of Administrators the directors continued to be responsible for the Company and its affairs neither FRP nor its insolvency practitioners advised the directors personally, or any parties connected with the purchaser, who were encouraged to take independent advice.

FRP was approached by the Company's solicitor on 7 July 2020. Prior to this, FRP has had no involvement in the Companies.

FRP was engaged by the Companies to advise with a primary duty of care to the Companies which would include consideration of the directors' fiduciary duties to act in the overall best interest of all the Companies' creditors and other stakeholders. Until the appointment of Administrators the directors continued to be responsible for the Company and its affairs.

For approx 12 months, the business has been trying to secure additional investment of c.USD20m. At the time of our engagement, this remained an outside possibility, although the Board required advice on their options and duties should the investment not be forthcoming, given the financial position of the Company.

However, it almost immediately became apparent that the investment was not deliverable and FRP's role was to focus on an insolvency sale process.

### Appointment of the Administrators

It became clear that an Administration appointment was likely and in order to protect the value of underlying business, to preserve jobs and to minimise creditor claims a pre-pack sale should be sought. The directors therefore instructed FRP to assist them in marketing the business and assets for sale and assisting in negotiations with potentially interested parties with a view to securing a sale immediately following the Company being placed into Administration.

#### 4. Pre-appointment considerations

**FRP**

Prior to our appointment as Joint Administrators we are required to consider any ethical and conflict issues in relation to the appointment and provided we are satisfied that there are no matters arising that would preclude us consenting to act we must provide a statutory statement and consent to act in which any prior relationship between the proposed Administrators and the Company is summarised, this statement is subsequently filed in Court. Following our appointment as Joint Administrators our duty of care is to all the Company creditors as officers of the Court and agents of the Company, taking over from the Board the responsibilities of managing the affairs, business and property of the Company. In the interests of the creditors as a whole and mindful of the need to achieve a statutory purpose of an Administration, the sale set out in this document was concluded.

John Lowe and Nathan Jones were duly appointed Administrators on 9 September 2020.

##### Purpose of the administration

In accordance with Paragraph 3 of Schedule B1 to the IA86 an Administrator of a company must perform his functions with the objective of:

- a) Rescuing the Company as a going concern, or
- b) Achieving a better result for the Company's creditors as a whole than would have been likely if the Company were wound up (without first being in administration) or,
- c) Realising property in order to make a distribution to one or more of the secured or preferential creditors.

The purpose of the administration will be to achieve objective B. This is achieved by securing a sale of the business and assets which would not be available if the Company was wound up.

##### Alternative courses of action considered

The Companies required significant investment to re-finance the business and this was the principal option. Current funders and shareholders had no appetite to inject further funds. Due to the quantum of debt and onerous contracts, investment or a sale of the business as a going concern was not achievable.

A CVA was not considered achievable. For reasons mentioned earlier, the business was no longer viable in its current form. In addition, trading forecasts suggested marginal performance at best over the next two years and requiring substantial working capital investment which wasn't available.

Given there was a reasonable possibility of a sale via an insolvency, and continuity of the business was essential to protect value, a pre-pack administration was considered to be the most appropriate option and in the best interests of creditors.

##### Post appointment administration trading considerations

The Company has been returning losses. A review of the short-term trading position showed further losses and cash outflow. The Companies had already embarked on an extensive investment/disposal campaign, and allowing further time for a sale to be conducted during an Administration was considered more likely to be damaging to the value and opportunity and new funding would not have been available.

##### Consultation with major creditors

We consulted with 23 Capital, the secured creditor and they gave consent to the sale of the business via a pre-pack Administration.

We informed the principal unsecured creditors, representing over 50% in value of total creditors, and explained the sale and probable outcome on their claims. We have not formally received consent (although they were not asked to provide this) but we have not received any queries or dissent.

##### Previous acquisitions from an IP

There have not been any previous acquisitions from an IP.

## 4. Pre-appointment considerations

**FRP**

### Marketing activities undertaken

#### Access Media Advisory

Many months prior to FRP's involvement with Otro, Access Media Advisory ("AMA"), a US-based specialist media M&A adviser, were appointed by the company and shareholders to raise additional funding for the business. AMA were originally tasked with raising USD20m to support the reshaping of the business away from its original subscription-based business model, to a production studio model. AMA's fundraising was live from summer 2019 to February 2020, when a deal was concluded with a shareholder to invest USD5m of the USD20m.

AMA continued to be in active dialogue with 10 parties for further investment at the point when FRP first discussed the proposed process with them (8<sup>th</sup> July). Of these parties, four were most progressed.

Due to the highly specialist and intangible nature of Otro's sports media business and its sector, as well as the restricted timeframe available (bid deadline was set for 20<sup>th</sup> July, but with a view to extend subject to interest), AMA were asked to continue to lead discussions with the parties already in active discussions with them about an investment, but on the basis of an acquisition of trade and assets only.

AMA informed all interested parties of the possible administration and provided them with an updated process letter setting out the situation and bidding requirements. FRP agreed the form of the process letter with AMA and AMA began issuing the letters and distributing materials.

Issued information included a confidential information memorandum (for which FRP also suggested a process slide and wording around the administration), five year business plan model produced by management, overview of the development 'slate' of programmes underway at Otro and a summary of existing distribution agreements (together the "Information"). FRP were copied into emails from AMA to the interested parties.

AMA updated FRP daily through the week commencing 13<sup>th</sup> July on progress and discussions with buyers, with three parties appearing to be interested in bidding by 17<sup>th</sup> July. AMA also spoke to other parties during the course of the week, but none were able to take interest further.

#### FRP

As noted above, due to the advanced and specialist nature of existing discussions with interested parties, it was felt inappropriate for FRP to take direct control of the existing interested parties. This approach was agreed with the secured creditor and Board. However, alternative and additional marketing strategies were considered to ensure a wide but appropriate marketing of the business, including:

- o Use of FRP Dataroom – due to the specialist nature of the business and intangible assets it was not felt that the Dataroom would be a worthwhile exercise
- o IPBid.com – again this was not felt to be likely to be a useful exercise in the short timeframe due to the specialist nature of the business
- o Introducing additional relevant buyers and funders from the FRP network

FRP Corporate Finance team considered additional funder and buyer ideas for the business and introduced a specialist sports investor and shared the buyer and funder approach list from the recent sale of a similar sports media business.

Having reviewed the buyer and funder list for similar process, potential interested parties were identified based on their interest in that process. This exercise was also useful in eliminating 30+ private equity and turnaround funders who might otherwise have been considered worth approaching.

In addition, FRP Corporate Finance identified a number of potential buyers from their network.

On 9<sup>th</sup> and 10<sup>th</sup> July 2020, FRP approached 18 potential interested parties with an anonymous teaser and overview of the Otro situation. Of these parties, six parties requested an NDA.



4. Pre-appointment considerations

FRP

NDA’s were signed and were provided with information. None of these parties decided to put forward an offer.

Feedback was that the new business model was unproven, a large amount of working capital was needed to fund the business and that overhead costs were very large for the size of business moving forward.

Valuation of assets

Metis Partners (“MP”) (a specialist firm of Intellectual property and business valuers who have confirmed their independence and that they carry adequate professional indemnity insurance) were instructed to value the Intellectual property, including brand, formats, domains, software and goodwill.

MP valued the business and assets, totalling £65,500 on an in-situ basis and £53,500 on an ex-situ basis. The valuations were on these basis as they represent the two options available, closure and forced sale via liquidation, or value as a going concern to a purchaser with the benefit of a partial infrastructure and continuity.

Knighton Evans (“KE”) (a firm of property and chattel asset agents who have confirmed their independence and that they carry adequate professional indemnity insurance) were instructed to value the Companies’ assets, which comprise production and media equipment and IT related assets, laptops, computers etc.

KE have valued the assets of Otro on an in situ basis at £53,912 and an ex situ basis at £32,031. The valuations were on these basis as they represent the two options available, closure and forced sale via liquidation, or value as a going concern to a purchaser with the benefit of a partial infrastructure and continuity.

	In Situ £	Ex Situ £
Intellectual Property	65,500	53,500
Goodwill	nil	nil
Equipment	53,912	32,031

Offers received and further negotiations

On 20 July an indicative offer was received from Element Media Group Inc (EMG), a US based company in this sector, for the goodwill, IP and certain items of equipment of both Otro Companies. They have subsequently put forward a newco, Clarenova Limited, as the purchasing vehicle.

Initially, the offer was unacceptable however as mentioned below, after further negotiations, we moved forward considerably to a position that offered a better outcome.

The transaction

The completion date of the sale was the 9 September 2020.

The sale was in relation to the assets of both Otro Club Limited and Otro Global Limited. We comment below on the values attributable to the Company’s assets.

On completion, the purchaser has paid £63,000 for the Intellectual Property ( IP) and equipment. £12,000 of this initial payment relates to the assets of Otro Global Limited and is for its computer equipment.

The purchaser had been advised to instruct its own solicitors for independent advice on entering into the negotiations.

4. Pre-appointment considerations

FRP

Purchaser and related parties

The purchaser is Clarenova London Limited. EMG is a US based listed Company with interest in sports media.

To the best of our knowledge there was no prior connection between the purchaser, EMG and the directors, shareholders or secured creditors of the company or their associates.

None of the directors or shareholders are involved in the purchasing business. However, it is intended that the current management team be directors of the Newco.

There are no creditors providing funding to the purchaser.

Assets

The assets of Otro Club Limited are the IP and computer equipment.

Excluded from the transaction is production and IT equipment that is not required by the purchaser. This has been valued at £31,561 on a forced sale basis and will be sold independently via auction by KE valuers.

Sale consideration

The consideration is to be split as follows:

Valuation Comparison (FS)		
IP	£50,000	£53,500
Equipment £1,000		470

The IP realisation is subject to the secured creditor's fixed charge. The equipment is a floating charge asset.

Pre-pack pool consultation

Pre-pack pool consultation is not required as the sale is not to a connected party.

Viability review

A viability review is not required as the sale is not a connected party.

Appendix D

The Administrators' remuneration, disbursements and costs information



Otro Club Limited		Book value	Estimated to Realise
Estimated Outcome Statement as at 9 September 2020		Notes	£
£'000s			
<b>Assets subject to fixed charge</b>			
Investments - Additions		300	-
Intellectual Property		-	50,000
Administration Costs - pre		-	(15,406)
Administration costs		-	(15,000)
<b>Available for Secured Creditor</b>			<b>19,594</b>
Due to 23 Capital		(10,003,078)	(10,003,078)
<b>Estimated shortfall to Secured Creditors</b>		<b>(10,002,778)</b>	<b>(9,983,484)</b>
<b>Assets subject to Floating Charge</b>			
Equipment		51,960	32,561
Cash at Bank		500,482	500,482
Players Prepayment		4,866,488	-
Content Access Rights Prepayment		27,500	-
Software Licences Prepayment		15,256	-
Our Star Club Global Limited/Otro Global Limited		15,982,840	50,000
HM Revenue & Customs - VAT refund		-	85,856
		<b>21,444,526</b>	<b>668,899</b>
<b>Costs of Administration</b>			
Legal fees		-	(5,000)
Administration costs		-	(60,000)
Agents fees		-	(5,000)
Specific Bond		-	(500)
Statutory Advertising		-	(500)
<b>Estimated surplus / (deficit) as regard preferential creditors</b>		<b>11,441,748</b>	<b>597,899</b>
Preferential claims		-	-
<b>Net Property</b>			<b>597,899</b>
Prescribed part			122,580
<b>Available to the floating charge creditor</b>			<b>475,319</b>
Secured Creditor - 23 Capital b/f		-	(9,983,484)
			(9,508,165)
<b>Surplus/(Shortfall) available to unsecured creditors</b>			-
Plus Prescribed part			(122,580)
<b>Available to the unsecured creditors</b>			<b>(122,580)</b>
<b>Unsecured Creditor Claims</b>			
Shortfall as regards secured creditors			
Trade and Expense Creditors		(1,413,414)	(1,413,414)
Accruals		(7,101,661)	(7,101,661)
Otro Media Ltd - Inter Company Account		(100)	(100)
Otro Technology Ltd - Inter Company Account		(100)	(100)
<b>Total surplus / (deficit) to as regards Unsecured Creditors</b>		<b>2,926,473</b>	<b>(8,637,855)</b>

**Otro Club Limited (In Administration)**  
**Joint Administrator's fee estimate as at 9 September 2020**

Activity	Hours	Total Cost (£)	Average hourly rate £
ADMINISTRATION	95.0	20,020	211
ASSET REALISATION	34.5	9,995	290
STATUTORY COMPLIANCE AND REPORTING	58.0	15,420	266
TRADING	-	-	#DIV/0!
INVESTIGATION	41.0	10,210	249
CREDITORS	50.0	13,760	275
LEGAL AND LITIGATION	16.0	5,630	352
<b>TOTAL</b>	<b>294.5</b>	<b>75,035</b>	

Hourly Charge out rates:	
	£
Appt taker/partner	370-495
Managers/directors	280-370
Other professional	165-230
Junior Professional/support	80-110

The above fee estimate is based on the assumptions contained in the accompanying schedule of work.

The office holder anticipates that it will be necessary to seek further approval. The reasons it may be necessary to seek further approval are set out in the documentation accompanying this estimate.

Time costs are maintained on computerised records of all time spent on the administration of each case. Matters dealt with during the assignment are dealt with by different members of staff depending on the level of complexity and experience required. Time is charged to the case in maximum of six minute units. Charge-out rates are based on individual expertise, qualification and grade. The costs of the firm's support staff are not directly charged to the estate unless dealing with directly identifiable case specific matters. Charge out rates are reviewed at least annually, details of FRP Advisory's charge out rates applicable to this assignment are set out above.

Further information can be found in the Creditors' Guide to Fees which you can access using the following link <http://www.frpadvisor.com/fees-guide.html>. Alternatively, a hard copy of the relevant guide will be sent to you on request.

On occasions it may be necessary to change the rates applicable to the work undertaken and if this occurs during the period of the assignment this will be notified to creditors as part of the normal reporting procedures.

## **FRP Advisory Trading Limited ("FRP")**

### **DISBURSEMENT POLICY**

Disbursements are expenses met by and reimbursed to an office holder in connection with an insolvency appointment.

There are two types of disbursements; direct disbursements (known as Category 1) and indirect disbursements (known as Category 2).

#### **Category 1 disbursements:**

These are payments to independent third parties where there is specific expenditure directly referable to the appointment in question, these include but are not limited to such items as case advertising, storage, bonding, searches, insurance.

Category 1 disbursements can be drawn without prior approval

#### **Category 2 disbursements**

These are expenses that are directly referable to the appointment in question but not to a payment to an independent third party. With the exception of mileage FRP do not charge category 2 disbursements.

Mileage payments made for expenses relating to the use of private vehicles for business travel, which is directly attributable to the insolvency estate, are paid by FRP at the HMRC approved mileage rate prevailing at the time the mileage was incurred, at the time of this report this is 45p per mile.

Category 2 disbursements require prior approval in the same manner as an office holder's remuneration.

## Otro Club Limited (IN ADMINISTRATION)

### Schedule of Work

The table below sets out a detailed summary of the work undertaken by the office holder to date and details of the work it is anticipated will be undertaken by the office holder throughout the duration of this assignment. Details of assumptions made in compiling this table are set out below. The fee basis for the different categories of work are set out in this table together with an estimate of the estimated fee for each category of work where this can be estimated.

Where the fee basis proposed is time costs, further details of the estimated time costs to be incurred are set out in the fee estimate accompanying this schedule.

Where work undertaken results in the realisation of funds (from the sale of assets; recoveries from successful actions taken against third parties), there may be a financial benefit to creditors should there be sufficient funds available to make a distribution to one or more class of creditor. In this case, work undertaken will include the scrutiny and agreement of creditor claims.

A proportion of the work undertaken by an Insolvency Practitioner is required by statute, including ensuring the appointment is valid, notifications of the appointment to third parties, regular reporting on the progress, notifying statutory bodies where required in relation to the conduct of the directors, complying with relevant legislation and regulatory matters. This may not have a direct financial benefit to creditors but is substantially there to protect creditors and other stakeholders and ensuring they are kept informed of developments.

#### GENERAL ASSUMPTIONS IN COMPILING THIS SCHEDULE OF WORK

- The records received are complete and up to date
- There are no matters to investigate or pursue
- The work that may be undertaken by any subsequently appointed Liquidator has been excluded
- No financial irregularities are identified
- A committee of creditors is not appointed
- There are no exceptional queries from stakeholders
- Full co-operation of the directors and other relevant parties is received as required by legislation
- There are no health and safety or environmental issues to be dealt with
- The case will be closed within 12 months

## Otro Club Limited (IN ADMINISTRATION)

## Schedule of Work

Note	Category	
1	<b>ADMINISTRATION AND PLANNING</b> <b>Work undertaken to date</b>	<b>ADMINISTRATION AND PLANNING</b> <b>Future work to be undertaken</b>
	<b>Regulatory Requirements</b> Completed Anti Money Laundering (AML) risk assessment procedures and "Know Your Client" checks in accordance with AML regulations. Completed take on procedures which included consideration of professional and ethical matters and other legislation such as the Bribery Act and Data Protection Act.  In addition to the above take on procedures we have considered if there are any other case specific matters to be aware of prior to or on appointment, including health and safety; environmental concerns; particular licenses or registrations; tax position; and, profile of the client or its stakeholders.  Obtaining creditor information to ensure that notice of the administration is sent to all relevant parties in a timely manner.  Called for the directors to prepare a Statement of Affairs.  The work undertaken in this category is generally of a statutory nature and is not expected to provide a financial benefit to creditors.	<b>General matters</b> Regularly reviewing the conduct of the case and the case strategy and updating as required as required by the insolvency practitioners regulatory professional body to ensure all statutory matters are attended to and to ensure the case is progressing. This aids efficient case management.  Reporting to members and creditors as required by legislation to update them on the progress of the matter during the reporting period and filing statutory reports as required.
	Completed statutory notices to the Company's creditors to notify them of our appointment.	Reporting to members and creditors as required by legislation to update them on the progress of the matter during the reporting period and filing statutory



## Otro Club Limited (IN ADMINISTRATION)

## Schedule of Work

	<p>The work to be undertaken in this category is generally of a statutory nature and is not expected to provide a financial benefit to creditors.</p>	<p>reports as required. Dealing with any queries arising following the circulation of statutory reports.</p> <p>Arrange for an insolvency bond to protect the assets available.</p> <p>Bringing the conduct of the insolvency process to a close when all matters are complete in accordance with the relevant requirements.</p> <p>The work to be undertaken in this category is generally of a statutory nature and is not expected to provide a financial benefit to creditors.</p>
	<b>Ethical Requirements</b>	
	<p>Prior to the Joint Administrator's appointment, a review of ethical issues was undertaken, and no ethical threats were identified.</p> <p>The work undertaken in this category is generally of a statutory nature and is not expected to provide a financial benefit to creditors.</p>	<p>Further ethical reviews will be carried out periodically.</p> <p>The work undertaken in this category is generally of a statutory nature and is not expected to provide a financial benefit to creditors.</p>
	<b>Case Management Requirements</b>	
	<p>We have determined the case strategy and documented this.</p> <p>Ensured that all appointment documentation has been properly filed and submitted.</p> <p>Setting up insolvent estate bank accounts.</p> <p>Compiling a forecast of the work that has done or is anticipated to be undertaking throughout the duration</p>	<p>Determine case strategy and document this.</p> <p>Obtaining legal advice on the validity of appointment to ensure all required documentation has been properly filed and submitted. In addition, this would include a review of any security documentation to confirm the validity of any charges.</p> <p>Setting up and administering insolvent estate bank accounts throughout the duration of the case</p>

## Otro Club Limited (IN ADMINISTRATION)

### Schedule of Work

	<p>of the case, circulating this to creditors with other such documentation as required.</p>	<p>Assisting the directors where needed in producing the Company's Statement of affairs</p> <p>Correspondence with the former advisors to the Company requesting third party information to assist in general enquiries.</p> <p>Compiling a forecast of the work that has been or is anticipated will be undertaken throughout the duration of the case, circulating this to creditors together with other such documentation as required to enable the relevant approving creditors to assess and vote on the fee bases proposed.</p> <p>The work to be undertaken in this category is generally of a statutory nature or represents appropriate case management and is not expected to provide a financial benefit to creditors.</p>
<b>2</b>	<p><b>ASSET REALISATION</b> <b>Work undertake to date</b></p> <p>One of the main purposes of an insolvency process is to realise the insolvency assets and to ensure a fair distribution of the proceeds to the creditors in the correct order of priority as set out by legislation.</p> <p><b>Sale of part of the business and assets</b> As mentioned in the SIP16 report, we have</p> <ul style="list-style-type: none"> <li>- Included within the sales agreement was Intellectual Property of £50,000.</li> <li>- Also included with the sales agreement was Equipment of £1,000.</li> </ul>	<p><b>ASSET REALISATION</b> <b>Future work to be undertaken</b></p> <p><b>Inter-company debts</b> Monitor and collect any potential dividend from inter-company loan account with Otro Global Limited.</p> <p><b>Sale of part of the business and assets</b> Ensure agreed consideration is received in accordance with the SPA</p> <p><b>HMRC</b> Liaise with HMRC to ensure that any potential VAT refunds are realised.</p> <p>Challenge to rateable values</p> <p>Where applicable disclaiming assets which are onerous.</p>

## Otro Club Limited (IN ADMINISTRATION)

### Schedule of Work

	<p><b>Cash at Bank</b> We have written to the bank and corresponded via email to ensure that the cash at bank is received.</p>	<p>Ensure VAT refund is received.</p> <p><b>Cash at Bank</b> Continue to liaise with the bank to ensure that the cash at bank is received.</p>
<b>3</b>	<p><b>STATUTORY COMPLIANCE AND REPORTING</b> <b>Work undertaken to date</b></p> <p>The Administrator is required to provide creditors with the proposals for the conduct of the Administration for approval by creditors in accordance with legislation.</p> <p>The work undertaken in this category is generally of a statutory nature or represents appropriate case management practice and is not expected to provide a financial benefit to creditors, other than by virtue of any distribution that might receive.</p>	<p><b>STATUTORY COMPLIANCE AND REPORTING</b> <b>Future work to be undertaken</b></p> <p>To obtain the appropriate creditor approval for the basis on which the office holder's fees will be calculated.</p> <p>To calculate and protect the value of assets that are not subject to a charge by obtaining a bond to the correct level.</p> <p>Advertising notice of the office holders appointment as required by statute</p> <p>To provide a statutory reports to various stakeholders at regular intervals and manage any queries arising therefrom. Copies of these reports are required to be filed at Court / Registrar of Companies</p> <p>To place legal advertisements as required by statute which may include formal meetings of creditors and notices to submit claims</p> <p>Dealing with post appointment VAT and or other tax returns as required.</p>

## Otro Club Limited (IN ADMINISTRATION)

## Schedule of Work

		<p>To deal with the statutory requirements in order to bring the case to a close and for the office holders to obtain their release from office; this includes preparing final reports for stakeholders statutory advertising and filing the relevant documentation with the Court / Registrar of Companies</p> <p>The work undertaken in this category is generally of a statutory nature or represents appropriate case management practice and is not expected to provide a financial benefit to creditors, other than by virtue of any distribution that might receive.</p>
<b>4</b>	<b>INVESTIGATIONS</b>	
	<p>An IP has a duty to review the books and records and other information available to identify the assets that may be available to realise for the benefit of the insolvency estate.</p> <p>Furthermore, there may be other antecedent or voidable transactions that are identified which if pursued could make the funds available for the insolvency estate.</p>	<p>Request all directors of the Company, both current and those holding office within 3 years of the insolvency to complete a questionnaire to assist in preparing the statutory return to the Department of Business Energy and Industrial Strategy ("DBEIS") in accordance with the Company Directors Disqualification Act.</p> <p>Reporting to DBEIS in accordance with the Company Directors Disqualification Act.</p> <p>Information provided to DBEIS is confidential but can be used by DBEIS in identifying conduct that should be investigated further and could result in individuals being disqualified from acting as a director.</p> <p>Considering information provided by all stakeholders that might identify further assets or lines of enquiry for the office holder to explore if benefit to the estate is possible.</p> <p>Consideration of whether any matters have come to light which require notification to the Secretary of State or National Crime Agency.</p>

**Otro Club Limited (IN ADMINISTRATION)**

**Schedule of Work**

		<p>Review of information that comes to our attention to determine whether there are potential actions that might result in further realisation for the Company.</p> <p>The work to be undertaken in this category is generally of a statutory nature or represents appropriate case management practice and is not expected to provide a financial benefit to creditors. Where work is to be undertaken in respect of potential actions, this may provide a financial benefit to creditors.</p>
<b>5</b>	<p><b>CREDITORS</b> <b>Work undertaken to date</b></p> <p><b>Secured Creditors:</b> Liaised with the secured creditors and obtained their consent to the ongoing strategy.</p> <p><b>Preferential creditors:</b> There are no preferential creditors in this matter.</p>	<p><b>CREDITORS</b> <b>Future work to be undertaken</b></p> <p><b>Secured Creditors:</b> Secured creditors hold a mortgage or charge over assets of the insolvent estate, when that asset is sold during the insolvency the secured creditor will receive the proceeds that is subject to any valid security. If there is a surplus this will be retained in the insolvent estate. If there is a shortfall the balance is an unsecured debt in the insolvent estate.</p> <p>Prior to making a distribution to secured creditors the office holder will obtain advice on the validity of security before making payment.</p> <p>Before making a payment to a secured creditor who holds a floating charge the office holder will need to ascertain if a prescribed part, (essentially a ring fenced sum of money) must first be set aside for the benefit of the unsecured creditors.</p> <p><b>Unsecured creditors:</b> If sufficient funds are available to make a distribution to the unsecured creditors the office holder will write to all known creditors to notify of the possibility of a distribution and requested submission of claims. To date the IP is aware of 26 potential creditors according to the Information currently available. As required the office holder will advertise for claims and adjudicate</p>

## Otro Club Limited (IN ADMINISTRATION)

### Schedule of Work

		<p>on them if there are sufficient funds to make a distribution, either agreeing or rejecting, in full or in part. There is a statutory time limit to enable creditors whose claims have been rejected to appeal, once this time limit has passed the office holder will make a distribution to creditors.</p> <p><b>HMRC claims:</b> Liaising with HMRC to establish their claim and seeking tax advice to minimise claims and maximise returns to creditors where appropriate.</p> <p><b>Assets on finance:</b> Establishing the position with regards assets on finance and arranging for assets to be returned to finance company if needed.</p> <p><b>Leasehold properties:</b> Establishing the position with regards leasehold properties and liaising with landlords.</p> <p><b>Pensions:</b> Establishing the position with regards any Employer pension scheme, notifying the relevant parties in accordance with the legislation. Where appropriate appointing an independent trustee to the scheme and winding it up.</p> <p>The work to be undertaken in this category is generally of a statutory nature or represents case management practice required by the Insolvency Practitioners' regulators and is not expected to provide a financial benefit to creditors.</p>
	<b>TOTAL ESTIMATED FEES</b>	<p><b>The total estimated post appointment time costs are £75,000. Further details of the time costs are set out in the attached fee estimate.</b></p>

**FRP Advisory Trading Limited**  
**Otro Club Limited**  
**Company Registered Number: 10393204**  
**B - Company Creditors**

Key	Name	Address	£
CC00	A Erin Ruane	1729 Walnut Avenue, Manhattan Beach, California 90266	6,591.09
CC01	Charles Russell Speechlys	5 Fleet Place, London, EC4M 7RD	2,409.70
CC02	Corsica Partners	153 Egret Avenue, Naples, FL 34108	18,643.37
CC03	Footwork Productions Ltd	2nd Floor, 33 Portland Street, London, W1W 8QG	482,714.79
CC04	Frankfurt Kurmit Klein & Selz	488 Madison Avenue, New York, NY 10022	10,987.50
CC05	Getty Images	101 Bayham Street, London, NW1 0AG	13,200.00
CC06	Greg Williams Photography	Lower Ground Floor, 33b North Row, London, W1K 6DG	1,003.10
CC07	James David Rodriguez Rubio	Pfenzauerstrasse, 32 81679, Munich, Germany	51,222.18
CC08	JB 17 GmbH	Brandenburgische Str., 44 A 10707, Berlin, Germany	112,990.09
CC09	Khoros	1 Pier, Suite 1A, San Francisco, CA 94111	19,880.00
CC0A	Kin Partners Limited	2-16 Gogode Street, London, W1T 2QA	392,075.63
CC0D	Loucas	The Carriage House, Mill Street, Maidstone, Kent, ME15 6YE	588.00
CC0E	Manchester City	Etihad Stadium, Manchester, M11 3FF	94,158.42
CC0F	Mirk Management	Skoon 80G, 1511 HV, Oostzaan	21,656.43
CC0G	Mobile5 Media	Bankside 3, 90-100 Southwark Street, London, SE1 0SW	19,000.00
CC0H	Northridge Law LLP	90 Bartholomew Close, London, EC1A 7BN	22,598.02
CC0I	Realmadrid	Avda. Concha Espina, 1 Estadio Santiago Bernabeu, 28036 Madrid	94,158.41
CC0J	Roc Nation LLC	3rd Floor, Elsie Court, 20-22 Great Titchfield Street, London, W1W 8BE	18,831.68
CC0K	Triple S Sports And Entertainment Group	Great Oak Farm Offices, Mag Lane, Lymm, Cheshire, WA13 0TF	17,589.36
CC0L	UEFA Route de Geneve	CH-1260, Nyon 2, Switzerland	8,285.63
CC0M	Ugam	Prism Tower, B-Wing, 6th Floor, Malad Link Road, Goregaon(W), Mumbai, Maharashtra - 400062, India	2,960.00
CC0N	Vizulink	1, The Works, Millbrook Road, East Southampton, SO15 1HN	1,870.82
<b>22 Entries Totalling</b>			<b>1,413,414.22</b>

Signature \_\_\_\_\_

## Appendix E

### Schedule of pre-administration costs

**FRP**

Suppliers:	Note	Fees Charged (£)	Expenses Incurred (£)
FRP	1 & 2	50,000.00	-
Metis Partners	3	6,500.00	-
Knighton Evans	4	2,893.50	-
Shakespeare Martineau	5	6,013.00	-
Amounts paid		(50,000.00)	( - )
Unpaid pre-administration costs for which approval is being sought		15,406.50	-

#### Notes

- The fees shown are based on time spent prior to the formal appointment, these costs represent a fair and reasonable reflection of the work undertaken prior to the appointment of Administrators which is further explained below.
- The work undertaken by FRP prior to formal appointment included:
  - Attending various initial meetings with the directors and management teams in respect of the Company's operations.
  - Advise the directors in relation to the appointment of Administrators.
  - Assist the directors and members in filing the appropriate legal notices to obtain a court moratorium.
  - Liaise with the secured creditor regarding our appointment and the administration strategy.



## Appendix E

**FRP**

### Schedule of pre-administration costs

- Review the Company's creditor position.
- Liaise with Shakespeare Martineau Solicitors in relation to the formalities in respect of the Administrator's appointment.
- Liaising with the secured creditor to discuss the proposed strategy and undertake further work, as deemed appropriate by the secured creditor to confirm the proposed strategy.
- Preparing a strategy to maximise the Company's assets.
- Liaising with chattel agents and solicitors to ensure that the strategy could be delivered as expected
- Overseeing the sale process, identifying potential bidders and negotiating with interested parties as appropriate
- Liaising with solicitors to agree sale contract and complete sale transaction

The Company paid £50,000 on account of pre-appointment time costs.

3. Metis Partners, Independent valuers, were instructed to assist in the valuation of the Company's Intellectual Property at a cost of £11,500.00 plus VAT. We allocated £5,000 to Otro Global Limited of this fee in relation to the goodwill. These costs will be borne by the fixed charge holder.
4. Knighton Evans, independent valuers, were instructed to assist with the valuation of the Company's assets and then sell those assets via auction at a cost of £2,893.50 plus VAT.
5. Shakespeare Martineau LLP were instructed to assist with the formalities of the appointment of the Administrators as well as advising on the sale of the business and drafting the sale agreement at a cost of £6,013.00 plus VAT.