In accordance with Rule 3.93(1) of the Insolvency (Scotland) (Company Voluntary Arrangements and Administration) Rules 2018.

AM10 (Scot)

Notice of administrator's progress report

Companies House

TUESDAY

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SCT 31/03/2020 #16

COMPANIES HOUSE

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

1 Company details

Company number	S C 1 0 4 6 5 7
Company name in full	British Midland Regional Limited

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

2 Administrator's name

Full forename(s)	Francis Graham
Surname	Newton

3 Administrator's address

Building name/number	c/o BDO LLP Central Square
Street	29 Wellington Street
Post town	Leeds
County/Region	
Postcode	L S 1 4 D L
Country	

4 Administrator's name ●

Full forename(s)	Antony
Surname	Nygate

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

5 Administrator's address ●

Building name/number	55 Baker Street
Street	
Post town	London
County/Region	
Postcode	W 1 U 7 E U
Country	

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

AM10 (Scot)
Notice of administrator's progress report

6 Period of progress report

From date	1 8	0 8	2 0 1 9
To date	1 7	0 2	2 0 2 0

7 Progress report

☑ I attach a copy of the progress report

8 Sign and date

Administrator's signature

Signature

X [signature] X

Signature date	3 0	0 3	2 0 2 0

AM10 (Scot)

Notice of administrator's progress report

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	Andrew Rudge
Company name	BDO LLP
Address	Central Square
	29 Wellington Street
Post town	Leeds
County/Region	
Postcode	L S 1 4 D L
Country	
DX	
Telephone	0113 290 6174

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 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,
Fourth floor, Edinburgh Quay 2,
139 Fountainbridge, Edinburgh, Scotland, EH3 9FF.
DX ED235 Edinburgh.

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

British Midland Regional Limited t/a Flybmi (In Administration) ('the Company')

Progress Report in terms of Rules 3.93 and 3.94 of the Insolvency (Scotland) (Company Voluntary Arrangements and Administration) Rules 2018 ('the Rules' or 'Insolvency (Scotland) Rules 2018')

Period of Report: From 18 August 2019 to 17 February 2020 ('the Period')

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A. Joint Administrators' Receipts & Payments for the Period 18 August 2019 to 17 February 2020
B. Estimated Outcome Statement
C. Time Costs & Outlays in Report Period
D. Time Costs to 17 February 2020 and Statement of Charge Out Rates

Francis Graham Newton, of BDO LLP, Central Square, 29 Wellington Street, Leeds, LS1 4DL, Antony David Nygate of BDO LLP, 55 Baker Street, London, W1U 7EU and James Bernard Stephen of BDO LLP, 4 Atlantic Quay, 70 York Street, Glasgow, G2 8JX were appointed Joint Administrators on 18 February 2019. The business and assets of the Company are now managed by the Joint Administrators. The Joint Administrators act as agents of the Company, without personal liability.

Francis Graham Newton is authorised to act as an insolvency practitioner in the UK by the Insolvency Practitioners Association. Office holder number 9310;
Antony David Nygate is authorised to act as an insolvency practitioner in the UK by the Institute of Chartered Accountants in England and Wales. Office holder number 9237; and
James Bernard Stephen is authorised to act as an insolvency practitioner in the UK by the Institute of Chartered Accountants in England and Wales. Office holder number 9273.

The Joint Administrators are bound by the Insolvency Code of Ethics which can be found at: https://www.gov.uk/government/publications/insolvency-practitioner-code-of-ethics.

The Joint Administrators are Data Controllers as defined by the General Data Protection Regulations. Personal data will be kept secure and processed only for matters relating to the Administration of British Midland Regional Limited t/a Flybmi. Please see the privacy statement at https://www.bdo.co.uk/en-gb/legal-privacy/privacy-notice.

This progress report has been prepared by the Joint Administrators solely to comply with their statutory duty under the Insolvency Act 1986 and Insolvency (Scotland) Rules 2018 to provide members and creditors with an update on the progress of the Administration and for no other purpose. This report is not suitable to be relied upon by any other person, or for any other purpose or in any other context including any decision in relation to the debt of or any financial interest in the Company. Any person that chooses to rely on this report for any purpose or in any context other than under the Insolvency Act 1986 and Insolvency (Scotland) Rules 2018 does so at their own risk. Any estimated outcomes for creditors included in this report are illustrative only and cannot be relied upon as guidance as to the actual outcomes for individual creditors.

1 INTRODUCTION

1.1 This is a statutory report to creditors on the progress of the Administration of British Midland Regional Limited t/a Flybmi. The report should be read in conjunction with previous reports and the Joint Administrators' Proposals. A copy of this report will be submitted to the Court and Registrar of Companies.

1.2 The management of this case is being undertaken in our Liverpool office. Should you wish to discuss this progress report our contact details are as follows:

Office Address :	BDO LLP, 5 Temple Square, Temple Street, Liverpool, L2 5RH
Case Manager:	Alice Denmark 0151 237 4497 or David Forster 0151 237 4530 Email: BMR@bdo.co.uk

2 STATUTORY INFORMATION

2.1 The Joint Administrators are:

- Francis Graham Newton (Office Holder No: 9310) of BDO LLP, Central Square, 29 Wellington Street, Leeds, LS1 4DL;
- Antony David Nygate (Office Holder No: 9237) of BDO LLP, 55 Baker Street, London, W1U 7EU; and
- James Bernard Stephen (Office Holder No: 9273) of BDO LLP, 4 Atlantic Quay, 70 York Street, Glasgow, G2 8JX.

2.2 The Joint Administrators were appointed in respect of the Company on 18 February 2019. Under the provisions of paragraph 100(2) of schedule B1 of the Insolvency Act 1986 the Joint Administrators carry out their functions jointly and severally meaning any action can be done by one Administrator or all of them.

2.3 The Joint Administrators were appointed by the Board of Directors under Paragraph 22 of Schedule B1 of the Insolvency Act 1986. The Administration proceedings are dealt with in the Court of Session and the court case number is P173/19.

2.4 The Company's registered office is situated at 4 Atlantic Quay, 70 York Street, Glasgow, G2 8JX and the registered number is SC104657. The registered office prior to Administration was Lightyear Building, 9 Marchburn Drive, Glasgow Airport, Paisley, Renfrewshire, PA3 2SJ.

2.5 We enclose at Appendix A, for your information, a summary of our receipts and payments to 17 February 2020. The receipts and payments shown are largely self-explanatory, although we would comment specifically on the following:

Receipts

2.6 Key receipts in the Period include:

(a) Funds from IATA: Following correspondence with IATA and after the reconciliation of the Company's account the sum of USD $1.8m has been agreed as due to the Company. The sum of $1.2m (GBP £927k) has been received in the Period and is shown within Book debts. The balance due from IATA totalling $600k (GBP £465k) was received on 20 February 2020, outside of the Period. This receipt does not therefore show on the attached summary of receipts and payments.

(b) Book debts: At the time of our progress report dated 27 September 2019 (the '**First Progress Report**'), you will recall that negotiations were in progress as regards settlement of a debt totalling c£75k. These negotiations have been concluded and funds of £76,679 have been realised.

(c) Cash at Bank: National Westminster Bank Plc (the '**Bank**') have accounted to us for further funds held in various bank accounts. In the Period, we have realised £37,670. As stated in the First Progress Report, this figure excludes approximately £1.7m held in a designated account (see Section 7.6 for further details), which is secured by Worldpay UK Limited ('**Worldpay**'), the Company's merchant services provider, pursuant to its fixed charge security.

(d) IT, Office Furniture and Equipment: Our agents, Wyles Hardy & Co ('**WH**'), have sold the Company's IT, office furniture and equipment and have accounted to us in the Period for the sale proceeds of £12,690.

(e) Motor Vehicles: WH have also sold a cherry picker realising £4,000.

(f) Stock: Additional stock has been sold and further realisations of £87,000 have been received.

(g) The aircraft engine, which was subject to the Secured Lenders fixed charge was sold for the sum of approximately £40k plus VAT and a corresponding fixed charge distribution (excluding VAT) paid to the Secured Lenders.

Payments

2.7 Key payments in the Period include:

(a) Administrators' Fees: £117,000 has been drawn on account of costs incurred by the Joint Administrators as approved by creditors. Please refer to Section 9 for further details.

(b) Agents' Fees: A total of £85,433 has been paid in respect of Agents' Fees to two parties. WH have been paid £83,333 for their work in connection with attending the various premises occupied by the Company, assisting with retention of title claims, preparing valuations and inventories and undertaking the sale of the Company's chattel assets and stock. Sanderson Weatherall were paid £2,100 to review the various leases in respect of leasehold properties occupied by the Company.

(c) Consultancy Fees: Prior to the Administrators' appointment, the Company benefitted from a number of landing slots in respect of the numerous routes it operated at various European airports. As noted in our First Progress Report, these had been transferred to Loganair Limited ('**LA**') (a connected company) prior to our appointment to prevent them being lost to other airlines. Following our appointment, a specialist agent was engaged (jointly with LA) to market them for sale, albeit unsuccessfully. The sum of £16,100 has been paid in respect of their agreed fees. A further payment of £2,820 in respect of consultancy fees was paid to Steven West for his assistance in securing the monies recovered from IATA.

(d) Insurance: The sum of £6,805 has been paid to JLT Specialty Ltd in respect of insurance cover provided to the Joint Administrators following their appointment.

(e) IT Services: payments totalling £59,238 have been paid to two IT providers in respect of IT services that had been retained to enable ongoing access to financial and aircraft data, leasing information, stock information and employee records in particular flight and training records. All IT services have now ceased.

(f) Legal fees: As noted in our First Progress Report, the services of three legal advisors were engaged following our appointment. In the Period, £102,285 and £19,109 have been paid in respect of post Administration and pre-Administration legal fees respectively. Post Administration fees have been paid to DWF Law LLP ('**DWF**')(£81,270) for advice relating to the validity of the Administrators' appointment, secured creditor claims, employee matters (UK and overseas), aircraft leases, property leases, stock agreements and general legal advice. Additionally, Hammarskiold were paid £16,379 for advice relating to employment rights of Swedish employees and Strelia were paid £4,636 for advice relating to Belgium employees. The pre-Administration fees of £19,109 have been paid to DWF and were included in the Joint Administrators' Proposals that were approved by creditors on 29 April 2019.

(g) PR/Media: Following our appointment, Headland PR Consultancy LLP ('**Headland**') were engaged to support the Joint Administrators with press/media enquiries, social media and political monitoring, and to liaise with LA's media agents. Headland's fees totalling £28,750 have been paid in the Period.

(h) Rent: In the Period, rent of £12,239 has been paid to the landlord of the Company's leasehold premises at East Midlands Airport and Aberdeen International Airport which were utilised by the Company during the wind-down period. All leasehold properties have been vacated.

(i) Utilities: The sum of £10,817 has been paid to Aberdeen International Airport for utility costs incurred by the Company in the wind-down period.

2.8 At Appendix B is an Estimated Outcome Statement, based on current information which shows the estimated final outcome for each class of creditor. We discuss the anticipated outcome for creditors in Section 8 of this report.

3 PROPOSALS APPROVED

3.1 The Joint Administrators' proposals ('the **Proposals**') summarised below were approved by a deemed consent procedure on 29 April 2019.

(a) They continue to manage the Company's business and realise assets in accordance with objective (c), the third statutory purpose of the Administration.

(b) They may investigate and, if appropriate, pursue any claims the Company may have under the Companies Act 1985 and 2006 or Insolvency Act 1986 or otherwise. In addition, the Joint Administrators shall do all such other things and generally exercise all their powers as Joint Administrators as they in their discretion consider desirable in order to achieve the purpose of the Administration or to protect and preserve the assets of the Company or to maximise their realisations or for any other purpose incidental to these proposals.

(c) If there are sufficient assets to enable payment of a dividend to unsecured creditors beyond the prescribed part, that the Joint Administrators, at a time they see fit, are empowered to file the necessary returns at Court and with the Registrar of Companies to place the Company into Creditors' Voluntary Liquidation (**'CVL'**) pursuant to Paragraph 83 of Schedule B1 of the Insolvency Act 1986 and that the Joint Administrators be appointed Joint Liquidators of the Company. Any one Joint Liquidator may exercise all and/or any powers which are conferred on them as Joint Liquidators.

(d) If there are insufficient assets to enable payment of a dividend to unsecured creditors beyond the prescribed part, that the Joint Administrators arrange for the Company to exit the Administration by way of dissolving the Company under Paragraph 84 of Schedule B1 of the Insolvency Act 1986.

3.2 A creditor committee has not been formed.

3.3 A decision was also obtained from creditors that fixed the Joint Administrators' fees on a time costs basis.

4 DEVIATIONS FROM PROPOSALS

4.1 We have not deviated from the Proposals and the purpose of the Administration is to continue to manage the Company's business and realise assets in accordance with objective (c), the third statutory purpose of the Administration, being to realise property in order to make a distribution to one or more secured or preferential creditors. However, in this instance, as detailed in this report there will be funds available for the unsecured creditors of the Company by virtue of the unsecured creditors funds which the Joint Administrators are obliged to set aside from floating charge realisations under statute (the **"Prescribed Part"**). Please refer to Section 8 for further information.

5 ACTIONS IN THE PERIOD

5.1 Issues marked with an asterisk (*) will not contribute to the financial outcome for the creditors but are statutory or regulatory duties imposed on the Joint Administrators.

Planning and Strategy (33.35 hours in the Period, time cost £9,615)

5.2 This area of work is led by a director or senior manager, with support at manager level in documenting and recording proposed strategy. Although this work does not directly benefit creditors, it does contribute to the efficient management of this insolvency appointment and contributes to reducing costs. In the Period the following was specifically dealt with:

- Liaising with key stakeholders, engaging with specialists and planning the overarching strategy.
- Meetings and conference calls to review outstanding issues and agree priorities and timescales to ensure that matters progress.

General Administration (271.55 hours in the Period, time costs £67,353)

5.3 The majority of this work requires a range of insolvency knowledge and experience, balanced with good accounting and administrative skills and is delegated largely to executives with suitable levels of experience, supervised by directors or managers. In the Period, the following was specifically dealt with:

- *Reviewing and regularising affairs regarding insurance, VAT, and taxation.
- Ongoing investigations into the affairs and transactions of the Company in the period prior to the Administration.
- Liaising with solicitors on various legal matters.
- Day to day management of the Administration.
- *Recording all receipts and payments in the Period and preparing reports on receipts & payments for review, raising journal entries as appropriate and liaising with cashiers, undertaking periodical reconciliations of bank accounts, ensuring appropriate approval of all costs including approval of remuneration and matching costs of specialists against their expense estimates.
- *Dealing with statutory and regulatory matters.
- General administrative matters, enquiries from stakeholders, passengers and creditors and drafting replies as required.
- Meetings and discussions on the progress of the Administration as regards ongoing issues.
- Maintaining and filing documentation received on internal Administration files.

Asset Realisation/Management (99.75 hours in the Period, time costs £28,241) - includes 1.90 hrs (£667) which has been allocated to trading but relates to asset realisations and will be adjusted after the Period end.

5.4 This area of work requires a greater level of commercial experience than the general administration category of work, together with decision-making skills. The work is led at director or senior manager level supported by executives with suitable competencies. Major decisions are escalated to the Joint Administrators. In the Period, the following was specifically dealt with:

- Identifying and controlling recorded assets.
- Evaluating the strategy on realising assets and reconciling recoveries. Tracing of assets revealed through investigation or third party information.
- Continuing to liaise with Valuers/Chattel Agents.
- Dealing with ongoing issues relating to leasehold properties.
- Undertaking/managing the debt collection process. Protracted negotiations with debtors and/or their legal advisors. Undertaking detailed reviews of and analysing correspondence received from debtors to consider settlement proposals.
- Preparing detailed file notes to evidence decisions made as regard settlements proposed from debtors or third parties and assets not cost effective to pursue.
- Dealing with chattel assets, including consumable and rotable stock and consulting/liaising with specialist agents to agree disposal strategies and monitoring the same.
- Liaising with finance companies as regards third party, HP and leased assets.
- Liaising with the Bank as regards funds released to the Joint Administrators and funds that continue to be held by the Bank.

- Concluding the sale of the Engine to the Secured Lender.

Employee Matters (41.20 hours in the Period, time costs £9,792)

5.5 This area of work requires employment law and insolvency knowledge. The work has been predominantly undertaken at assistant manager level with an overview provided at manager and senior manager level. In the Period, the following was specifically dealt with:

- Ongoing monitoring of various Employment Tribunal ('**ET**') claims for Protective Awards ('**PA**'), including receiving ET claims and consenting to proceedings, dealing with queries and information requests from unions and lawyers (including review of witness bundles for ET hearings).
- Review of ET Judgments, including submission and progression of Judgments, including liaison with the Redundancy Payments Service ('**RPS**') and ERA Solutions Limited ('**ERA**'), our specialist employment agents who have assisted with employee claims.
- Dealing with former employee requests for personnel/training records and flight crew records, plus other HR related matters.
- Responding to prospective employer requests for references and confirmation of employment periods.
- Ongoing assistance with overseas employee claims, such as the submission of official documentation to overseas 'closure funds' and assisting overseas employees with ongoing queries regarding their claims.

Creditor Claims (32.85 hours in the Period, time costs £8,310)

5.6 The work is led at manager level supported by executives with suitable competencies. In the Period, the following was specifically dealt with:

- Liaising with creditors regarding their ongoing queries.
- Ongoing recording of creditors' claims received.
- Reviewing claims submitted and identifying whether additional evidence is necessary to support the claims received.
- Liaising with Worldpay in relation to their claim for funds held in the "blocked" account.
- Ongoing review of secured creditors' claims to assess the validity of their security.
- Liaising with the RPS and foreign jurisdiction equivalents in relation to employee preferential and unsecured claims.

Reporting (185.75 hours in the Period, time costs £57,013)

5.7 These activities do not contribute to the financial outcome for creditors - they are statutory duties imposed by the relevant legislation. However, they do contribute to the creditors' understanding of the work being undertaken on their behalf. The work has been undertaken principally by directors, senior managers and managers with support from suitable experienced executives. In the Period, the following was specifically dealt with:

- *Preparing a six month progress report to creditors regarding the progress achieved and outstanding matters for the period from the date of appointment to 17 August 2019.
- *Statutory filing of the progress report to Companies House and Court.

- Preparing a progress report to creditors in order to request approval for a second Interim fee and to extend the Administration for a twelve month period. The progress report included details of the progress achieved and outstanding matters for the period from 18 August 2019 to 17 January 2020.
- Preparation of Receipts & Payments Accounts.
- Updating the Secured Lenders in relation to their security.

Distribution and Closure (1.20 hours in period, time costs £405)

5.8 The formalities of bringing an insolvency to a close are statutory requirements. In the Period, the following was specifically dealt with:

- Liaising with overseas professional advisors as regard post Administration costs.

6 SIP2 INVESTIGATIONS

6.1 We continue to review the pre appointment books and records of the Company to ascertain if there are any transactions that require investigation. This is at an advanced stage of review and we anticipate it will be concluded over the following 2 - 3 months. Should we find any challengeable transactions we will notify creditors as part of our future reporting.

7 OUTSTANDING MATTERS

Cash at Bank

7.1 At the time of the First Progress Report, we understood that the Bank was holding a VAT Deferment bond of £80,000 in favour of HMRC for unpaid duty. The Bank has subsequently stated that this bond was included in funds transferred to the Company in June 2019 and it is therefore recorded as cash at bank. We have asked the Bank to evidence this in order to verify that this is correct and will if appropriate re-allocate this within the receipts and payments attached. A further update will be provided in our next report.

7.2 The Bank also holds a performance bond in favour of a European airport for $36,000, which remains outstanding. In an attempt to accelerate the release of this bond we have written to the relevant airport reminding them of the existence of the bond and requesting it responds directly to the Bank to clarify whether they intend to make a call on the bond. Until the Bank receives consent to release the funds, the funds will remain under the control of the Bank. At this stage a realisation is uncertain. Funds held in Bank controlled accounts will only be transferred to the Company once the Bank is satisfied that the funds will not be called upon.

7.3 A further sum of £35,000 has been transferred by the Bank outside of the Period and is not therefore shown in the Receipts and Payments Account. This leaves a balance of c£5,000 held by the Bank and, absent any claims against these funds, the Bank will transfer this balance to the Company in due course. The Bank is also holding c$64,000 in respect of monies paid to it in error by Worldpay in August 2019. Worldpay has checked its records and has advised that these funds were paid to the Bank in error. The funds are expected to be repaid by the Bank to Worldpay shortly.

Trade debtors

7.4 You will recall that the Company's revenue was principally from two sources: scheduled and non-scheduled income. Further details are provided below.

Scheduled income

7.5 At the date of appointment, several parties were holding funds on behalf of the Company which were subject to rights of set-off. The position with each party can be summarised as follows:

Worldpay

7.6 On appointment, c£1.7m was held in a designated bank account ('the **Blocked Account**') which was subject to fixed charge security in favour of Worldpay. Chargeback claims relating to advance passenger payments for flights which were not fulfilled continue to be submitted to Worldpay pursuant to Section 75 of the Consumer Credit Act.

7.7 Following confirmation from Worldpay that chargeback claims (under Section 75 of the Consumer Credit Act) had been received in excess of c£1.7m, the amount held in the Blocked Account was released to Worldpay. Details of their final unsecured claim against the Company have yet to be submitted.

International Air Transport Association ('IATA')

7.8 We have continued to maintain regular contact with IATA to monitor the position as regards monies held by them totalling c£2.9m, subject to potential set-off claims for non-fulfilment of flights. IATA has provided its final statement of account, which included significant levels of counter-claims against the Company. IATA has provided further documentation to support these counter-claims, which have been reviewed by the Administrators and the former employee retained on a consultancy basis to assist us to review and consider the final IATA reconciliation. In December 2019, it was agreed with IATA that of the funds held by them, approximately $1.8m (USD) was not subject to counterclaim and would be released, which equated to approximately £1.39m. The sum of $1.2m (£927k) has been received in the Period. The balance of $600k (GBP £465k) was received on 20 February 2020, outside of the Period. This receipt does not therefore show on the attached summary of receipts and payments.

Amex/ Diners Club

7.9 The amount due to the Company by Amex and Diners Club remains as previously reported as follows:

- Amex - c£267k; and
- Diners Club - c£26k.

Despite contacting both parties, no formal response has been received. Based on current information the above balances are likely to be subject to passenger chargebacks and, therefore, recoveries remain uncertain. In the absence of any such response we have instructed our solicitors to request a formal response.

Non-scheduled income

7.10 At the date of the Proposals, outstanding debtors totalling c£650k were being pursued. These balances subsequently reduced slightly to c£645k. The majority of the debtor ledger, c£498k, was due from LA and was subject to a valid counter-claim which exceeded the balance due on the debtor ledger.

7.11 In the Period, negotiations have concluded with one debtor and the sum of c£76k has been collected.

7.12 Responses have been received from remaining debtors, although the majority are subject to valid counter-claims. As a result, no further realisations are expected.

Chattel assets

7.13 The majority of the Company's chattel assets have now been sold. There is a small amount of stock held by a third party storage company which the Administrators are negotiating with to obtain release which will then be sold. Once this is finalised, this will conclude the stock realisation exercise. Since our previous report the following steps have been taken.

Engine subject to the Secured Lenders fixed charge

7.14 WH marketed the engine for sale and placed an advertisement in a trade publication. This generated two formal offers, the best of which was from the Secured Lender for the sum of approximately £40k.The sale of the engine and distribution of the net (of VAT) realisations back to the Secured Lender under their fixed charge was concluded in December 2019.

Rotable and Consumable Stock

7.15 A further £87k has been received from WH in the Period following disposal of the residual stock holding. This increased stock realisations for the project as a whole to in excess of £600k.

7.16 Ongoing verification of the stock ownership position has continued in the Period. In the main, this has related to the stock held by the third party storage company, some of which is owned by the Company. Additionally, some of this is also owned by LA and by Aerovision ('AVI') pursuant to stock consignment agreements with the Company. This work is now complete and it is understood each of LA and AVI are in separate discussions with the third party holding this stock to negotiate its release. Subject to the third parties willingness to release the stock owned by the Company, the stock will be sold. It is currently not possible to predict with any certainty the outcome of these negotiations or the likely recoveries.

Employee Matters

Preferential claims

7.17 ERA Solutions have been instructed to review all preferential employee claims. The added complication in this scenario is that there are a number of employees who were located outside of the UK and are therefore subject to differing employment regimes. However, the current expectation is that employee preferential claims (which includes arrears of wages capped at £800, accrued and unpaid/untaken holiday pay and pension contributions to an occupational pension scheme) will be treated in accordance with UK statutory definitions, whether or not the employee in question is located in the UK or not or had a non UK employment contract.

7.18 As noted earlier in this report, the Company has received a number of group claims on behalf of former employees for Protective Awards (**'PAs'**) which are being pursued through employment tribunals (**'ETs'**). To date, a Judgement for 90-day PAs has been handed down in respect of one group claim submitted on behalf of former pilots by the British Air Line Pilots Association ('BALPA'), which amounts to c£700,000. An additional claim in respect of 60+ non-union employees in conjunction with a claim brought by Unite the Union on behalf of its members has also received Judgment of a 90-day PA. This claim (and any future claims) will be paid by the RPS who will then submit a revised claim against the Company. If successful, further claims are likely to be forthcoming. Additional claims are still being heard by the ET in respect of employee claims. PAs will in the main rank as unsecured claims, albeit there is a small proportion (one day) which may count towards the preferential element of the employees claims against the Company (see section 8.14). Legal advice has been obtained in this respect. Subject to the outcome of these claims, unsecured claims will increase.

7.19 Based on realisations to date the current expectation is that preferential creditor claims will be paid in full.

7.20 In addition to the claims against the RPS made by UK based former employees, there are also claims from employees based overseas. We are aware that the overseas employees have made claims against the employee protection schemes (equivalent of the RPS in the UK) in their respective countries. It is likely that the claims of the overseas employees will take several months to finalise due to the variation in process compared to the UK. We continue to liaise with a number of these schemes to facilitate a speedy resolution.

7.21 There is a possibility that additional claims in respect of contractual notice pay will be received from employees. We are unable at this stage to quantify the level of these claims as these will be determined as part of the unsecured creditor adjudication process.

VAT

7.22 The Company was part of a VAT Group with other connected companies. According to the books and records of the Company, there is a refund due to the Company of c£338k in respect of the VAT periods prior to Administration. The current expectation is that no realisations will be made as the refund will be subject to crown set off.

Tax Losses

7.23 We have undertaken a review of the tax losses of the Company to ascertain whether there are any that could be surrendered to group companies. Unfortunately the group companies have confirmed that they do not require the tax losses. Therefore there will be no realisations in this regard.

Rates Appeal

7.24 Prior to the Administration, the Company had submitted an appeal to the rating authority in Aberdeen in relation to a building occupied by the Company at Aberdeen International Airport. We have instructed a third party, Consultiam Property Limited t/a CAPA ('**CAPA**') to liaise with the rating authority in respect of the appeal. This matter is ongoing and there has to date been no feedback from the local authority regarding the merits of this appeal. Until there is, it is not possible to predict the outcome and the potential for recoveries.

VISA/ Mastercard

7.25 We have been advised that there is an opportunity for the Company to potentially claim for approximately two years of damages for anti-competitive MasterCard and Visa multilateral interchange fees that have been charged. We have now instructed Watson Farley & Williams LLP ('**WFW**') solicitors to undertake further work with a view to assessing the merits of such a claim on the Company's behalf. This process is at an early stage and as yet the potential quantum of this claim is uncertain. Further details will therefore be provided in our next report.

8 EXPECTED OUTCOME FOR CREDITORS

Secured Creditors

Standard Securities

8.1 The Fixed Charge Securities registered against the Company's assets remain as previously reported and are detailed below.

- Stephen Bond ('**SB**'): Created 26 March 2018, registered 10 April 2018. Fixed charge in respect of the Company's interest in (i) the spare engine serial number CAE312189 and with model number AE3007 A1/1 and (ii) the NGL Strut Assembly with part number 1170C0000-8, serial number 346.

- A provisional claim has been received totalling £3,617,000. This includes a secured loan of £317,000 and an unsecured guarantee claim of £3,300,000, albeit this has yet to be admitted in full. A payment under the fixed charge was made in the Period and a further payment made after the end of the Period to pay the SB secured liability in full (£317,000). The balance of the SB claim totalling £3,300,000 will therefore be an unsecured claim.

- Airline Investments Limited ('**AIL**'): Created 22 October 2018, registered 6 November 2018. Fixed charge in respect of the Company's interest in (i) the spare engine serial number CAE312189 and with model number AE3007 A1/1 and (ii) the NGL Strut Assembly with part number 1170C0000-*8, serial number 346. The Directors' Statement of Affairs shows a liability of £1.85m. Following further correspondence, AIL has submitted revised* claims of £2,054,843 and £1,829,252 of which AIL have claimed £580,012 and €1,450,627 under their floating charge and £1,474,831 and €378,625 as an unsecured claim.

- Worldpay: Created 22 October 2013, registered 23 October 2013 (a variation to the charge created on 31 October 2012). The liability to Worldpay is estimated at £2.7m before the balance on the Blocked Account of £1.7m is set-off.

- Worldpay: Created 31 October 2012, registered 16 November 2012.

Floating Charge Creditors

8.2 The Floating Charges registered against the Company are as previously reported and are detailed below:

- SB: Created 26 March 2018, registered 10 April 2018. As detailed above, a provisional claim has been received totalling £3,617,000. This includes a loan of £317,000 and a guarantee claim of £3,300,000.

- AIL: Created 22 October 2018, registered 6 November 2018. As detailed above, revised provisional claims of £2,054,843 and €1,829,252 have recently been received in respect of a loan, leasing charges and other costs.

Validity of Security

8.3 We had previously instructed DWF to review the validity of all security granted by the Company. The lawyer at DWF who had been providing legal advice *to the Joint Administrators has recently joined another legal practice*, Gateley Plc ('**Gateley**'). His background knowledge of the case is expected to be the most cost effective way to finalise the adjudication of the Secured Lenders' claims and therefore Gateley has been instructed to provide on-going legal advice to the Joint Administrators.

8.4 From legal advice provided to date, the position is as follows:

8.5 The fixed charge security of Worldpay over the Blocked Account is valid (they do not have a floating charge).

8.6 SB's secured loan of £317,000 is accepted as being valid and has been paid in full.

8.7 SB has been requested to provide additional information as regards the guarantee claim of £3,300,000. The validity of this element of SB's claim therefore remains to be determined.

AIL's Floating Charge Claim

8.8 AIL's floating charge has been accepted, albeit AIL has been asked for further evidence to enable the Administrators to verify the quantum of claims totalling €1,330,000 and £446,679, pursuant to the terms of a loan agreement and the guarantee provided by the Company in relation to liabilities relating to the leased aircraft used in the business in the period immediately prior to Administration.

8.9 Claims made by AIL of £133,333.34 and €120,294.59 are accepted as being subject to AIL's floating charge security, albeit these claims were made subject to a leasing agreement between AIL and the Company and may therefore increase once cost reconciliations are finalised. After creating a provision for the claims of preferential creditors and the prescribed part, these sums have been paid post the end of the Period. They will not therefore appear on the enclosed receipts and payments account.

AIL's Unsecured Claim

8.10 All other claims made by AIL to date totalling approximately £1.474 million and €378k are not subject to AIL's security and will rank as unsecured claims against the Company. This element of the AIL claim will be formally adjudicated in due course prior to payment of a prescribed part distribution.

8.11 As detailed above there has been significant dialogue with SB and AIL and whilst legal advice has progressed it has not been finalised at this stage of the Administration. We currently await further information from AIL's legal advisors to be able to finalise their claims. Once this is concluded, the intention would be to pay a further interim floating charge distribution to the Secured Lenders after provision for costs, the claims of the preferential creditors and the prescribed part.

8.12 A further update will be provided in the next report to creditors.

Preferential Creditors

8.13 On Administration, there were 309 employees in the UK and 54 overseas employees based in Belgium, Germany and Sweden. The UK employee claims have been processed by the RPS. The overseas employee claims are being processed by European Employee Agencies.

8.14 Preferential claims are defined as monies owed to former employees in respect of arrears of wages (including Protective Awards), accrued holiday pay and other contractual entitlements, which may include a preferential element, at the date of Administration.

(a) UK employees:

Current information indicates that preferential claims from the RPS and employee claims are estimated to total £360,909 and £142,366 respectively. It is anticipated that, in this case, there may be an additional claim of c£13,000 as regards a small preferential element of the overall PAs by the ET. The RPS will confirm these amounts once it is in a position to submit a final claim in the Administration.

(b) Overseas employees:

We understand that these employees have submitted their claims for arrears of wages and holiday pay to the RPS equivalent agency ('Overseas RPS') in their respective countries and we await confirmation from the Overseas RPS in Belgium, Germany and Sweden, as to the level of agreed claims. For the purposes of this report, we estimate the overseas preferential claims to be c£72,000.

8.15 Based on current information it is anticipated that preferential creditors will be paid in full. However, the timing of a distribution is dependent on the RPS and Overseas RPS' finalising the processing of the respective employees' claims.

8.16 In summary, the total claims of the preferential creditors are estimated to be £588,153, as follows:

	£
RPS (UK)	360,909
Employees (UK)	142,366
Provision for preferential element of PAs	13,000
Belgium employees - wage arrears/ holiday pay (estimate)	11,674
German employees - wage arrears/ holiday pay (estimate)	41,333
Swedish employees - wage arrears/ holiday pay (estimate)	18,871
Total	**588,153**

Prescribed Part - Unsecured Creditors

8.17 Under the provisions of Section 176A of the Insolvency Act 1986, the Joint Administrators must state the amount of funds available to unsecured creditors in respect of the prescribed part. This provision only applies where the Company has granted a floating charge to a creditor after 15 September 2003. The prescribed part applies in this case. In the event the claims of the Secured Creditors are valid the prescribed part, before costs, is estimated to be £521,174.

8.18 Please note that this estimate assumes that the Secured Creditors claims are valid. Should any part of their claims transpire not to be valid or the quantum changes, the funds available for unsecured creditors from the prescribed part will change.

Ordinary Unsecured Creditors

8.19 The Directors' Statement of Affairs estimated the claims of the ordinary unsecured creditors to be in the region of £37million, being as follows:

	£million
Trade creditors	17
Contingent/other liabilities	20
Total	**37**

8.20 The contingent/other liabilities figure noted above includes a provision of c£3.8million being the estimated unsecured claims of former employees, which are summarised as follows:

	£million	Category
Redundancy Payments Services	1.8	Redundancy & Pay in Lieu of Notice (**'PILON'**)
Employees	0.4	Wages & holiday pay excess that cannot be claimed preferentially
Overseas Employees	0.6	Wages, holiday pay & PILON
Protective Award	0.7	90 day awarded by the ET
Protective Award (provision)	0.3	Outcome of ET claim awaited
Total	**3.8**	

8.21 On current information, the estimated unsecured claims of employees and the RPS are £420k and £1.8million respectively. Protective Award claims are estimated at c£1m, including £700k already awarded, with further claims expected once judgement is handed down by the ET. The overseas employee claims, based on the Company records, are estimated to be in the region of £630k.

8.22 At present, the level of ordinary unsecured claims notified to the Joint Administrators (excluding employees) totals approximately £21million. Claims from passengers continue to be received (cancelled flights, historical claims, claims under EU regulations), reviewed and quantified. Further ordinary unsecured claims are expected to be submitted in due course as counter-claims, cancellation costs and other termination costs are calculated and finalised. The quantum of ordinary unsecured claims overall is therefore likely to change from the current estimates.

8.23 As previously reported, in the event that the floating charge securities are unenforceable (in whole or in part), it is anticipated that there may be distributable funds to ordinary unsecured creditors above that which may be available under the prescribed part. Should the floating charge securities be fully enforceable then any funds available for the ordinary unsecured creditors will be limited to the prescribed part only.

8.24 The outcome for the ordinary unsecured creditors will therefore be subject to the following outstanding matters:

(a) the validity of the floating charge securities and quantum of agreed claims;

(b) final realisations;

(c) the agreement of all preferential creditors;

(d) the quantum of creditor claims that are ultimately agreed; and

(e) the professional costs and expenses of the Administration.

9 JOINT ADMINISTRATORS' FEES

9.1 A declaration was not made in terms of Para 52(1)(b) of Schedule B1 of the Insolvency Act 1986 and as such decision procedures in relation to fees in this case were passed by the approval of creditors. A fees estimate was previously provided with our proposals dated 12 April 2019 showing that time costs for the period 18 February 2019 to 5 April 2019 in relation to the Administration were estimated at £467,639.85. Creditors gave their approval to our Interim Fee at this level, via a decision procedure on 29 April 2019.

9.2 A summary of the Joint Administrators' time costs for the Period are attached at Appendix C and summarised below. This shows a total of 667.55 hours at an average hourly rate of £271.73, totalling £181,394 for the Period. A summary of and the nature of the work undertaken in the Period by category is detailed in Section 5 of this report.

9.3 A summary of the cumulative time costs are at Appendix D, together with a copy of our remuneration and disbursements policy. This shows a total of 3,406.95 hours at an average hourly rate of £261.86, totalling £892,142.

9.4 Approval was requested from creditors to an additional Interim Fee for the period 6 April 2019 to 10 January 2020 of £390,097.05 and Category 2 outlays of £7,468.99. This was approved by creditors on 10 February 2020. Creditors had already approved fees on a time cost basis, the Interim Fee was sought separately due to the quantum of the fee.

9.5 The Joint Administrators' time costs, summarised by accounting period, the fee requested and approvals obtained to date, are summarised in the table below:

Accounting Period	Time Costs (Excl VAT) incurred to date £	Outlays (Excl VAT) incurred to date £	Fee requested and approved (ExclVAT) £	Outlays Approved (Excl VAT) £
Pre Appointment	108,454.45	nil	108,454.45	nil
Post Appointment (18 February 2019 to 5 April 2019)	467,639.85	1,926.91	467,639.85	1,926.91
Post Appointment (6 April 2019 to 17 August 2019)	243,107.80*	7,218.41	243,107.80	7,218.41
Post Appointment (18 August 2019 to 17 February 2020)	181,394.35	250.58	145,626.15	250.58
Total	£1,000,596.45	£9,395.90	£964,828.25	£9,395.90

* Previous figures amended to reflect time sheet adjustments

9.6 The approved Joint Administrators' fees and outlays that have been drawn to date are summarised in the table below:

Accounting Period they were paid in	Fee From Fixed Charge (Excl VAT) £	Outlays from Fixed Charge (Excl VAT) £	Fee drawn from Floating Charge realisations (Excl VAT) £	Outlays drawn from Floating Charge realisations(Excl VAT) £
Pre Appointment	nil	nil	108,454.45	nil
Post Appointment (18 February 2019 to 17 August 2019 only)	nil	nil	200,000.00	1,926.91
Post Appointment (18 August 2019 to 10 January 2020	nil	nil	117,000.00	Nil
Total drawn to date	£nil	£nil	£425,454.45	£1,926.91

9.7 The balance of our approved but as yet undrawn fees totalling £540,736.90, will be drawn in due course from available floating charge funds.

10 INSOLVENCY ETHICS & COMPLAINTS

10.1 As Insolvency Practitioners, we are bound by the Insolvency Code of Ethics. The fundamental principles are:

- Integrity
- Objectivity
- Professional competence and due care
- Confidentiality
- Professional behaviour

10.2 A full copy of the code of ethics is available at:

http://www.insolvency-practitioners.org.uk/regulation-and-guidance/ethics-code.

10.3 The Insolvency Service has established a central gateway for considering complaints in respect of insolvency practitioners. In the event that you make a complaint to us but are not satisfied with the response from us then you should visit https://www.gov.uk/complain-about-insolvency-practitioner where you will find further information on how you may pursue the complaint.

11 ADMINISTRATION END

11.1 The Administration has been extended with the approval of creditors until 18 February 2021. Any further extensions will be sought via the Court if required.

11.2 In the event there is only a prescribed part to distribute it is likely that the Administration will be extended and the Company will exit the Administration by dissolution.

Joint Administrators' Discharge

11.3 As a declaration was not made in terms of Para 52(1), the Joint Administrators' will seek a resolution granting their discharge from liability in a decision process of creditors towards the end of the Administration.

Antony David Nygate
Joint Administrator
27 March 2020

APPENDIX A - Joint Administrators' Receipts & Payments for Period 18 August 2019 to 17 February 2020

British Midland Regional Limited t/a Flybmi
(In Administration)
Joint Administrators' Summary of Receipts & Payments

Statement of Affairs £		From 18/08/2019 To 17/02/2020 £	From 18/02/2019 To 17/02/2020 £
	FIXED CHARGE ASSETS		
	Aircraft engine	39,270.00	39,270.00
		39,270.00	39,270.00
	FIXED CHARGE CREDITORS		
	Secured Creditor	39,270.00	39,270.00
		(39,270.00)	(39,270.00)
	ASSET REALISATIONS		
606,838.00	Book debts	1,004,312.16	1,006,701.03
2,632,146.00	Cash at Bank	37,669.65	2,770,840.47
	Forex Profits	NIL	99,208.38
	Fuel Refunds	NIL	71,491.02
	Interest Gross	5,621.89	9,856.09
	IT, Office Furniture & Equipment	12,690.00	12,690.00
	Life Assurance Refund	NIL	65,250.47
	Motor Vehicles	4,000.00	4,000.00
10,000.00	Other Property	NIL	NIL
350,000.00	Stock	87,000.00	613,376.32
	Sundry Refunds	3,822.64	3,822.64
		1,155,116.34	4,657,236.42
	COST OF REALISATIONS		
	Administrators' Fees	117,000.00	317,000.00
	Agents' Fees	85,433.33	85,433.33
	Bank Charges	31.00	177.35
	Consultancy Fees	18,920.00	20,520.00
	Employee expenses and costs	NIL	3,115.07
	Employee Repatriation Costs	NIL	514.53
	ERA Fees	NIL	10,650.00
	Insurance	6,805.41	6,805.41
	Irrecoverable VAT	67.25	67.25
	IT Services	59,237.75	90,385.29
	Legal Fees & Disbs - Post Appointment	102,284.75	107,261.56
	Legal Fees & Disbs - Pre Appointment	19,109.49	41,938.67
	PAYE & NI	NIL	43,701.99
	Payroll Bureau Costs	43.64	5,390.92
	Pension Contributions	NIL	9,842.72
	PR/Media costs	28,750.00	28,750.00
	Pre-Administration Fees	NIL	108,454.45
	Printing & Postage	NIL	5,431.81
	Rates	1,874.79	1,874.79
	Re-direction of Mail	NIL	1,878.00
	Rents Payable	12,239.03	33,415.43
	Security Costs	NIL	1,687.50
	Statutory Advertising	NIL	79.25
	Storage Costs	3,200.00	3,200.00
	Sundry Expenses	NIL	15.00
	Sundry Property Expenses	(40.90)	77.14
	Utilities	10,816.74	11,259.02
	Wages & Salaries	NIL	81,123.81
		(465,772.28)	(1,020,050.29)
	PREFERENTIAL CREDITORS		
(392,400.00)	Preferential Creditors	NIL	NIL
		NIL	NIL

British Midland Regional Limited t/a Flybmi
(In Administration)
Joint Administrators' Summary of Receipts & Payments

Statement of Affairs £		From 18/08/2019 To 17/02/2020 £	From 18/02/2019 To 17/02/2020 £
	FLOATING CHARGE CREDS		
(1,757,011.00)	Airline Investments Ltd	NIL	NIL
(3,567,000.00)	Stephen Bond	NIL	NIL
		NIL	NIL
	UNSECURED CREDITORS		
(19,754,561.00)	Contingent Liabilities	NIL	NIL
(17,197,657.00)	Trade & Expense Creditors	NIL	NIL
		NIL	NIL
	DISTRIBUTIONS		
(20,550,000.00)	Ordinary Shareholders	NIL	NIL
		NIL	NIL
(59,619,645.00)		689,344.06	3,637,186.13
	REPRESENTED BY		
	Floating Account No 2		3,068,185.29
	Floating Current Account		507,264.52
	Input VAT		23,400.00
	Output VAT		(8.18)
	Vat Control Account		38,344.50
			3,637,186.13

APPENDIX B - Estimated Outcome Statement

British Midland Regional Limited - in administration

[illegible]		Book value at Feb 201[illegible]	Receipts and Payments to [illegible] February 202[illegible]	Estimate of future receipts and payments	Estimated Outcome at 17 February 2020
Assets subject to fixed charge					
Goodwill		-	-	-	-
Aircraft & engine costs		610,981	39,270	-	39,270
Amount available under fixed charge		**610,981**	**39,270**	-	**39,270**
Less:					
Joint Administrators' remuneration			-	(2,000)	(2,000)
Joint Administrators' disbursements			-	(1,000)	(1,000)
Agent's costs			-	(3,000)	(3,000)
			-	(6,000)	(6,000)
Amount available to Stephen Bond under fixed charge			-	(6,000)	33,270
Amount owed to Stephen Bond			-	-	(317,000)
Estimated surplus/(deficit) under fixed charge			-	(6,000)	(283,730)
Fixed charge surplus brought down					
Amount owed to Airline Investments Ltd			-	-	(446,679)
Estimated surplus/(deficit) under fixed charge			-	-	(446,679)
Assets subject to floating charge					
Leasehold property/ improvements		100,421	-	-	-
Stock - consumables		1,405,881	613,376	30,000	643,376
Stock - rotables		136,978			
Trade Debtors		8,514,556	1,006,701	464,533	1,471,234
Prepayments	140564.13	402,903	136,741	-	136,741
Deposits		243,548	-	-	-
Pilot and staff loans		191,557	-	-	-
Forex		-	99,208	-	99,208
Plant & machinery		3,994	4,000	-	4,000
Computer equipment - software		524,821	-	-	-
Computer equipment - hardware		63,898	12,690	1,300	13,990
Office equipment		-			
Cash at Bank and In Hand		2,632,146	2,770,840	-	2,770,840
VAT refund		-	-	-	-
Sundry	4,657,236	-	3,823	-	3,823
interest		-	9,856	(356)	9,500
Legal claim			-	Unascertained	Unascertained
Amounts due from Other Group Companies		177,282	-	-	-
		14,297,563	4,657,236	495,477	5,152,712

British Midland Regional Limited - in administration

£	Note	Book value at Feb 2019	Receipts and Payments to 17 February 2020	Estimate of future receipts and payments	Estimated Outcome at 17 February 2020
Less:					
Pre-appointment costs			(108,454)	(0)	(108,454)
Joint Administrators' remuneration			(317,000)	(665,142)	(982,142)
Joint Administrators' disbursements			-	(12,000)	(12,000)
Legal costs - pre appointment			(41,939)	(2,667)	(44,606)
Legal costs - post appointment			(107,262)	(65,349)	(172,611)
Agent's costs	1		(116,603)	(68,377)	(184,980)
Holding costs	2		(92,357)	(44,960)	(137,317)
Employee costs	3		(138,298)	(4,420)	(142,718)
Payroll bureau costs			(5,391)	(1,961)	(7,352)
Printing and postage			(5,432)	(10,079)	(15,511)
Insurance			(6,805)	(33,195)	(40,000)
Storage and clearance			(3,200)	(1,800)	(5,000)
PR/Media			(28,750)	(1,250)	(30,000)
Premises	4		(46,626)	(17,039)	(63,666)
Security costs			(1,688)	(77)	(1,765)
Bank charges			(177)	(323)	(500)
Irrecoverable VAT			(67)	-	(67)
Contingency			-	(25,000)	(25,000)
			(1,020,050)	(953,638)	(1,973,688)
Amount available for preferential creditors			**3,637,186**	(458,161)	3,179,024
Preferential creditors				(588,153)	(588,153)
Estimated sum available under prescribed part				(1,046,314)	2,590,871
Prescribed Part (c/d)				-	(521,174)
Amount available to the holders of floating charges				(1,046,314)	2,069,697
Due to the Bonds pursuant to their floating charges				-	(283,730)
Amount due to Airline Investments Ltd (subject to further review) (1)				-	(1,835,787)
Surplus/(deficit) available to unsecured creditors				(1,046,314)	(49,820)
Prescribed Part available to Unsecured Creditors (b/d)				-	521,174
Less: cost of dealing with Prescribed Part				-	(60,000)
Amount available to unsecured creditors				-	461,174
Estimate of distribution to unsecured creditors pursuant to the Prescribed Part (p in £) (1)					1.3

(1) Based on unsecured claims per the directors Statement of affairs totalling £36.95m. This additionally assumes that the entirety of the AIL secured claim is valid.

	£
Net Assets Available after Preferential Creditors (note 1)	2,590,871
Prescribed Part (50% first £10k, 20% thereafter to ceiling £600k)	521,174
Est of costs to be borne by prescribed part to enable distribution	(60,000)
Total Net distributable	461,174

APPENDIX C - Time Costs & Outlays in Report Period

Name of Assignment **British Midland Regional Limited** **00291330**

Detail of Time Charged and Rates Applicable for the Period From 18/08/2019 to 17/02/2020

Description	PARTNER		MANAGER		ASSISTANT MANAGER		SENIOR ADMINISTRATOR		ADMINISTRATOR		OTHER STAFF		GRAND TOTAL	
	Hours	Total £	Hours	Total £	Hours	Total £	Hours	Total £	Hours	Total £	Hours	Total £	Hours	Total £
C. Planning and Strategy														
02. Review Financial Position			0.30	72.60									0.30	72.60
03. Review Bus. Process/Systems			25.40	6,609.20									25.40	6,609.20
07. Strategy Planning			5.75	2,470.60	1.70	370.60							7.45	2,841.20
08. Reporting			0.20	92.00									0.20	92.00
sub total - C. Planning and Strategy			31.65	9,244.40	1.70	370.60							33.35	9,615.00
D. General Administration														
01. Insurance Matters			1.80	452.60									1.80	452.60
02 VAT			15.90	4,901.50	0.85	172.55							16.75	5,074.05
03. Taxation	0.25	175.50	9.00	3,511.50									9.25	3,687.00
04. Instruct/Liase Solicitors			3.35	1,319.55									3.35	1,319.55
05 Investigations			4.15	1,233.05	1.00	218.00							5.15	1,451.05
07. Receipts/Payments Accounts	1.10	581.10	11.25	3,125.30	1.80	392.40	6.95	246.40	39.05	2,979.90	0.15	17.40	60.30	7,342.50
08. Remuneration Issues	0.30	162.80	0.20	49.40	0.70	134.40							1.20	346.60
09. Statutory Matters			3.00	814.40	0.75	157.00							3.75	971.40

Name of Assignment **British Midland Regional Limited** **00291330**

Detail of Time Charged and Rates Applicable for the Period From 18/08/2019 to 17/02/2020

Description	PARTNER		MANAGER		ASSISTANT MANAGER		SENIOR ADMINISTRATOR		ADMINISTRATOR		OTHER STAFF		GRAND TOTAL	
	Hours	Total £	Hours	Total £	Hours	Total £	Hours	Total £	Hours	Total £	Hours	Total £	Hours	Total £
12. Press/PR Matters			0.30	72.60									0.30	72.60
13. General Meetings			1.25	438.75									1.25	438.75
14. General Discussions	24.75	19,203.75	3.05	936.45									27.80	20,140.20
15. Gen. Admin/Correspondence	5.25	2,882.25	47.70	13,036.25	3.85	786.15	1.30	170.30	67.35	5,412.10	1.00	73.00	126.45	22,360.05
16. Maintain Internal Files			14.20	3,696.20									14.20	3,696.20
sub total - D. General Administration	**31.65**	**23,005.40**	**115.15**	**33,587.55**	**8.95**	**1,860.50**	**8.25**	**416.70**	**106.40**	**8,392.00**	**1.15**	**90.40**	**271.55**	**67,352.55**
E. Assets Realisation/Dealing														
04. Agent Instruction/Liasing			1.80	544.60									1.80	544.60
06 Property Related Matters			6.60	1,894.50									6.60	1,894.50
07. Debt Collection			49.85	14,231.60									49.85	14,231.60
08. Dealing with Chattel Assets			15.80	4,796.20									15.80	4,796.20
09. Dealing with other Assets	0.50	274.50	15.30	4,189.40	0.25	54.50	6.00	1,236.00					22.05	5,754.40
10. HP/Leasing Matters					2.50	545.00							2.50	545.00
14. Sale of Business/Assets			0.40	184.00									0.40	184.00
99. Other Matters			0.75	290.50									0.75	290.50

Name of Assignment **British Midland Regional Limited** **00291330**

Detail of Time Charged and Rates Applicable for the Period From 18/08/2019 to 17/02/2020

Description	PARTNER		MANAGER		ASSISTANT MANAGER		SENIOR ADMINISTRATOR		ADMINISTRATOR		OTHER STAFF		GRAND TOTAL	
	Hours	Total £	Hours	Total £	Hours	Total £	Hours	Total £	Hours	Total £	Hours	Total £	Hours	Total £
sub total - E. Assets Realisation/Dealing	**0.50**	**274.50**	**90.50**	**26,130.80**	**2.75**	**599.50**	**6.00**	**1,236.00**					**99.75**	**28,240.80**
F. Trading Related Matters														
08. Trading Accounts			1.65	579.15									1.65	579.15
09. Business Closure			0.25	87.75									0.25	87.75
sub total - F. Trading Related Matters			**1.90**	**666.90**									**1.90**	**666.90**
G. Employee Matters														
02. *Dealing with Employees*	0.50	391.50	3.50	1,086.80	16.50	3,597.00							20.50	5,075.30
03. EPA Matters			0.40	140.40	1.95	425.10							2.35	565.50
04. Pension Issues					0.25	54.50							0.25	54.50
99. Other Matters			2.15	625.85	15.95	3,470.60							18.10	4,096.45
sub total - G. Employee Matters	**0.50**	**391.50**	**6.05**	**1,853.05**	**34.65**	**7,547.20**							**41.20**	**9,791.75**
H. Creditor Claims														
01. Validity of charges			0.40	184.00									0.40	184.00
02. Secured Creditors			11.70	4,449.30									11.70	4,449.30
03. Preferential Creditors					3.20	697.60							3.20	697.60
04. Non-Preferential Creditors			7.40	2,030.10					8.35	598.05			15.75	2,628.15

Name of Assignment **British Midland Regional Limited** **00291330**

Detail of Time Charged and Rates Applicable for the Period From 18/08/2019 to 17/02/2020

Description	PARTNER		MANAGER		ASSISTANT MANAGER		SENIOR ADMINISTRATOR		ADMINISTRATOR		OTHER STAFF		GRAND TOTAL	
	Hours	Total £	Hours	Total £	Hours	Total £	Hours	Total £	Hours	Total £	Hours	Total £	Hours	Total £
06. Other Creditors			0.50	138.00	0.50	96.00							1.00	234.00
99. Other Matters					0.80	117.00							0.80	117.00
sub total - H. Creditor Claims			**20.80**	**6,801.40**	**4.50**	**910.60**			**8.35**	**598.85**			**32.85**	**8,310.85**
I. Reporting														
01. Statutory Reporting			38.30	12,777.30	2.85	547.20	0.80	104.80	20.15	1,969.80			62.10	15,399.10
02 Reporting to Appointor			1.50	690.00									1.50	690.00
04. Reporting to Creditors	6.50	4,972.50	108.30	34,388.60	7.10	1,541.30			0.25	21.00			122.15	40,923.40
sub total - I. Reporting	**6.50**	**4,972.50**	**148.10**	**47,855.90**	**9.95**	**2,088.50**	**0.80**	**104.80**	**20.40**	**1,990.80**			**185.75**	**57,012.50**
J. Distribution and Closure														
01. Closure Planning			0.80	220.80									0.80	220.80
02. Distributions			0.20	92.00									0.20	92.00
99. Other Matters			0.20	92.00									0.20	92.00
sub total - J. Distribution and Closure			**1.20**	**404.80**									**1.20**	**404.80**

Name of Assignment **British Midland Regional Limited** **00291330**

Detail of Time Charged and Rates Applicable for the Period From 18/08/2019 to 17/02/2020

Description	PARTNER		MANAGER		ASSISTANT MANAGER		SENIOR ADMINISTRATOR		ADMINISTRATOR		OTHER STAFF		GRAND TOTAL	
	Hours	Total £	Hours	Total £	Hours	Total £	Hours	Total £	Hours	Total £	Hours	Total £	Hours	Total £

Net Total	181,394.35
Secretarial Expense	0.00
Other Disbursements	0.00
Billed	0.00
Grand Total	181,394.35

A creditor's guide to office holder remuneration can be accessed via: https://www.icas.com/technical-resources/creditor-guides-to-office-holder-remuneration

APPENDIX D - Time Costs to 17 February 2020 and Statement of Charge Out Rates

Name of Assignment **British Midland Regional Limited** **00291330**

Detail of Time Charged and Rates Applicable for the Period From 18/02/2019 to 17/02/2020

Description	PARTNER		MANAGER		ASSISTANT MANAGER		SENIOR ADMINISTRATOR		ADMINISTRATOR		OTHER STAFF		GRAND TOTAL	
	Hours	Total £	Hours	Total £	Hours	Total £	Hours	Total £	Hours	Total £	Hours	Total £	Hours	Total £
B. Steps on Appointment														
01. Review Appointment Validity			0.50	223.50									0.50	223.50
02. Statutory Documentation	6.00	2,964.00	5.25	1,293.25	3.70	728.90	0.85	107.95	3.90	269.10			19.70	5,363.20
04. Meet Directors/Debtors etc.			1.50	670.50	6.80	1,441.60							8.30	2,112.10
06. Third Party Discussions					1.00	212.00							1.00	212.00
07 Attendance at Premises			116.05	32,197.95	30.15	6,391.80							146.20	38,589.75
09 Preparation of Proposals			11.65	2,822.75	13.95	2,383.65							25.60	5,206.40
12. Setting up Internal Files					0.90	190.80							0.90	190.80
99. Other Matters	36.50	27,740.00	6.75	1,869.50	1.65	328.55	0.75	95.25					45.65	30,033.30
sub total - B. Steps on Appointment	**42.50**	**30,704.00**	**141.70**	**39,877.45**	**58.15**	**11,677.30**	**1.60**	**203.20**	**3.90**	**269.10**			**247.85**	**81,931.05**
C. Planning and Strategy														
02. Review Financial Position			0.40	96.10									0.40	96.10
03. Review Bus. Process/Systems			66.20	16,209.80									66.20	16,209.80
07. Strategy Planning			49.25	21,069.80	37.20	7,897.65							86.45	28,967.45
08. Reporting			0.20	92.00	0.20	40.60							0.40	132.60

Name of Assignment **British Midland Regional Limited** **00291330**

Detail of Time Charged and Rates Applicable for the Period From 18/02/2019 to 17/02/2020

Description	PARTNER		MANAGER		ASSISTANT MANAGER		SENIOR ADMINISTRATOR		ADMINISTRATOR		OTHER STAFF		GRAND TOTAL	
	Hours	Total £	Hours	Total £	Hours	Total £	Hours	Total £	Hours	Total £	Hours	Total £	Hours	Total £
99. *Other Matters*			1.90	469.30									1.90	469.30
sub total - C. Planning and Strategy			**117.95**	**37,937.00**	**37.40**	**7,938.25**							**155.35**	**45,875.25**
D. General Administration														
01. Insurance Matters			6.95	1,884.30	2.85	604.20							9.80	2,488.50
02. VAT			22.70	6,613.80	9.35	1,968.55							32.05	8,582.35
03. Taxation	0.25	175.50	20.30	7,810.80	1.25	264.25			3.75	435.00			25.55	8,685.55
04. Instruct/Liase Solicitors			*16.70*	*5,987.25*	*0.50*	*109.00*							17.20	6,096.25
05. Investigations			39.70	12,720.70	4.35	928.20							44.05	13,648.90
06. Conduct Reports			14.80	4,283.60									14.80	4,283.60
07. Receipts/Payments Accounts	1.10	581.10	25.35	7,379.70	8.50	1,818.80	7.45	303.55	63.90	4,777.15	0.15	17.40	106.45	14,877.70
08. Remuneration Issues	2.05	1,103.55	2.30	802.10	0.70	134.40							5.05	2,040.05
09. Statutory Matters			39.60	12,387.30	80.05	16,813.20	1.10	139.70					120.75	29,340.20
10. Contractual Matters			0.40	178.80									0.40	178.80
12. Press/PR Matters			1.90	533.40									1.90	533.40
13. General Meetings			7.50	2,789.50	1.00	215.00							8.50	3,004.50

Name of Assignment **British Midland Regional Limited** **00291330**

Detail of Time Charged and Rates Applicable for the Period From 18/02/2019 to 17/02/2020

Description	PARTNER		MANAGER		ASSISTANT MANAGER		SENIOR ADMINISTRATOR		ADMINISTRATOR		OTHER STAFF		GRAND TOTAL	
	Hours	Total £	Hours	Total £	Hours	Total £	Hours	Total £	Hours	Total £	Hours	Total £	Hours	Total £
14. General Discussions	85.25	65,321.75	29.15	9,810.50	16.50	3,480.00							130.90	78,612.25
15. Gen. Admin/Correspondence	14.60	7,871.40	161.45	43,149.15	53.05	9,885.35	26.50	3,374.70	391.20	29,335.20	1.00	73.00	647.80	93,688.80
16. Maintain Internal Files			37.40	9,229.00	1.50	295.50							38.90	9,524.50
99. Other Matters			2.10	518.70	3.90	523.30							6.00	1,042.00
sub total - D. General Administration	103.25	75,053.30	428.30	126,078.60	183.50	37,039.75	35.85	3,817.95	458.85	34,547.35	1.15	90.40	1,210.10	276,627.35
E. Assets Realisation/Dealing														
03. Asset Tracing			1.10	491.70									1.10	491.70
04. Agent Instruction/Liaising			12.85	5,092.25	11.90	2,522.80							24.75	7,615.05
05. Sales Info. Preparation			0.20	89.40									0.20	89.40
06. Property Related Matters			46.20	14,225.00	25.60	5,427.20							71.80	19,652.20
07. Debt Collection			114.20	31,418.75	0.75	159.00							114.95	31,577.75
08. Dealing with Chattel Assets	0.75	399.75	60.50	21,063.30									61.25	21,463.05
09. Dealing with other Assets	1.25	674.25	90.35	32,166.15	10.15	2,157.50	6.00	1,236.00					107.75	36,233.90
10. HP/Leasing Matters			17.70	5,155.90	37.75	8,036.00							55.45	13,191.90
12. Retention of Title			3.55	1,311.25	19.30	4,091.60							22.85	5,402.85

Name of Assignment **British Midland Regional Limited** **00291330**

Detail of Time Charged and Rates Applicable for the Period From 18/02/2019 to 17/02/2020

Description	PARTNER		MANAGER		ASSISTANT MANAGER		SENIOR ADMINISTRATOR		ADMINISTRATOR		OTHER STAFF		GRAND TOTAL	
	Hours	Total £	Hours	Total £	Hours	Total £	Hours	Total £	Hours	Total £	Hours	Total £	Hours	Total £
14. Sale of Business/Assets	26.00	19,646.50	4.40	1,972.00									30.40	21,618.50
99. Other Matters			8.05	2,811.60	8.85	1,883.70							16.90	4,695.30
sub total - **E. Assets Realisation/Dealing**	**28.00**	**20,720.50**	**359.10**	**115,797.30**	**114.30**	**24,277.80**	**6.00**	**1,236.00**					**507.40**	**162,831.60**
F. Trading Related Matters														
06. Monitor/Supervise Trading					0.90	190.80							0.90	190.80
08. Trading Accounts			1.65	579.15									1.65	579.15
09. Business Closure			0.85	298.35									0.85	298.35
99. Other Matters					0.30	63.60							0.30	63.60
sub total - **F. Trading Related Matters**			**2.50**	**877.50**	**1.20**	**254.40**							**3.70**	**1,131.90**
G. Employee Matters														
01. Dealing with Trade Unions					5.30	1,155.40							5.30	1,155.40
02. Dealing with Employees	16.50	12,574.50	172.50	57,525.95	271.45	57,769.40			2.25	204.25			462.70	128,074.10
03. EPA Matters			2.70	905.90	17.65	3,753.50							20.35	4,659.40
04. Pension Issues			1.50	417.50	15.30	3,246.60							16.80	3,664.10
99. Other Matters			26.65	8,299.95	34.15	7,365.00	3.05	636.95	5.40	449.10			69.25	16,751.00

Name of Assignment **British Midland Regional Limited** **00291330**

Detail of Time Charged and Rates Applicable for the Period From 18/02/2019 to 17/02/2020

Description	PARTNER		MANAGER		ASSISTANT MANAGER		SENIOR ADMINISTRATOR		ADMINISTRATOR		OTHER STAFF		GRAND TOTAL	
	Hours	Total £	Hours	Total £	Hours	Total £	Hours	Total £	Hours	Total £	Hours	Total £	Hours	Total £
sub total - G. Employee Matters	**16.50**	**12,574.50**	**203.35**	**67,149.30**	**343.85**	**73,289.90**	**3.05**	**636.95**	**7.65**	**653.35**			**574.40**	**154,304.00**
H. Creditor Claims														
01. Validity of charges			6.15	2,144.75									6.15	2,144.75
02. Secured Creditors			23.55	8,861.15									23.55	8,861.15
03. Preferential Creditors					3.45	752.10							3.45	752.10
04. Non-Preferential Creditors	20.00	9,880.00	51.50	14,768.85	41.85	8,479.05	0.15	19.05	213.80	14,934.20			327.30	48,081.15
06. Other Creditors			4.25	1,284.25	0.50	96.00							4.75	1,380.25
99. Other Matters					1.35	216.60	0.25	31.75					1.60	248.35
sub total - H. Creditor Claims	**20.00**	**9,880.00**	**85.45**	**27,059.00**	**47.15**	**9,543.75**	**0.40**	**50.80**	**213.80**	**14,934.20**			**366.80**	**61,467.75**
I. Reporting														
01. Statutory Reporting			132.20	46,626.60	13.15	2,585.30	0.80	104.80	20.15	1,969.80			166.30	51,286.50
02. Reporting to Appointor			1.50	690.00									1.50	690.00
04. Reporting to Creditors	13.00	8,359.00	143.95	44,500.40	7.90	1,698.90			0.25	21.00			165.10	54,579.30
sub total - I. Reporting	**13.00**	**8,359.00**	**277.65**	**91,817.00**	**21.05**	**4,284.20**	**0.80**	**104.80**	**20.40**	**1,990.80**			**332.90**	**106,555.80**
J. Distribution and Closure														
01. Closure Planning			7.30	1,845.80									7.30	1,845.80

Name of Assignment **British Midland Regional Limited** **00291330**

Detail of Time Charged and Rates Applicable for the Period From 18/02/2019 to 17/02/2020

Description	PARTNER		MANAGER		ASSISTANT MANAGER		SENIOR ADMINISTRATOR		ADMINISTRATOR		OTHER STAFF		GRAND TOTAL	
	Hours	Total £	Hours	Total £	Hours	Total £	Hours	Total £	Hours	Total £	Hours	Total £	Hours	Total £
02. Distributions			0.20	92.00									0.20	92.00
99. Other Matters			0.95	279.50									0.95	279.50
sub total - J. Distribution and Closure			8.45	2,217.30									8.45	2,217.30

Net Total	892,142.00
Secretarial Expense	0.00
Other Disbursements	0.00
Billed	0.00
Grand Total	892,142.00

A creditor's guide to office holder remuneration can be accessed via: https://www.icas.com/technical-resources/creditor-guides-to-office-holder-remuneration

BDO LLP REMUNERATION AND DISBURSEMENTS POLICY

In accordance with best practice we provide below details of policies of BDO LLP in respect of fees and expenses for work in relation to the above insolvency.

The current charge out rates per hour of staff within my firm who may be involved in working on the insolvency follows: This in no way implies that staff at all such grades will work on the case.

Charge Out Rates by Staff Grade	Rates applicable from 18 February to 30 June 2019	Charge out rates applicable from 1 July 2019 to date
	£	£
Partner	494-760	509-783
Senior Manager/Director	295-487	323-460
Manager	218-247	242-380
Assistant Manager	127-212	218
Senior Cashier/Cashier	124	124
Senior Administrator	283	206
Administrator	69-229	119-185
Support staff/Secretary	70	73-77

The rates charged by BDO LLP are reviewed each year and are adjusted to take account of inflation and the firm's overheads.

Time spent on casework is recorded directly to the relevant case using a computerised time recording system and the nature of the work undertaken is recorded at that time. Units of time can be as small as 3 minutes. BDO LLP records work in respect of insolvency work under the following categories:-

Pre Appointment
Steps upon Appointment
Planning and Strategy
General Administration
Asset Realisation/Management
Trading Related Matters
Employee Matters
Creditor Claims

Reporting
Distribution and Closure
Other Issues

Under each of the above categories the work is recorded in greater detail in sub categories. Please note that the 11 categories provide greater detail than the six categories recommended by the Recognised Professional Bodies who are responsible for licensing and monitoring insolvency practitioners.

Where an officeholder's remuneration is approved on a time cost basis the time invoiced to the case will be subject to VAT at the prevailing rate.

Where remuneration has been approved on a time costs basis a periodic report will be provided to any committee appointed by the creditors or in the absence of a committee to the creditors. The report will provide a breakdown of the remuneration drawn and will enable the recipients to see the average rates of such costs.

1. Other Costs

Where expenses are incurred in respect of the insolvent estate they will be recharged. Such expenses can be divided into 2 categories.

a) Category 1 Disbursements

This heading covers expenses where BDO LLP has met a specific cost in respect of the insolvent estate where payment has been made to a third party. Such expenses may include items such as advertising, travel (by public transport), couriers, searches at company house, land registry searches, fees in respect of swearing legal documents, external printing costs etc. In each case the recharge will be reimbursement of a specific expense incurred.

Where applicable, disbursements will be subject to VAT at the prevailing rate.

b) Category 2 Disbursements

We propose to recover from the estate the cost of travel where staff use either their own vehicles or company cars in travelling connected with the insolvency. In these cases a charge of 45p per mile is raised which is in line with the HM Revenue & Customs Approved Mileage Rates (median - less than 10,000 miles per annum) which is the amount the firm pays to staff. Where costs are incurred in respect of mileage, approval will be sought in accordance with the Insolvency (Scotland) Rules to recover this disbursement.

Where applicable, all disbursements will be subject to VAT at the prevailing rate.