

MP & Silva limited - in Liquidation

**Remuneration Report: Request to creditors to
increase Fees Estimate**

January 2023



Strictly private and confidential

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1. Abbreviations and definitions

The following table shows the abbreviations and insolvency terms that may be used during this report:

Abbreviation or definition	Meaning
Advance Payments	Payments made by customers for sports rights in advance of the actual tournament concerned, some of these payment's ownership status is currently being disputed
Advance Payers	Customers who made Advance Payments
Advance Payer 1	A customer whose Advance Payment represents the entirety of the disputed funds
Advance Payer 2	A customer based in Japan, who was previously a party of the legal process
Company	MP & Silva Limited - in Compulsory Liquidation
HMRC	HM Revenue & Customs, the UK government's agency concerned with collecting taxes
Insolvency Service	An executive agency of the Department for Business, Energy and Industrial Strategy responsible for administering compulsory liquidations
IR16	Insolvency (England and Wales) Rules 2016
IA86	The Insolvency Act 1986
ISA	Insolvency Services Accounts – a bank account maintained with the Bank of England typically used for all receipts and payments of Company assets in a compulsory liquidation.
Joint Liquidators/we	Zelf Hussain and Michael John Andrew Jervis
Official Receiver	A civil servant of the Insolvency Service and officer of the court, who manages at least the initial stages of a compulsory liquidation and undertakes an investigation into the conduct of its directors
Preferential Creditors	Creditors with claims for: <ol style="list-style-type: none">1. unpaid wages for the whole or any part of the period of four months before 17 October 2018 (up to a maximum of £800);2. accrued holiday pay for any period before 17 October 2018; and3. unpaid pension contributions in certain circumstances
PwC	PricewaterhouseCoopers LLP
the Group	MP & Silva Limited was the UK based subsidiary of a world wide group of companies that bought and sold media rights
RPS	Redundancy Payments Service (part of the Insolvency Service, an executive agency of the Department for Business, Energy & Industrial Strategy)
Secured Creditors	Creditors with security in respect of their debt, in accordance with Section 248 IA86
Unsecured Creditors	Creditors who are neither secured nor preferential

This report has been prepared by Zelf Hussain and Michael Jervis as Joint Liquidators of the Company, solely to comply with the Joint Liquidators' statutory duty to report to creditors under IR16 on the progress of the liquidation, and for no other purpose. It is not suitable to be relied upon by any other person, or for any other purpose, or in any other context.

This report has not been prepared in contemplation of it being used, and it is not suitable to be used, to inform any investment decision in relation to the debt of or any financial investment in the Company.

Any estimated outcomes for creditors included in this report are illustrative only and cannot be relied upon as guidance as to the actual outcome for creditors.

Any persons choosing to rely on this report for any purpose or in any context other than under IR16 do so at their own risk. To the fullest extent permitted by law, the Joint Liquidators do not assume any liability in respect of this report to any such person.

Please note you should read this report in conjunction with the Joint Liquidators' previous reports issued to the Company's creditors, which can be found at <https://www.pwc.co.uk/mpsilva>. Unless stated otherwise, all amounts in this report and appendices are stated net of VAT.

Zelf Hussain and Michael Jervis have been appointed as Joint Liquidators by the High Court to manage the affairs, business and property of the Company. The Joint Liquidators act in the capacity of agents of the Company, without personal liability. Both are licensed in the United Kingdom to act as Insolvency Practitioners by the Institute of Chartered Accountants in England and Wales. The Joint Liquidators 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 Liquidators may act as Data Controllers of personal data as defined by UK data protection law depending upon the specific processing activities undertaken. PricewaterhouseCoopers LLP may act as a processor on the instructions of the Joint Liquidators. Personal data will be kept secure and processed only for matters relating to the Joint Liquidators' appointment. Further details are available in the privacy statement on the PwC.co.uk website or by contacting the Joint Liquidators.

2. Background

2.1 Purpose of this advice to creditors

Creditors will be aware from our previous correspondence that we were appointed as Joint Liquidators of the Company on 19 October 2018. We are now writing to provide creditors with an updated remuneration report to support a request to approve an increase in the Joint Liquidators' fees estimate. The liquidation is now expected to take significantly longer than originally forecasted and, as described later in this report, could take a further two years to conclude the Advance Payments dispute, realise claims in the insolvencies of the Group companies, and pay a final distribution to creditors. Our revised fees estimate provides for the additional costs of this extension and includes provisions for an appeal in the Advance Payments dispute, should this be necessary.

The Liquidation Committee has previously approved the basis of our fees to be drawn on a time cost basis, up to the fee estimate in our revised remuneration report of £2,479,346.05 (as disclosed in our report dated 4 December 2020). This report includes a revised and increased fee estimate. The fees estimate acts as a cap on the level of fees we can draw on a time costs basis, so if it is approved, it will increase the maximum fee level that we can draw. Although our time costs on the case have not yet reached the cap set in the fees estimate agreed in 2020, in the absence of an unexpected early settlement of the Advanced Payments dispute, we think it is inevitable that our time costs as Joint Liquidators will exceed the fees estimate of £2,479,346.05.

When considering this report, you may wish to refer to our initial remuneration report dated 7 June 2019 and our second remuneration report dated 4 December 2020. You can also review our annual progress reports to creditors, copies of these reports can be found on our website at <https://www.pwc.co.uk/mpsilva>.

As a Liquidation Committee has been elected by creditors, it is for the Liquidation Committee to determine the basis and amount of our fees. This report provides information to creditors concerning our fees prior to us making a formal request to the Liquidation Committee. The Liquidation Committee comprises:

Angela Gandy

Fédération Internationale de Football Association ("FIFA")

Grant Thornton UK LLP

HM Revenue and Customs

Case timeline

When we published our second remuneration report, we had assumed that we would either reach a settlement with the Advance Payers or proceed to an application to court for directions in 2021, with any litigation concluded by the end of last year. We also thought it was likely that any intercompany dividends would be received during this period, allowing us to conclude asset realisations, following which we would proceed with a first and final dividend to Unsecured Creditors and then conclude the wind up of the Company by October 2022.

We wrote to the Advance Payers seeking their confirmation that they did not assert or claim any beneficial interest in the Advance Payment monies, or they would need to be joined into legal proceedings we were bringing to seek directions of the court. Two of the Advance Payers responded to confirm they had no interest, Advance Payer 1 (the largest by value) continued to assert its claim, but no other response was received. We therefore proceeded to issue an application to the English High Court seeking an order that the trust be set aside as a preference in relation to the remaining four advance payers. This included obtaining permission from the Court to effect service on two entities based outside the jurisdiction of the court, in Switzerland and Japan.

During 2021, service was effected in the UK and Switzerland. Advanced Payer 1 accepted service and remains a party to the application. The two Advanced Payers responded to confirm that they did not assert any claims over the Advanced Payment monies. The service against Advanced Payer 2 in Japan was more complex and lengthy, requiring an application via the English courts, the Foreign ministries of the UK and Japan, and finally by the Japanese courts. This process rarely takes less than several months to complete. Unfortunately, the first service request submitted was interpreted by the Japanese courts as being via a process which requires the party to voluntarily accept service, which they didn't do. This meant the process had to be repeated from the start. Service was finally effected in the summer of 2022. Since that time, we have received correspondence from Advanced Payer 2 confirming that they do not wish to assert a claim over the trust monies.

This means that there is one respondent to the application, and the litigation is set for a directions hearing in February 2023, which will set the timescales for the case.

Creditors will be pleased to note that the withdrawal of claims of five of the Advanced Payers has released funds worth £1,747,369 into the estate for the benefit of creditors.

The length of time we need to keep the liquidation open will depend on how this litigation progresses, and also the timescales in receiving dividends from the Group insolvencies in other jurisdictions. It is possible that a settlement may be reached at an early stage which allows the litigation to be concluded quickly, in which case our costs could be less than the proposed new fees estimate. However, we have assumed that the litigation goes through a full hearing and we have also provided for the possibility that an initial decision of the courts is appealed by either side. For the purpose of our updated estimate we have assumed that the liquidation will take a further 2 years to complete. With regards to the debts due from Group companies, we are waiting for significant dividend receipts from three Group entities, and current indications are that these should be received during the course of 2023.

The requirement to keep the liquidation open for 2 years beyond what was envisioned in the December 2020 fee estimate, means that we will incur additional costs complying with our duties as proper office holders that had not been included in our previous forecast. Including the cost of a future appeal phase to the litigation in our fee estimate also adds further costs.

More details on the work we need to do are provided in section 3.2.

2.2 Estimated outcome for creditors

The following table provides our current estimates of the likely return to Unsecured creditors. We caution creditors against using data in this report as a basis for estimating the value of their claims or their eventual entitlement to payment from the Company's assets.

Table 1 – Dividend prospects

Class of creditor	Forecast return	Timing
Preferential Creditors (paid)	Paid 100 p/£	July 2019
Unsecured Creditors	1.4 -9.2 p/£	Uncertain

Creditors' rights

You can find information on the Joint Liquidators' fees and your rights at

<https://www.icaew.com/-/media/corporate/files/technical/insolvency/creditors-guides/2021/liquidations-creditor-fee-guide-1-april-2021.ashx?la=en>

3. Our fees estimate

3.1 Summary

This section provides the following information:

- Details of the work we propose to undertake;
- The hourly rates we propose to charge for each part of that work;
- Request to increase the total time costs budget from £2,479,346 to £3,042,532
- The time we anticipate each part of the work will take; and
- Whether we think it will be necessary to seek approval to exceed the amount of the estimate, and if so, why.

The total amount of our fees estimate is £3,042,531.75. The following table summarises our anticipated time costs and then provides more detail on each area of work. Time costs are shown at the hourly rates set out later in this report.

In the period since our appointment to 18 October 2022, we have incurred time costs of £2,162,457.25, representing 71% of the updated fees estimate.

Table 2 – Time costs

<i>Category of work</i>	<i>Current Fees Estimate</i>			<i>Previous Fees Estimate (December 2020)</i>		
	<i>Hours</i>	<i>£</i>	<i>Av. £</i>	<i>Hours</i>	<i>£</i>	<i>Av. £</i>
Accounting and treasury	430.45	143,657.95	333.74	369.90	111,767.75	302.16
Assets	256.05	88,190.50	344.43	274.85	93,425.25	339.91
Book debt realisations	91.80	25,741.75	280.41	92.10	25,771.75	279.82
Creditors	493.30	206,250.50	418.10	443.45	150,376.50	339.11
Committee	385.25	171,799.00	445.94	252.95	92,299.75	364.89
Employees & pensions	78.10	20,958.00	268.35	85.10	23,133.00	271.83
Group companies	430.30	206,276.75	479.38	414.05	195,103.75	471.21
Investigations	895.80	345,581.00	385.78	977.90	372,771.75	381.20
Property	146.37	64,278.30	439.15	146.37	64,278.30	439.15
Litigation	756.60	485,454.50	641.63	1020.80	441,287.50	432.30
Statutory and compliance	830.05	327,120.75	394.10	709.20	269,330.25	379.77
Strategy and planning	1157.30	623,777.75	538.99	891.35	458,409.75	514.29
Tax	260.11	151,202.25	581.30	249.26	124,531.00	499.60
VAT	104.30	67,247.75	644.75	106.15	56,859.75	535.65
Closure	24.00	14,460.00	602.50	0.00	0.00	0.00
Appeal	132.00	100,535.00	761.63	0.00	0.00	0.00
Total hours and costs	6,471.78	3,042,531.75	470.12	6,033.43	2,479,346.05	410.93

Our total remuneration drawn cannot exceed the total amount of this fees estimate without prior consent from the fee approving body.

Table 2 shows our revised fee estimate taking into account the additional work that we now estimate is required to wind up the Company's affairs, realise assets and settle liabilities. The "Previous Fees Estimate" represents our fee estimate in our second remuneration report, which was published in December 2020 and is shown for comparison.

Table 3 – Time costs to date

<i>Category of work</i>	<i>19 October 2018 - 18 October 2022</i>		
	<i>Hours</i>	<i>£</i>	<i>Av. £</i>
Accounting and treasury	361.05	107,720.95	298.35
Assets	256.05	88,190.50	344.43
Book debt realisations	91.80	25,741.75	280.41
Creditors	319.80	108,425.50	339.04
Committee	345.25	142,229.00	411.96
Employees & pensions	78.10	20,958.00	268.35
Group companies	417.80	198,616.75	475.39
Investigations	895.80	345,581.00	385.78
Property	146.37	64,278.30	439.15
Litigation	243.10	118,777.00	488.59
Statutory and compliance	729.05	261,550.75	358.76
Strategy and planning	985.30	506,487.75	514.04
Tax	222.11	119,642.25	538.66
VAT	87.30	54,257.75	621.51
Closure	0.00	0.00	0.00
Appeal	0.00	0.00	0.00
Total hours and costs	5,178.88	2,162,457.25	417.55

3.2 Work we propose to undertake

The following table provides details of the work we propose to do (indicated by ☐), have already done (✓) or which is in progress (◻). It provides a brief summary for each category rather than an exhaustive list of all possible tasks.

The fees estimate for each category is also shown, together with costs incurred to 18 October 2022.

Table 4 – Work we propose to do

Category of work	General description	Work included	What, if any, financial benefit the work provided to creditors OR whether it was required by statute
Accounting and treasury Estimate: 430.45 hours £143,657.95 Incurred to date 361.05 hours £107,720.95	Bank account management, including Advance Payments accounts Accounting and statutory receipts & payments accounts	<ul style="list-style-type: none"> Opening new accounts, closing pre appointment bank accounts and arranging facilities ✓ Dealing with receipts payments and journals ☐ Carrying out bank reconciliations and managing investment of funds ☐ Corresponding with banks to undergo a complicated and prolonged process to transfer pre appointment balances to accounts under our control, resulting in £5.7m transferred into the ISA and c.\$17m transferred into foreign currency accounts under the liquidators' control ✓ Obtaining bank account statements for periods before our appointment ✓ Corresponding with bank regarding specific transfers ☐ Paying one or more dividends out to multiple creditors in multiple jurisdictions ☐ Sanction checking all payees including dividend payments ☐ Arranging for the closure of all Company accounts ☐ 	<ul style="list-style-type: none"> To ensure the proper management of the funds that will in due course be distributed to creditors
Assets Estimate: 256.05 hours £88,190.50 Incurred to date 256.05 hours £88,190.50	Post Petition Refunds Other assets	<ul style="list-style-type: none"> Reviewed post petition payments made from Company accounts ✓ Investigated post petition payments to ascertain whether there was any benefit to the estate by working with third parties and banks ✓ Wrote to a party that received two improper post petition payment to request refund ✓ Appointed solicitor to assist with recovery of post petition payments worth circa £71k ✓ <ul style="list-style-type: none"> Liaising with valuers, auctioneers and interested parties ✓ Reviewing asset listings ✓ Investigated other claims or refunds that the Company may have been entitled to ✓ Liaised with the Swiss Chambers' Arbitration Institution to ensure refund of a deposit of circa £132k ✓ 	<ul style="list-style-type: none"> Direct benefit to creditors through the enhanced asset realisations
	Insurance	<ul style="list-style-type: none"> Identifying potential issues requiring attention of insurance specialists ✓ Reviewing insurance policies ✓ 	

		<ul style="list-style-type: none"> • Corresponding with insurer regarding initial and ongoing insurance requirements ✓ • Realising any value within policies and obtaining insurance refund ✓ 	
	Third party assets	<ul style="list-style-type: none"> • Reviewing leasing documents ✓ • Liaising with owners/lessors for return of assets ✓ 	
Book debt realisations Estimate: 91.80 hours £25,741.75 Incurred to date 91.80 hours £25,741.75		<ul style="list-style-type: none"> • Notify all debtors of our appointment and request repayment of outstanding balances ✓ • Liaise with former accountants and staff of the Company to understand the debtor ledgers of the Company and obtain supporting documentation ✓ • Reviewing and assessing the debtor ledgers ✓ • Appointing debt collection agents on contingent basis to deal with outstanding substantial claims ✓ • Liaising with overseas advisors to understand the prospects of successfully pursuing claims against overseas debtors ✓ • Liaising with debt collectors and solicitors to ensure recovery of outstanding balances □ 	<ul style="list-style-type: none"> • To realise the maximum funds to be distributed to creditors in due course
Liquidation Committee Estimate: 385.25 hours £171,799.00 Incurred to date 345.25 hours £142,229.00		<ul style="list-style-type: none"> • Planned, organised and held the first liquidation committee meeting ✓ • Prepared committee report for first meeting ✓ • Corresponded with committee members by phone and email □ • Prepare and circulate regular updates to the committee □ • Prepared documents and information for the purpose of obtaining approval of initial and revised fee estimate, Category 2 disbursements and other matters in the liquidation ✓ • Issuing notices and associated documentation for seeking decisions from committee members □ • Holding second and third committee meetings to update members on the progress of the liquidation and discuss key matters ✓ • Liaise with Committee regarding the strategic options in relation to the Advanced Payments litigation and consult with Committee on any changes in circumstances □ • Hold further meetings with the liquidation committee as and when required or beneficial to do □ • Prepare documents and information for the purpose of obtaining approval of the updated third fee estimate □ 	<ul style="list-style-type: none"> • To ensure creditors are kept updated on progress of the liquidation
Creditors Estimate: 493.30 hours £206,250.50 Incurred to date 319.80 hours £108,425.50	Creditor enquiries Preferential claims	<ul style="list-style-type: none"> • Setting up a dedicated website for delivery of initial and ongoing communications and reports ✓ • Receiving and following up creditor enquiries via telephone, email and post □ • Reviewing and preparing correspondence to creditors and their representatives □ • Corresponding with employees regarding dividend ✓ • Preparing, issuing and receiving employee preferential claim agreement forms ✓ 	<ul style="list-style-type: none"> • Direct benefit to creditors through the correct distribution of funds

		<ul style="list-style-type: none"> • Corresponding with the RPS regarding proof of debt ✓ • Calculating dividend rate and preparing dividend file ✓ • Preparing and paying distribution ✓ • Ensuring PAYE/NIC is deducted and remitted to HMRC ✓ 	
	Unsecured claims	<ul style="list-style-type: none"> • Preparing correspondence to potential creditors inviting lodgment of proof of debt □ • Receiving proofs of debt and maintaining register □ • Adjudicating claims, including requesting further information from claimants, and where necessary, seeking legal or other professional advice □ • Preparing correspondence to claimant advising outcome of adjudication and advising of intention to declare dividend □ • Advertising intention to declare dividend □ • Calculating dividend rate and preparing dividend file □ • Preparing correspondence to creditors announcing declaration of dividend □ • Preparing and paying one or more distributions □ 	
	Shareholder enquiries	<ul style="list-style-type: none"> • Responding to shareholder queries □ 	
Employees and pensions	Communications with employees	<ul style="list-style-type: none"> • Drafting, issuing and delivering initial communications and announcements ✓ • Preparing letters to employees advising of their entitlements and options available ✓ • Receiving and following up employee enquiries via telephone, post and email ✓ 	<ul style="list-style-type: none"> • To ensure the correct distribution of funds
Estimate: 78.10 hours £20,958.00			
Incurred to date			
78.10 hours £20,958.00	Payroll	<ul style="list-style-type: none"> • Reviewing employee files and Company's books and records ✓ • Reviewing awards and payroll structure ✓ • Deducting and paying over PAYE/NIC to HMRC and other deductions to relevant agencies and third parties ✓ 	
	Pensions	<ul style="list-style-type: none"> • Reviewing insurance policies ✓ • Contacting the Pension company ✓ 	
Investigations	PwC Forensics work, HMRC Tax enquiry and EU anti competitive behavior investigation	<ul style="list-style-type: none"> • Collecting and reviewing Company books and records where related to investigatory work ✓ • Assisted our lawyers in locating specific Company records such as email communications and contracts ✓ • Downloading Company information, preservation and capture of information systems used by the Company ✓ • Maintain access to Company data including finance systems, emails, network storage, computer servers and accounting systems. ✓ • All data provided has been verified for completeness against the source systems and where appropriate, we have liaised further with the external providers to fill any gaps ✓ 	<ul style="list-style-type: none"> • Statutory duties of the Liquidators • Ensure claims against the Company are mitigated by ensuring any claim reflects best available information of Company's books and records
Estimate: 895.80 hours £345,581.00			
Incurred to date			
895.80 hours £345,581.00			

- Electronic books and records have been preserved in line with our requirements as part of the liquidation, utilising existing third parties to undertake this work where appropriate ✓
- Third parties' work has been overseen to ensure that any data captured as part of the legal requirements is complete, and in a format that is easy to provide to the Joint Liquidators if necessary ✓
- Conducted analysis on invoicing and booking systems to validate creditor claims, as well as uncovering any potential pots of money for the liquidation ✓
- Met a HMRC Data Auditor at our London office to provide access to key Company digital records ✓
- Reviewed physical books and records ✓
- Preparing comparative financial statements ✓
- Reviewing specific transactions and liaised with former employees and banks regarding certain transactions in response to a HMRC questionnaire ✓
- Ensuring our compliance with a inquiry into the pre appointment tax affairs of the Company by HMRC ✓
- Complying with and dealing with statutory requests for information made as part of a European Commission investigation into potential anti competitive behavior in the Group ✓
- Holding calls with our lawyers on strategy to comply with the European Commission investigation ✓
- Carrying out a high number and detailed searches for underlying transaction documents, bank statements and email correspondence to understand the factual and contractual background to the Advance Payments. ✓
- Seek assistance from a number of former employees, technology providers and former accountants to obtain documentation to help us analyse and understand the factual context of the Advance Payments. ✓
- Investigate intercompany transactions and review records to understand the factual position in respect of intercompany balances and substantiate our claims ✓
- Engage in a protracted and lengthy process of obtaining access to Company emails stored by a third party technology provider ✓

Please note any time spent by our PwC forensics colleagues on the Advance Payments matter after 18 October 2020, is categorised under litigation.

Statutory and compliance Estimate: 830.05 hours £327,120.75 Incurred to date 729.05 hours £261,550.75	Initial letters and notifications	<ul style="list-style-type: none"> • Preparing and issuing all necessary initial letters and notices regarding the liquidation and our appointment ✓ 	<ul style="list-style-type: none"> • Statutory duties of the Liquidators
	Remuneration report	<ul style="list-style-type: none"> • Preparing and circulating to creditors a report giving details of the work we expect to carry out during the case, our fees estimate and the expenses that are likely to be incurred. ✓ • Preparing and circulating to creditors second and third revised remuneration reports giving details of the work we expect to carry out during the case, following progress in key case matters and better 	

	<ul style="list-style-type: none"> understanding of outstanding issues and the expenses that are likely to be incurred ✓ 	
Case reviews	<ul style="list-style-type: none"> Conducting case reviews after the first month, then every six months □ 	
Progress reports and extensions	<ul style="list-style-type: none"> Preparing and issuing annual progress reports to creditors and the Registrar □ 	
Books and records	<ul style="list-style-type: none"> Collecting Company books and records both digital and physical ✓ Dealing with records in storage □ Sending job files to storage □ 	
Other statutory and compliance	<ul style="list-style-type: none"> Filing of documents □ Updating checklists and diary management system □ Dealing with statutory, regulatory, and internal compliance procedures in the liquidation □ Dealing with ad hoc enquiries from stakeholders and statutory bodies □ 	
Strategy & Planning Estimate: 1,157.30 hours £623,777.75 Incurred to date 985.30 hours £506,487.75	<ul style="list-style-type: none"> Completing tasks relating to job acceptance ✓ Preparing fee budgets & monitoring cost on a monthly basis □ Holding regular meetings to review case progress and delegate work to correct grade of staff □ Considering timings for key milestones and key strategic decisions, including review of the litigation strategy on the Advanced Payments dispute □ Consulting on key strategic decisions with lawyers and Liquidation Committee □ Reviewing future work to be undertaken □ Corresponding with PwC forensic specialists regarding ongoing requests for data and review of ongoing workstreams □ 	<ul style="list-style-type: none"> Statutory duties of the Liquidators Aids efficient progression of the liquidation
Litigation Estimate: 756.60 hours £485,454.50 Incurred to date 243.10 hours £118,777.00	<ul style="list-style-type: none"> Carried out extensive and detailed review of Company records for underlying transaction documents, bank statements and email correspondence to understand the factual and contractual background to the Advance Payments □ Hold meetings with our lawyers to discuss progress and strategy on the Advance Payments matter □ Input into and review draft witness statements for filing in court to support court application □ Instruct overseas agents to effect legal service on the non-responding overseas Advance Payers ✓ Make an application to the court to seek direction on ownership of Advance Payment □ Review filing papers, applications and notices prepared by our lawyers □ Deal with any court orders regarding general or specific disclosure of Company records □ Liaise with legal counsel on preparation and review of legal submissions □ Attend to court as and when required □ Prepare for cross examination □ Review communication and advice issued by counsel □ Review and respond to any notices, letters and documents issued by the courts □ 	<ul style="list-style-type: none"> To realise the maximum funds to be distributed to creditors in due course

- Review any offers of settlement
- Maintain access to Company data including finance systems, emails, network storage, computer servers and accounting systems

Group companies

Estimate:
430.30 hours
£206,276.75

Incurred to date

417.80 hours
£198,616.75

- Receiving and following up on overseas entity enquiries via telephone, email and post
- Investigate what value can be recovered for the benefit of the Company from overseas entities
- Contacted directors or insolvency practitioners of all entities which owed money to the Company.
- Submitted claims in line with local insolvency procedures to the liquidators where there is a benefit to the estate. ✓
- Petitioned for the winding up of the Irish entity to prevent dissipation of all funds to another creditor ✓
- Liaised closely with PwC Luxembourg and local bailiff to put MP & Silva Holding S.A. into an insolvency procedure ✓
- Review and investigate supporting documentation for the balances claimed, including review of bank statements, contracts and accounting ledgers for group claims
- Challenged the rejection of elements of our claim against the Irish entity ✓
- Held conference calls with liquidators/bankruptcy administrators of overseas entities ✓
- Provide limited and query specific access to books and records of the Group's finances to overseas liquidators/bankruptcy administrators as requested to assist with asset realisation ✓
- Review reports and other correspondence received regarding dividend prospects
- Arrange for correspondence received in foreign languages to be translated into English
- Monitored the insolvency status of overseas entities and requested regular updates on dividend prospects and insolvency strategy
- Liaised with former employees of the Group to understand nature of intra group balances ✓
- Sought technical and legal advice from PwC Ireland on Irish insolvency rules ✓
- Held regular strategy meetings with our lawyers and local insolvency specialist to discuss strategy to recover maximum value from insolvent entities in the Group
- Liaised with PwC forensics and banks to review books and records relating to outstanding intra group balances ✓
- Initiate legal action as necessary to protect claims and dividends in respect of the Company
- To realise the maximum funds to be distributed to creditors in due course

Property Estimate:

146.37 hours
£64,278.30

Incurred to date

146.37 hours
£64,278.30

- Carrying out title searches and securing relevant property records ✓
- Securing possession of property ✓
- Liaising with valuers and agents in an attempt to reassign our lease ✓
- Negotiate extensively with the landlord to obtain more information on deduction to the rent deposit ✓
- Correspond with the landlord by email, letter and calls regarding our lease ✓
- To realise the maximum funds to be distributed to creditors in due course

<p>Tax</p> <p>Estimate:</p> <p>260.11 hours £151,202.25</p> <p>Incurring to date</p> <p>222.11 hours £119,642.25</p>	<p>Tax</p>	<ul style="list-style-type: none"> ● Gathering information for the initial tax review ✓ ● Arrange for tax computations of Company to be brought up to the date of our appointment by pre appointment accountants ✓ ● Carrying out tax review and subsequent enquiries ✓ ● Preparing annual tax computations □ ● Liaising with HMRC on agreeing tax liability and information for years before our appointment ✓ ● Respond to and deal with enquiries from HMRC in relation to its ongoing investigations into the Company and the Group ✓ ● Seek and obtain confirmation from HMRC on conclusion of tax inquiry ✓ 	<ul style="list-style-type: none"> ● Statutory duties of the Liquidators
<p>VAT</p> <p>Estimate:</p> <p>104.30 hours £67,247.75</p> <p>Incurring to date:</p> <p>87.30 hours £54,257.75</p>	<p>VAT</p>	<ul style="list-style-type: none"> ● Gathering information for the initial VAT review ✓ ● Carrying out VAT review and subsequent enquiries with HMRC ✓ ● Submitting VAT returns for the period before our appointment to bring VAT returns up to date ✓ ● Deregistering the Company for VAT purposes ✓ ● Obtain a £77k refund in respect of VAT on rent taken out of the rent deposit ✓ ● Preparing quarterly VAT returns ✓ ● Submit periodic VAT 426 forms to HMRC □ ● Respond to and deal with any enquiries from HMRC □ 	<ul style="list-style-type: none"> ● Statutory duties of the Liquidators
<p>Closure</p> <p>Estimate:</p> <p>24.00 hours £14,460.00</p> <p>Incurring to date</p> <p>0 Hours £0</p>		<ul style="list-style-type: none"> ● Preparing closure documents and filing the notice of move to dissolution with the Registrar □ ● Closure of internal systems and databases □ ● Complete and file our internal case closure checklist □ ● Completing checklists and diary management system □ ● Closing down internal systems □ ● Obtaining clearances from third parties □ ● Arrange release of statutory bonding □ ● Arrange storage and subsequent destruction of statutory books and records □ ● Prepare timetable to closure of case □ ● Draft and deliver final progress report and notices □ 	<ul style="list-style-type: none"> ● Statutory duties of the Liquidators
<p>Appeal</p> <p>Estimate:</p> <p>132.00 hours £100,535.00</p> <p>Incurring to date</p> <p>0 Hours £0</p>		<ul style="list-style-type: none"> ● Attend to court as and when required □ ● Review court submissions □ ● Hold regular calls with solicitors and counsel on strategy and progression □ ● Review counter parties submissions and arguments □ 	<ul style="list-style-type: none"> ● To realise the maximum funds to be distributed to creditors in due course

Included in the above table are tasks that we must perform that may not directly benefit creditors financially. These typically relate to fulfilling obligations imposed by statute or regulatory bodies such as completion and submission of annual corporation tax returns.

3.3 Our time charging policy and hourly rates

The time we charge to the liquidation is by reference to the time properly given by our staff and us in attending to matters arising.

It is our policy to delegate tasks to appropriate members of staff considering their level of experience and any requisite specialist knowledge, supervised accordingly, so as to maximise the cost effectiveness of the work performed. Matters of particular complexity or significance requiring more exceptional responsibility are dealt with by senior staff or the liquidators personally.

Set out below are the relevant maximum charge-out rates per hour worked for the grades of staff actually, or likely to be, involved on this assignment.

All staff who work on this assignment (including cashiers, support and secretarial staff) charge time directly to the assignment and are included within any analysis of time charged. Time is charged by reference to actual work carried out on the assignment in six minute units. The minimum time charged is three minutes (i.e. 0.05 units). There has been/will be no allocation of any general costs or overhead costs. These rates will apply to each part of our work.

Table 5 – Charge-out rates

Grade	Up to 30 June 2022 £	From 1 July 2022 £
Partner	980	980
Appointment taking director	new grade	960
Director (not appointee)	865	915
Associate director	new grade	900
Senior manager	685	860
Manager	595	730
Senior associate	480	515
Associate	350	375
Support staff	160	160
Offshore professionals	280	375- 515

We may also utilise Technology Specialists from the wider Restructuring and Forensics team or other parts of our firm, for example to gather, secure or extract company data or create a case specific digital tool to enable data to be processed efficiently. The rates applied to such specialists do vary but the figures below provide an indication of the maximum rate per hour.

Table 6 – Charge-out rates

Grade	From 1 July 2022 £
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Partner	1,175
Director	1,085
Senior manager	980
Manager	795
Senior associate	575
Associate	415
Support staff	145
Offshore professionals	375 - 515

3.4 Roles and grades of staff

Reflecting the increasingly mobile and flexible nature of the PwC workforce and the narrowing of our London and regional cost bases we have moved to one uniform rate card for our standard restructuring and insolvency services from 1 July 2022. This is in line with other parts of PwC, and is also consistent with wider insolvency market practice. We will continue to have a separate rate card for specialist services including our tax, data and technologist support.

Should an increase in charge out rates result in our time costs exceeding the fee estimate provided to creditors at the time we sought approval of the basis of our remuneration, we will need to seek approval from the relevant creditor body in order to draw fees in excess of that estimate.

We have a diverse range of experience and capability within our director and senior manager teams. We have created two further grades within this population to reflect different levels of experience. We have differentiated between those directors who take insolvency appointments and lead insolvency cases (thereby providing considerable leverage to our appointment taking partners and reducing overall costs to insolvent estates), and those directors who help to support the delivery of our insolvency strategy. We have also created differential rates in our senior manager team, acknowledging those insolvency qualified and long serving insolvency experienced senior managers separately from those who are not yet insolvency qualified.

The following descriptions of each grade of standard staff are a general guide only. From time to time there may be persons working on this assignment who, because of their skills and experience, are employed in positions where they may not necessarily meet all of these qualifications.

Title	Description
Partner	A licensed insolvency practitioner with extensive experience of insolvencies. A partner in PwC and senior member of management with ultimate responsibility (along with joint appointees) for the conduct of the insolvency and decisions on a case. If not an office-holder in relation to the appointment (usually only on large and complex appointments), may be qualified to accept appointments in their own right. Alternatively, may have specialist business or industry skills, and management experience at a senior level, or a combination of skills.
Appointment taking director	A licensed insolvency practitioner acting as an office holder on the insolvency appointment and subject to additional office-holder responsibilities compared to a Director who is not an appointed office-holder. Highly experienced in insolvency matters at a senior level, including managing complex insolvencies and supervising teams
Director (not appointee)	Individuals highly experienced in insolvency matters at a senior level, including managing complex insolvencies and supervising teams. They may be a licensed insolvency practitioner but are not an appointed office-holder in relation to this insolvency. Alternatively, may have specialist business or industry skills, and management experience at a senior level, or a combination of skills.
Assistant director	Individuals of Senior Manager title but who are highly experienced in insolvency matters and either with more than 10 years insolvency experience at Senior Manager level or are qualified to JIEB level.

Senior manager	Experienced in insolvency matters with strong technical knowledge and commercial skills. Capable of supervising teams, often with a project management role on larger cases and/or responsibility for complex aspects of larger matters. Alternatively, may have specialist business or industry skills, and management experience at a senior level, or a combination of skills. Grades of Senior Manager and below have delegated authority to make decisions on behalf of the appointed office-holders in certain aspects of a case.
Manager	Experienced in insolvency matters with well-developed technical and commercial skills. Capable of supervising smaller teams, and can take day-to-day responsibility for smaller to medium matters, or aspects of more complex matters. Alternatively, may have management, business, or industry skills, or a combination of skills.
Senior Associate	Generally has an insolvency qualification or accounting qualification. Assists with planning and control of various aspects of the insolvency, but is primarily responsible for completing fieldwork and/or compliance related matters under the supervision of more senior staff.
Associate	Has appropriate skills to provide administrative support to the team including efficient document preparation and data entry, records management, and general data analytics. Often a part-qualified accountant or works regularly on insolvency matters.
Offshore professionals	Offshore professional colleagues may provide assistance, albeit that the majority of the work on this case will be undertaken by the UK based team. An off-shore professional at the high end of the fee bracket generally has appropriate insolvency experience or an accounting qualification, depending on the nature of the work and will assist with planning and control of various aspects of the insolvency. An off-shore professional at the low end of the fee bracket will typically have a finance-related qualification and appropriate skills to complete basic insolvency related tasks and provide administrative support to the team
Support staff	Has appropriate skills to provide administrative support to the team.

Specialist departments with our firm, such as Tax, VAT, Real Estate and Pensions are also used where their expert advice and services are required.

Table 7 – Charge-out rates

Grade	Up to 31 June 2022 £	From 1 July 2022 £
Partner	1,680	1,810
Director	1,540	1,660
Senior manager	1,425	1,310
Manager	860	950
Senior associate/consultant	640	690
Associate/assistant consultant	345	375
Support staff	190	205

Offshore professionals

190

190

In common with all professional firms, hourly rates increase from time to time over the period of the liquidation (for example to cover annual inflationary cost increases). Any material amendments to these rates will be advised to the fee approving body when seeking fee approval, and to creditors in our next statutory report.

3.5 Further approval

Creditors should be assured that the provision of a fees estimate will not affect the proper conduct of the liquidation. If the necessary work exceeds (or is likely to exceed) that included in the fees estimate, we can seek consent, usually from the fee approving body, for our fees to exceed the fees estimate.

Our fees estimate is based on a number of assumptions, which are explained in Section 5. In broad terms and in our experience, the key issues likely to affect the level of costs are the:

- Availability and quality of the books and records;
- Level of co-operation received from stakeholders;
- whether a settlement can be reached on the Advance Payments matter without full litigation;
- whether there are any appeals to an initial decision in the Advance Payments litigation;
- whether there are any disputes raised against our adjudication on significant creditor claims; and
- Any changes to our strategy that might be necessary as a result of the above.

We do not think we will need to seek further approval because we have now concluded the majority of the work streams in the liquidation.

In our periodic progress reports, we will keep creditors updated on how our fees are comparing to the updated fees estimate. If fees are likely to exceed this fees estimate we will need further approval to draw those fees.

4. Expenses

4.1 What is an expense?

Expenses are amounts properly payable by the office holder from the estate but excludes our fees and dividends to creditors. These include disbursements, which are expenses met by and reimbursed to an office holder in connection with an insolvency appointment. They fall into two categories: Category 1 and Category 2:

Expenses	SIP9 definition
Category 1	Payments to persons providing the service to which the expense relates who are not an associate of the office holder.
Category 2	Payments to associates or which have an element of shared costs.

We don't need approval from creditors to pay Category 1 expenses as these have all been provided by third parties but we do need approval to draw Category 2 expenses. The body of creditors which approves our fees, in this case the Liquidation Committee, also has the responsibility for agreeing the policies for payment of Category 2 expenses.

The rate for services provided by the Liquidators' own firm (Category 2 expenses) may periodically rise (for example to cover annual inflationary cost increases) over the period of the liquidation. All other disbursements will be charged at cost. The table below shows the Category 2 expenses that we think will be incurred in relation to this liquidation and our proposed policy for recovering these costs:

Photocopying	At 5 pence per sheet copied, only charged for circulars to creditors and other bulk copying.
Mileage	At a maximum of 70 pence per mile (up to 2,000cc) or 91 pence per mile (over 2,000cc).

Our firm's disbursements policy allows for all properly incurred expenses to be recharged to the case.

We provide details of the disbursements incurred by our firm to date in the tables below:

Table 8 – Disbursements

Category	Policy	Costs incurred (£)
2	Overseas PwC practices	90,290.86
1	Travel expenses	2,966.90
1	Postage expenses	2,284.44
1	Printing	3.64
1	Archiving books and records expenses	658.35
1	Insurance	450.00
1	Subsistence	80.11
Total		96,734.28

4.2 Our expenses estimate

The following table shows expenses incurred to date and an estimate of further expenses we consider will be (or are likely to be) incurred.

The total expenses estimate for the case is £4,828,041.56

The estimate excludes any potential tax liabilities that may be payable as an expense of the liquidation in due course because amounts due will depend on the position at the end of the tax accounting period.

Table 9 – Expenses estimate

	Brought forward from preceding period	Incurring in the period under review	Cumulative	Estimated future	Anticipated total	Estimate as at Dec 2020	Variance
	£	£	£	£	£	£	£
Office holders' fees - Statutory work	1,942,943.00	141,789.75	2,084,732.75	371,809.50	2,456,542.25	2,038,058.55	(418,483.70)
Office holders' fees - Litigation	67,176.50	10,548.00	77,724.50	508,265.00	585,989.50	441,287.50	(144,702.00)
Office holders' expenses	2,614.78	200.90	2,815.68	4,000.00	6,815.68	6,368.52	(447.16)
Bank Charges	1,134.53	121.05	1,255.58	1,500.00	2,755.58	1,429.15	(1,326.43)
ISA Debit Balance	11,000.00	-	11,000.00	-	11,000.00	11,000.00	-
Statutory advertising	75.00	-	75.00	-	75.00	75.00	-
Professional Fees	30,757.50	-	30,757.50	2,000.00	32,757.50	33,257.50	500.00
Contingent debt collection fees	28,446.93	-	28,446.93	-	28,446.93	-	(28,446.93)
Legal fees & Expenses	609,518.46	3,753.87	613,272.33	30,000.00	643,272.33	624,828.06	(18,444.27)
Litigation legal fees	207,830.18	51,115.67	258,945.85	562,500.00	821,445.85	550,000.00	(271,445.85)
Corporation Tax	15,760.74	6,754.57	22,515.31	14,000.00	36,515.31	16,111.52	(20,403.79)
Data capture, review & Storage	50,899.63	-	50,899.63	-	50,899.63	50,899.63	-
Post Redirection	826.33	-	826.33	-	826.33	826.33	-
Insurance	2,416.32	-	2,416.32	-	2,416.32	2,416.32	-
Payroll and associated costs	47,474.18	-	47,474.18	-	47,474.18	47,474.18	-
Petitioner Costs refund	100,554.07	-	100,554.07	-	100,554.07	100,554.07	-
Irrecoverable VAT	-	50.50	50.50	-	50.50	-	-
Liquidation committee expenses	204.60	-	204.60	-	204.60	454.60	250.00
Total	3,119,632.75	214,334.31	3,333,967.06	1,494,074.50	4,828,041.56	3,925,040.93	(903,000.63)

5. Professionals and subcontractors

Table 10 – Professionals and subcontractors

Service provided	Name of firm /organisation	Reason selected	Basis of fees
Accounting services, including:			
<ul style="list-style-type: none"> Assistance with bringing the Company's Tax and VAT position up to date Assistance with book debt collection Obtaining payee details for unfamiliar bank transactions Compliance with ongoing HMRC tax enquiry 	Charter Tax	Pre - liquidation accountancy provider with knowledge of and easier access to certain of the accounting records of the Company	Combination of time costs, fixed fee and disbursements
Legal services, including:			
<ul style="list-style-type: none"> General advice regarding advance monies issues General advice regarding matters arising in the liquidation as required Lease forfeiture/surrender 	Herbert Smith Freehills	Insolvency expertise	Time costs and disbursements
Pre appointment service provider assisting with access to Company records	TSG	Existing commercial relationship with Company, and more efficient access to certain records	A mixture of fixed fee, time costs and disbursements
Pre appointment service provider assisting with access to Company records	Xytech Systems	Existing commercial relationship with Company, and more efficient access to certain records	Time costs
Insurance	JLT	Industry knowledge and expertise	Agreed premiums
Data storage	Iron Mountain	Industry knowledge and expertise	Calculated by applicable rates per unit
Legal advice, including: <ul style="list-style-type: none"> preparing the petition paper for MP & SILVA HOLDING S.A Presenting the petition to the local court Registering our the claim of the Company with the court General advice on local insolvency procedures 	PwC Luxembourg	Industry knowledge and expertise	Time costs and disbursements
Assistance with representation on Irish entity liquidation committee	PwC Eire	Industry knowledge and expertise	Time costs and disbursements
Property consulting services, including: <ul style="list-style-type: none"> Potential disposal of leasehold interests Potential disposal of office furniture and equipment 	Lambert Smith Hampton	Industry knowledge and expertise	Time costs and disbursements

Recovery of post petition payments	Schofield Sweeney LLP	Industry knowledge and expertise	No win no fee basis and percentage of realisations
Third party book debt collection	Pythagoras Capital Ltd	Industry knowledge and expertise	No win no fee basis and percentage of realisations
Legal services, including: <ul style="list-style-type: none"> Advice on service of application on Switzerland based Advance Payer 	Schellenberg Wittmer Ltd	Industry knowledge and expertise	Combination of time costs, fixed fee and disbursements

We require all third party professionals to submit time costs analysis and/or narrative in support of invoices rendered. I undertake the following steps to review professional firms' costs:

- Review amounts charged against the description of work undertaken and the circumstances of the case
- Seek further breakdown of costs and detail of work undertaken where necessary
- Comparisons with upfront budgets
- Review of disbursements claimed
- Ongoing dialogues with regards to the work being performed

I am satisfied that the amounts incurred to date are reasonable in the circumstances of the case

5.1 Fees estimate

In estimating the Liquidators' likely time costs, we have made the following assumptions:

- The liquidation will continue to last up to October 2024 at the latest.
- There will be dividends paid to Unsecured Creditors.
- Court directions will be required to resolve the ownership of the Advance Payments and there will be an appeal phase to the legal process.
- Agreement of creditor claims will be complex and administratively intensive, due to the global nature of the creditor base and significant number of high value of claims.
- There will be no further investigations from public or regulatory bodies.
- VAT will be fully recoverable in respect of costs and other expenses related to the liquidation.
- There will be only limited future involvement with the Official Receiver.
- The estimate excludes any potential tax liabilities that may be payable as an expense of the liquidation in due course, given the tax positions will be determined at the end of each tax accounting period.
- There will be no substantial dispute or litigation required in respect of dividends outstanding from intra group companies.
- Agreement of claims from officeholders of intra group companies will require standard amount of work

5.2 Expenses

In preparing our expenses estimate, we have made the following assumptions:

- Future legal fees are based on estimates of the likely time and work required to deal with the Advanced Payments matter
- We have assumed legal action will not be required to agree our claims with overseas office holders of insolvent entities within the Group
- We have assumed there will be minimal costs of maintaining access to IT systems and books and records of the Company
- We have assumed the expenses of the Liquidation Committee will be minimal over the course of the liquidation

5.3 Associates

The liquidators have no business or personal relationships with parties responsible for approving remuneration or who provide services to the liquidators in respect of the appointment where the relationship could give rise to an actual or perceived conflict of interest.

However, the liquidators have instructed fellow PwC firms in Luxembourg, France and Hungary to assist with enquiries into the group companies and carrying out our duties. Such costs have already been approved by the Liquidation Committee.

We provided more detail on the rates charged by fellow PwC firms in the previous remuneration report dated December 2020, which is available to read on our website. We have not instructed fellow PwC firms since our second remuneration report was published.

All other transactions are on a purely commercial basis and parties have been chosen based on their expertise in accordance with the needs of the liquidation.