



TO ALL KNOW CREDITORS

7 June 2019
Our Ref: SS/DC/MPS/0619

Dear Sirs,

MP & Silva Limited - In Liquidation (“the Company”)

On 19 October 2018, Mike Jervis and I were appointed by the Secretary of State as Joint Liquidators of the Company.

I would like to make you aware that the Joint Liquidators’ Remuneration report has now been issued and is available at <https://www.pwc.co.uk/mpsilva>. I have however attached a copy of this report for your information.

Should you wish to vote on the remuneration resolutions, please complete and return the “Notice to creditors seeking decisions by correspondence” form at <https://www.pwc.co.uk/mpsilva> by 10 July 2019 (“the decision date”). I have also attached a copy of this form to this letter. In order to be entitled to vote we must receive from you a proof in respect of your claim in accordance with the Insolvency (England and Wales) Rules 2016 (IR16) by 23:59hrs on the decision date, failing which your vote will be disregarded. A proof of debt form which you can use is available at <https://www.pwc.co.uk/mpsilva>.

If your debt is treated as a small debt in accordance with rule 14.31 (1) IR16 (creditors with claims of £1,000 or less), you must still deliver a proof to us by 23.59hrs on the decision date if you wish to vote.

Should you have any queries or require assistance, please contact Syed Shah on syed.s.shah@pwc.com.

Yours faithfully

A handwritten signature in black ink, appearing to be 'Zelf Hussain', written in a cursive style.

Zelf Hussain
Joint Liquidator

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. 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

PricewaterhouseCoopers LLP, Central Square, 29 Wellington Street, Leeds, LS1 4DL
T: +44 (0) 1132 894 000, F: +44 (0) 1132 894 460, www.pwc.co.uk

PricewaterhouseCoopers LLP is a limited liability partnership registered in England with registered number OC303525. The registered office of PricewaterhouseCoopers LLP is 1 Embankment Place, London WC2N 6RH. PricewaterhouseCoopers LLP is authorised and regulated by the Financial Conduct Authority for designated investment business.



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

*PricewaterhouseCoopers LLP, Central Square, 29 Wellington Street, Leeds, LS1 4DL
T: +44 (0) 1132 894 000, F: +44 (0) 1132 894 460, www.pwc.co.uk*

PricewaterhouseCoopers LLP is a limited liability partnership registered in England with registered number OC303525. The registered office of PricewaterhouseCoopers LLP is 1 Embankment Place, London WC2N 6RH. PricewaterhouseCoopers LLP is authorised and regulated by the Financial Conduct Authority for designated investment business.

Notice to creditors seeking decisions by correspondence

Name of Company MP & Silva Limited	Company Number 07263750
In the High Court of Justice <small>(full name of court)</small>	Court case number 7134 of 2018

(a) Insert full names of
administrators

We (a) Michael Jervis and Zelf Hussain joint liquidators of the Company give notice to creditors that we are seeking a decision by correspondence on the following resolution(s) (b)

(b) Insert resolutions

Resolution (1) Decision whether a liquidation committee should be established I/we want a liquidation committee to be established if sufficient creditors are willing to be members.* OR I/we do not want a liquidation committee to be established. *
Resolution (2) THAT the basis of the Joint Liquidators' remuneration be approved on a time cost basis, as disclosed in my report dated 7 June 2019.
Resolution (3) THAT the pre appointment costs disclosed in my report dated 7 June 2019 be paid as an expense of the liquidation.
Resolution (4) THAT previous and future payments made to firms associated with PwC (as disclosed in Paragraph 6.3 of my report dated 7 June 2019) be paid as an expense of the liquidation.

Information on the formation, rights, duties and functions of a committee can be found on the case website: www.pwc.co.uk/mpsilva.

We are also inviting creditors to make nominations for membership of the liquidation committee, if one is established.

(c) Insert date

We therefore invite you to vote on the above. To submit your vote please indicate below whether you are voting for or against the resolution and whether or not you want a committee to be established and return this notice to us by post at the address below, to be received by us by 23.59 hrs on (c) 10 July 2019 (the decision date).

In order to be entitled to vote we must receive from you by 23.59 hrs on the decision date, a proof in respect of your claim in accordance with the Insolvency (England and Wales) Rules 2016 (IR16), failing which your vote will be disregarded. A proof of debt form which you can use is attached.

If your debt is treated as a small debt in accordance with rule 14.31(1) IR16 (creditors with claims of £1,000 or less), you must still deliver a proof to us by 23.59 hrs on the decision date if you wish to vote.

If you have opted out from receiving notices you may nevertheless vote if you provide a proof as set out above.

Creditors who meet one of the thresholds in section 246ZE of the Insolvency Act 1986 may, within five business days from the date of delivery of this notice, require a physical meeting to be held to consider the matter(s) set out above. The relevant thresholds are 10% in value of creditors, 10% in number of creditors, or 10 creditors.

If you wish to nominate any creditor(s) to be members of a liquidation committee, if creditors decide that a committee should be established, you must deliver your nomination to us by 10 July 2019. A nomination can only be accepted if we are satisfied as to the creditor's eligibility under rule 17.4 IR16.

A creditor may appeal a decision in accordance with rule 15.35 IR16 by applying to court not later than 21 days after the decision date.

Signed



Zelf Hussain - Joint liquidator

Dated 7 June 2019

Address for correspondence:

The Joint Liquidators' postal address: PwC, 8th Floor, Central Square, 29 Wellington Street, Leeds, LS1 4DL

Joint Liquidators' contact telephone number: David Cheverton on 07801 766362

In accordance with rule 15.9 of the Insolvency (England and Wales) Rules 2016

Name of Company MP & Silva Limited	Company Number 07263750
In the High Court of Justice	Court case number 7134 of 2018

To be completed by creditor and returned to the postal address below if you wish to vote

Insert creditor's name and address, and registered number if a company

I/We _____
 Company number (if creditor is a company) _____
 of _____

vote as follows:

	Delete as applicable *
Resolution (1) Decision whether a liquidation committee should be established I/we want a liquidation committee to be established if sufficient creditors are willing to be members.* OR I/we do not want a liquidation committee to be established. * *Delete as applicable See further detail below	* for / against
Resolution (2) THAT the basis of the Joint Liquidators' remuneration be approved on a time cost basis, as disclosed in my report dated 7 June 2019.	* for / against
Resolution (3) THAT the pre appointment costs disclosed in my report dated 7 June 2019 be paid as an expense of the liquidation.	* for / against
Resolution (4) THAT previous and future payments made to firms associated with PwC (as disclosed in Paragraph 6.3 of my report dated 7 June 2019) be paid as an expense of the liquidation.	* for / against

Committee member:

I/we nominate [creditor to insert name of creditor*] _____ to be a member of the committee if one is established.

*If you wish to nominate a creditor to be a member of a committee if one is established, please insert here the name of that creditor. A creditor can nominate them self or another creditor. If the creditor is a company you must insert the company's name

Committee member's consent to act and representative:

I/we consent to act as a member of the committee and authorise [insert representative's name here*] _____ to represent me/us on the committee with authority to act generally.

* A creditor which is a company or other body corporate must be represented by an individual. A creditor who is an individual can be represented by another individual but does not need to be. If you don't insert the name of a representative, the nominated creditor can still be represented on any committee, but may need to provide a letter of authority to the representative before they can act. A representative may be authorised to act either generally or specifically. If you wish to authorise your representative to act specifically, please amend the authority above and state in what respect they are authorised to act.

I/we enclose my/our proof of debt (if not previously submitted)

Signature of creditor or person authorised to act on behalf of the creditor:

Name in block capitals:

Position with or relation to the creditor (e.g. director, company secretary, solicitor):

Date: _____

Please return to the following postal address:

David Cheverton
PwC LLP
Central Square
29 Wellington Street
Leeds
LS1 4DL

Proof of Debt – General Form

MP & Silva Limited – in Compulsory Liquidation

In the High Court of Justice No. 007134 of 2018

Date of Winding up Order 17 October 2018

Your ref:

1	Name of creditor (If a company please also give company registration number)	
2	Address of creditor for correspondence.	
3	Total amount of claim, including any Value Added Tax and outstanding uncapitalised interest as at the date the company went into liquidation.	
4	Details of any documents by reference to which the debt can be substantiated. (Note: There is no need to attach them now but the liquidator may call for any document or evidence to substantiate the claim at his discretion as may the chairman or convenor of any meeting).	
5	If amount in 3 above includes outstanding uncapitalised interest please state amount.	£
6	Particulars of how and when debt incurred (If you need more space append a continuation sheet to this form).	
7	Particulars of any security held, the value of the security, and the date it was given.	
8	Particulars of any reservation of title claimed, in respect of goods supplied to which the claim relates.	
9	Signature of creditor or person authorised to act on his behalf	
	Name in BLOCK LETTERS	
	Position with or in relation to creditor	
	Address of person signing (if different from 2 above)	

For official use

Admitted to vote for

£

Date

Official Receiver/Liquidator

Admitted for:

£ (preferential)

£ (non-preferential)

Date

Liquidator

***MP & Silva Limited – in Compulsory
Liquidation***

Initial progress report (incorporating a
Remuneration Report prepared in accordance
with Chapter 18 of IR16)

07 June 2019



Table of Contents

1	Abbreviations and definitions	2
2	Background.....	3
2.1	Intentions of this initial progress report to creditors	3
2.2	Purpose of this initial disclosure to creditors	3
2.3	Action required by you	4
2.4	Estimated outcome for creditors	4
2.5	Pre and post appointment activity.....	5
2.6	Summary of assets of the Company.....	6
2.6.1	Cash at bank	6
2.6.2	Book debts, and rights acquired by the Company	7
2.6.3	Pursuing international intra-group claims and status of the group structure	7
2.6.4	Other Assets.....	9
2.6.5	Leasehold premises	9
2.7	The Securing of data and reconstruction of the Company’s financial position	9
2.8	Dealing with employees.....	10
2.9	Dealing with creditors	10
2.10	Tax and VAT issues.....	10
2.11	Receipts and payments account.....	10
3	Our fees estimate	11
3.1	How our fees are calculated	11
3.2	Work we propose to undertake	13
3.3	Our time charging policy and hourly rates.....	17
3.4	Further approval.....	17
4	Expenses	18
4.1	What is an expense?	18
4.2	Our expenses estimate.....	19
4.3	Pre Appointment Costs	20
5	Professionals and subcontractors	21
6	Notes and assumptions	22
6.1	Fees estimate.....	22
6.2	Expenses.....	22
6.3	Associates	22
	Appendix A: Receipts and Payments accounts	23

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
Company	MP & Silva Limited- in Compulsory Liquidation
HMRC	HM Revenue & Customs, the UK government's agency concerned with collecting taxes
IA86	Insolvency Act 1986
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
ISA	Insolvency Services Accounts – a bank account maintained with the Bank of England usually used for all receipts and payments 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
Prescribed part	The amount set aside for unsecured creditors from floating charge funds in accordance with Section 176A IA86 and the Insolvency Act 1986 (Prescribed Part) Order 2003. In this instance the Company has not granted a floating charge and therefore the prescribed part is not relevant.
PwC	PricewaterhouseCoopers LLP
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
SIP	Statement of Insolvency Practice (issued by regulatory authorities, setting out principles and key compliance standards with which insolvency practitioners are required to comply)
Unsecured creditors	Creditors who are neither secured nor preferential

2 Background

2.1 Intentions of this initial progress report to creditors

As creditors may be aware, the reporting obligations of Joint Liquidators in a compulsory liquidation are determined within Part 18 of IR16. We are required to provide a progress report to creditors disclosing events occurring in the relevant reporting period, being the first 12 months of the liquidation (commencing from the date of our appointment being 19 October 2018), and every 12 months thereafter. Given the issues arising in this liquidation we believe it is useful, cost appropriate and beneficial for all creditors to be provided with this information now. For the sake of clarity, this document will not be treated as a formal Progress Report in accordance with Rule 18.8 of IR16 but it is probable that a lot of its content will be reused when we do fulfil this obligation within the reporting period as defined.

Given the circumstances and scale of the case, it is our belief that forming a liquidation committee would be appropriate and I would urge all creditors to consider nominating for this role. The role of the liquidation committee is to assist the Joint Liquidators in performing our function in a manner as agreed. In this instance, there are likely to be various issues that would benefit from the views of an established and informed liquidation committee, including but by no means limited to the consideration of the basis of our remuneration. This particular issue is disclosed in this report, which has been circulated to all known creditors. The basis of our remuneration can either be approved by a liquidation committee or by the majority of those creditors participating in this process.

As I hope this report will evidence, we have been involved in a large number of time consuming exercises designed to locate and secure company information and assets; and to respond to an ongoing enquiry commenced by HMRC to establish the validity of the transfer pricing policy adopted by group companies including the Company, when the group was trading.

The ongoing progress and completion of these tasks has proven to be time consuming as is evidenced in the text of this report, and in the time cost summary included in this report. We have sought to provide a flavour of the tasks encountered within this report and hope the detail provided is sufficient for creditors' needs.

2.2 Purpose of this initial disclosure to creditors

If a company or individual is facing financial difficulty they may enter a formal insolvency process under the control of an independent external person (an insolvency practitioner). The costs of the proceedings are paid for out of the assets of the company or the individual's estate and include the insolvency practitioner's remuneration, which in this case would be our fees and expenses for acting as Joint Liquidators.

We must seek approval to the basis of our remuneration before it is paid and provide the fee approving body with sufficient information for them to make a decision. Insolvency law determines who the fee approving body is (and it depends on the circumstances of the case), but it's usually those creditors who have a direct interest in the amount paid because it impacts on how much those creditors recover.

Insolvency legislation also requires us to give all known creditors details of the work we expect to carry out during the case and the expenses that are likely to be incurred. Also, if our fees are proposed to include remuneration calculated on a time costs basis, we must provide an estimate of those fees. This report provides all this information and details of where further information can be obtained.

If creditors decide to form a liquidation committee, it may be for the committee to set the basis of the liquidators' fees. In the absence of a committee, we are asking creditors to approve our fees on a time cost basis.

In this instance, and as referred to in 2.1 above, we believe that the formation of a liquidation committee would be beneficial to assist us in performing our functions. With reference to the agreement of the basis of our remuneration (as disclosed within this document) Rule 18.20 IR16 provides that where a liquidation committee exists it shall determine the basis of fees, but if there is no decision or a liquidation committee does not exist, creditors may fix the basis by a decision procedure. Given the general disclosure to all known creditors before the establishment of a liquidation committee, we hope that the all creditors will consider the proposed remuneration basis and vote accordingly. It is expected therefore that we will either have a liquidation

committee; and/or the remuneration basis agreed by the participating creditors. In the unlikely event that no decision fixing the Joint Liquidators' remuneration is made by the committee, or the creditors, we will apply to the court to fix the basis of our fees, which could incur additional costs in the liquidation.

2.3 Action required by you

Please read this report carefully before voting on the basis of our fees and disbursements.

We are asking creditors to fix the basis of the Joint Liquidators' remuneration using a formal decision procedure in accordance with IR16. Under this procedure, creditors are asked to complete the attached form indicating whether or not they approve each of the following resolutions:

- 1 Whether a liquidation committee should be established;
- 2 That the Joint Liquidators' remuneration be approved on a time costs basis, as disclosed in this remuneration report;
- 3 That the pre-appointment costs disclosed in the remuneration report be paid as an expense of the Liquidation;
- 4 That the previous and future payments made to firms associated with PwC (as disclosed in paragraph 6.3) of this remuneration report, be paid as an expense of the liquidation.

There is also the opportunity to nominate a creditor to be a member of the liquidation committee.

2.4 Estimated outcome for creditors

The following table gives our current estimates on the likely return for the various classes of creditors. We caution creditors against using data in this report as a basis for estimating the value of their claims or their likely eventual entitlement to payment from the Company's assets. The Joint Liquidators, PwC, its members, partners and staff and advisers accept no liability to any party for any reliance placed upon this report.

Table 1 – dividend prospects

<i>Class of creditor</i>	<i>Forecast return</i>	<i>Timing</i>
Secured creditor(s)	N/A	N/A
Preferential creditors	100 p/£	September 2019
Unsecured creditors	2%-21%	Uncertain*

*See comments later under the paragraph 2.9 "Dealing with Creditors"

Creditors' rights

You can find information on liquidator's fees and your rights at;

<https://www.icaew.com/-/media/corporate/files/technical/insolvency/creditors-guides/2017/liquidations-creditor-fee-guide-6-april-2017.ashx?la=en>

2.5 Pre and post appointment activity

This is our first substantive report in respect of the liquidation. We have summarised below the significant issues of the liquidation.

The Company acquired and sold sports media rights around the world with the assistance of group companies that had offices in various countries.

PwC were first involved with the Company in June 2018, when we were instructed to provide options and advice in the face of severe cash flow difficulties being experienced by the Company and the wider MP & Silva group of companies. It is understood that following a change of ownership several years ago, business activity became less profitable and the ultimate parent company was unable to provide further working capital for the Company.

We are aware that the Company was unable to meet a contractual liability due to Fédération Française de Tennis which consequently commenced proceedings by presenting a winding up petition to the High Court on 24 August 2018. The petitioning creditor's debt of €5,625,000, was the final instalment due under a distribution rights agreement in respect of the Roland-Garros tennis tournament.

The winding up order was granted by the High Court at a hearing held on 17 October 2018. The Company was not represented at the hearing.

On becoming aware of the ongoing proceedings and in the expectation that a winding up order could follow, we began contingency planning to assist the Official Receiver with the liquidation, including the possibility of a swift appointment of a liquidator, which given our knowledge of the Company seemed appropriate. Such an appointment would follow the Official Receiver's general policy being:

".....where the skills and/or resources of an insolvency practitioner are required or the majority of creditors seek an appointment..."

In this instance, given our knowledge and the expectation that significant assets may be available for the benefit of creditors, we believed it was necessary to avoid unnecessary delay in seeking the appointment of a liquidator.

On the making of the winding up order, the Official Receiver assumed responsibility for the liquidation proceedings. In circumstances where a wound up company may have assets, the Official Receiver would usually seek the appointment of an Insolvency Practitioner from its rota to undertake the role as liquidator.

However, given our prior involvement with the Company, the Official Receiver used its statutory powers to request the appointment of an alternative liquidator, if supported by a suitable number and value of creditors. As two substantial creditors supported our appointment, the Secretary of State appointed us as Joint Liquidators with effect from 19 October 2018.

While we are now the Joint Liquidators of the Company we are still under an obligation to assist the Official Receiver with its inquiries.

At the time of our appointment, it quickly became apparent that liquidating the Company's assets was going to be made significantly more difficult than usual as a result of a number of specific issues, which we explain below. In summary, after a small delay while we gained access to the Company's office, we attended the office and found that:

- The Company had ceased trading some months earlier;
- The Company's employees, including the management team, had not received their wages for a month or more and had all stopped coming to work;
- One other group company based in Monaco had also gone into liquidation;
- The up to date financial position of the Company was not available;
- Management was to a limited extent, able to assist us in identifying and securing the assets, or ensuring we had complete details of the creditors of the Company;
- Accessibility to records was compromised as third party contractors would not allow access until outstanding costs were paid;

- The only remaining director of the Company, a Chinese national who is believed to have been residing abroad throughout the period of the liquidation, was unable to assist us; and
- The Company's sole shareholder, a company incorporated in Luxembourg, and its board of directors were similarly unable to assist us.

With the objective of identifying, securing and realising the assets of the Company and identifying its creditors, our main priorities in the period following our appointment have been to:

- Instruct Technology and data specialists from the PwC Forensic team ("Forensics") to assist us to:
 - Understand the IT systems used by the Company;
 - Secure the Company's accounting and non-accounting data; and
 - Access and review the above data.
- Develop a view of the financial position, assets and liabilities, of the Company at the date of our appointment;
- Take steps to secure the cash held by the Company's bank accounts;
- Commence investigation into claims by third parties regarding ownership of cash in the Company's bank accounts.
- Contact other group companies to try to establish their status and explore whether they owe money to, or are owed money by, the Company, and assess the options available for each entity with the aim to maximise the recovery of the assets for the UK creditors;
- Contact the Company's trading customers to recover any balances owed to the Company;
- Deal with the Company's London office lease and its furniture, fixture and fittings;
- Instruct our corporation tax and VAT specialists to commence a review of the Company's affairs prior to our appointment;
- Deal with HMRC over a pre-existing enquiry into the Company's trading relationship with other group members; and
- Deal with numerous creditor enquires, a significant number of which have been from overseas parties.

To assist in this we engaged two former members of staff on a consultancy basis to help gather and secure information. These consultancies have now finished.

2.6 Summary of assets of the Company

As discussed before, the pre-liquidation group management was unable to assist the Joint Liquidators. As a result we have been required to establish information about the Company's assets and liabilities from various other sources. We also experienced unique difficulties in realizing assets due to the complex group structure of the Company; the majority of employees leaving before our appointment; and various non-UK jurisdictions in which assets were located. The work carried out by the Joint Liquidators and the assets we've been able to identify so far are summarised below:

2.6.1 Cash at bank

Following our appointment we made contact with both HSBC and Barclays to request the funds held by them in accounts maintained for the Company, to ensure they came under our control as quickly as possible. The process to notify the banks of our appointment was completed quickly however the requirement to have these funds transferred to our accounts was significantly delayed, due to various levels of security that had to be completed to the banks' satisfaction before the funds could be released. This has now been achieved.

As the Company is subject to a compulsory liquidation, the Insolvency Service would ordinarily expect the closure of all pre-liquidation accounts, and for the Joint Liquidators to remit these funds into the ISA, a specific sterling (GBP) account with the Bank of England.

The Company held seven accounts with HSBC: two GBP (£); two USD (\$); two Euro (€); and one Japanese Yen (¥). For reasons explained below, the balance of all but three of these accounts has been converted to GBP upon payment into the ISA. Similarly, the three Barclays accounts held funds in GBP (£), Euro (€) and USD (\$) that were converted to GBP upon payment into the ISA.

The aggregate balance paid into the ISA totaled some £5.7M, as disclosed in the attached Receipts and Payments account in Appendix A

In circumstances where the ownership of cash at bank is in question, where it may belong to a third party rather than to the Company, and those funds are held in currencies other than GBP, we've concluded that to avoid a foreign exchange loss risk, such funds should be transferred to new accounts under our control, in their original

currencies. The balances of three of the HSBC accounts referred to above fall into this category. Accordingly, the balances have not been paid into the ISA, but have instead been transferred into new accounts under our control. This action was taken subject to legal advice and with the approval of the Insolvency Service.

The non-ISA balances appear to relate to contractual payments made by the Company's customers to the Company in advance of the occurrence of the relevant sporting event itself (the "Advance Payments"). In total there is c.£13.4m (c.\$17.1m, c.JPY 14.8m, €0.4m) of Advanced Payments received from a number of customers. We have carried out extensive information searches (including transaction documents, email correspondence between the board members and advisors, etc.), and analysis for the legal advisors to form their view on these payments. The legal nature and characterisation of these payments for the purpose of the liquidation process is still being determined. The amounts held in each currency is also set out in the Receipts and Payments accounts in Appendix A.

The Joint Liquidators will continue to investigate whether or not the Advance Payments are an asset of the Company and, if necessary, will seek court directions finally to determine the issue.

2.6.2 Book debts, and rights acquired by the Company

The Company had a large number of potential debtors from a customer base around the world. At the date of our appointment, the estimated book value of the third party debtors (excluding inter-company debtors) was £1,167,825. The debtor base appears to relate to completed sporting events, but it is possible that some of these invoices have either been paid, are disputed, or may never be paid because the Company was unable to fulfil its contractual obligations. We have been corresponding with debtors by post and email; correspondence has highlighted the total outstanding balance and details of what the balance refers to. To date, £50,026.74 has been collected.

The process of collection is expected to take some time as these issues are clarified. Where there appears to be no valid reason for non-payment we may instruct lawyers to enforce contracts. To assist with book debt collection and ensure withholding taxes are not deducted from relevant balances, we have obtained a Certificate of UK residence from HMRC.

We are aware that the Company had acquired various rights for events that had or were due to occur around the world. Inquiries are ongoing concerning the value of these rights to the Company, and the interests of other parties. We are currently undergoing an exercise to collate all facts and documentary evidence and have retained solicitors to review from the perspective of all interested parties.

2.6.3 Pursuing international intra-group claims and status of the group structure

As previously stated, the Company was part of a group of companies that traded throughout the world, undertaking the acquisition and sale of sports media rights. From our investigations the group has had no active shareholder, and very limited director input for some time and all group companies effectively ceased trading last year.

The following table provided by the Company in June 2018 illustrates that is owed around US\$91.8M from other group companies. While it is apparent that none of the group companies have the ability to pay all their debt due to the Company, we anticipate some will have funds available to pay a distribution to their creditors.

USD	Media													Total in USD
	MP & Silva Limited (London)	MP & Silva Partners & Silva Ltd (Ireland)	MP & Silva Sari (Monaco)	MP & Silva Holding SA	MP & Silva Group Sari	MP & Silva KFT Ltd (Hungary)	MP & Silva Pte Ltd (Singapore)	MP & Silva FZ- LLC (UAE)	MP & Silva Limited (Hong Kong)	MP & Silva spzoo (Poland)	MP & Silva SAS (France)	MP & Silva KK (Japan)	MP & Silva LLC (New York)	
1 London	-	37,543,553	17,170,084	9,700,000	-	-	6,554,868	19,873,930	10,000	-	-	-	1,000,000	91,852,434
2 Dublin	-	-	70,752,081	-	-	-	-	15,744,000	-	-	-	-	-	86,496,081
3 Monaco	-	-	-	13,385,045	-	-	2,399,793	17,000,000	-	-	-	-	1,664,522	34,449,359
4 Lux Hold	-	1,652,000	-	-	17,120	-	7,051,722	20,406,558	20,000	-	-	-	-	29,147,400
5 Lux Group	-	-	-	-	-	-	-	-	-	-	-	-	-	-
6 Budapest	-	4,956,000	-	-	-	-	101,418	7,241,716	-	-	-	-	227,448	12,526,582
7 Singapore	-	-	3,318,946	-	-	-	-	-	-	-	-	-	13,975	3,332,921
8 Dubai	1,542,496	-	-	-	-	-	-	-	-	-	-	-	-	1,542,496
9 HKG	-	-	-	-	-	-	-	-	-	-	-	-	-	-
10 NYC	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total in USD	1,542,496	44,151,553	91,241,111	23,085,045	17,120	-	16,107,801	80,266,204	30,000	-	-	-	2,905,945	259,347,274

From our perspective the other group companies can broadly be divided into three categories, based primarily on historical financial information, being those which:

1. appear to have significant liquid assets (mostly cash in bank, excluding intercompany debts) that have an intercompany balance owing to the Company;
2. are direct subsidiaries of the Company; and
3. have no significant assets and/or are not debtors of the Company.

Using the Company's status as a creditor, we have actively attempted to get a liquidator (or similar) appointed to each of the companies in the first category so as to maximize the likelihood of achieving a recovery for the Company.

Pursuing claims against insolvent group companies in other jurisdictions is complex, as each company is governed by different insolvency laws often with different ways of enforcing creditor claims and commencing insolvency proceedings. In some jurisdictions this processes may take several years. Disputes may result from conflicts of laws or claims from local creditors. Whilst we consider the inter-company claims represent a significant possibility of realizing considerable value for the Company, such claims will require substantial time from the liquidators and our staff, and from our legal advisers.

With regard to the second category of companies, we've made further investigations to see whether there is any value for the Company, either as shareholder or via inter-company balances.

The companies in the third category have largely been left to be dealt with by creditors in their own jurisdiction as they have no value to the Company.

A summary of the actions taken to date and status of the key entities as below:

Entity	Latest Cash balance	I/C balances with the UK entity	Action taken to date	Status and next step
Luxembourg	\$4.7m	Owes UK: \$9.7m	<ul style="list-style-type: none"> - Worked with the local legal advisor to assess the local insolvency procedure - Collated documents and information in order to assess the options based on the potential value from the estate, our position to recover, and the complexity of the local process - Instructed and supported the local legal advisor to prepare the court documents to start the petition process as a creditor 	Finalising the petition document, responding ad-hoc requests for further information from the legal advisor and the court.
Ireland	\$4.9m	Owes UK:\$37.5m	<ul style="list-style-type: none"> - Filed petition with the aim to wind up the company and to stop the court from issuing a garnishee order to another single creditor which sought to claim the remaining cash in the bank - Worked with the Forensics team to collate data/documents from various sources to support the correspondence with the garnishee order creditor, in order to preserve value for the benefit of the Company from the Irish entity. 	On 22 May 2019, the court appointed an Insolvency Practitioner (Wendy McVeigh) from KPMG to act as liquidator.
Dubai	\$0.5m	Owes UK:\$19.9m UK owes: \$1.5m	<ul style="list-style-type: none"> - Worked with the director who was still in the office until end of 2018, to assess the situation of the company - Worked with the local insolvency specialist in exploring options available 	Concluded that the creditor process in UAE is largely untested, and costly to pursue. The best option is to wait until the holding company (Lux. Holdco) is in liquidation process, and then the liquidator triggers the insolvency process of the Dubai entity. Meanwhile, we remain in contact with the director (already resigned) for information to prepare for the future insolvency process.
Paris	\$1k	n/a	<ul style="list-style-type: none"> - Worked with the former accountants to assess the status of the company - Worked with the local insolvency specialist in exploring the options for the entity. 	Concluded that the subsidiary has nil value to be recovered and any potential claim from creditors is unlikely to cause any financial obligation to the UK estate. Accordingly no further action will be taken.
Monaco	\$7m	Owes UK: \$17.2m	<ul style="list-style-type: none"> - As a significant part of the Finance function is in Monaco, as well as the administrative access to some critical information system, we coordinated with the Monaco liquidator (non-PwC), who was appointed shortly before the UK liquidators were appointed, with the aim of gathering information to facilitate recovery of the UK estate's assets; 	The assistance from the Monaco liquidator has been limited. We are awaiting for an update from the liquidator on the company's dividend prospects.

			- Submitted Proof of Debt for the amount owed to the UK estate	
Singapore	\$5.6m	Owes UK: \$6.6m	- Worked with the local insolvency specialist in exploring the options for the entity - Worked with the director who was willing to put the entity into an insolvency process - The local court issued the order to put the estate in compulsory liquidation and appointed the liquidators (PwC) in February 2019.	We are in regular contact with the liquidators. We are awaiting an update from the local liquidators on dividend prospects.
New York	\$15k	Owes UK: \$1m	- Worked with the local insolvency specialist in exploring the options for the entity - Coordinated with the Singapore liquidators to start the closure process of the entity	It is a subsidiary of the Singapore entity, therefore, the Singapore liquidators have been dealing with the estate.
Poland	\$2k	n/a	- Worked with the local insolvency specialist in exploring the options for the entity	As the entity has nil value to be recovered, the approach we take will aim to cost the minimum or let it dissolve itself.
Budapest	\$1m	n/a	- Worked with the local insolvency specialist in exploring the options for the entity - Worked with the director who was willing to assist to put the entity into an insolvency process - As the company still has a small amount of cash in the bank, some regular expenses are still being incurred. We have been working with the local director in dealing with tax authority request for payment, auditors' request for information, etc. - The director resigned in March 2019.	The local insolvency specialists are finalising the cost estimates and procedures for different options. Unless a formal insolvency can be commenced with minimal cost to the Company, no further action will be taken.

2.6.4 Other Assets

The Company had limited other assets consisting of some refunds, office furniture, IT equipment and potential VAT refundable in respect of rent deducted from the secured deposits held by the landlord. Our enquiries are ongoing concerning these assets.

In addition to those assets disclosed above, we are also investigating whether a claim can be made in respect of transactions debiting the Company's bank accounts in the period between the presentation of the winding up petition and the winding up order.

2.6.5 Leasehold premises

The Company traded from leasehold premises known as Park House, 116 Park Street, London W1K 6AF. The 15 year lease commenced on 29 October 2015 and part of the space leased by the Company was sub-let to another tenant.

At the time of our appointment, the landlord held a secured rent deposit of around £1.7M, approximately £1.1M was contributed by the Company (attributable to its lease), with the remaining balance coming from the sub-tenant.

In light of the sizeable deposit, we have tried to find a suitable assignee for the lease or to negotiate a surrender of the lease to the landlord and a return of the deposit. However, on 5 March 2019, despite our endeavours, the landlord has purported to re-enter the property and forfeit the lease. As the landlord's rights also include the right to deduct unpaid rent and other losses from the rent deposit the Company is now unlikely to recover any value from this source.

2.7 The Securing of data and reconstruction of the Company's financial position

As referred to below, but also in respect of asset recovery responsibilities, it has proven necessary to secure access to the Company's physical and digital records. Those records located on site were recovered without difficulty however accessing digital records was made more complicated by the involvement of third party service providers, many of which required payment before our Forensics Team could obtain the level of access we needed.

Following the securing of the digital records, a long but necessary exercise has been undertaken to ensure

access to relevant information (such as server data, emails, financial system, billing system, contracts and other legal documents, etc). This has been achieved and the information is now available to us.

2.8 Dealing with employees

At the time of our appointment there were two employees who were contactable and were actively involved in the affairs of the Company not long before the appointment of the liquidators, although, as a result of the winding up order, all employee contracts were automatically terminated. Fortunately, we were able to make arrangements with one senior employee and a member of the finance team, both of whom agreed to assist us in our role.

Employees are usually Preferential creditors, subject to conditions on the amount and age of outstanding wages, and holiday pay.

Based on what we currently know, we estimate Preferential creditors' claims total £69,580. As previously disclosed, we anticipate that these creditors will be paid in full.

2.9 Dealing with creditors

Following our appointment numerous enquiries were received from creditors, or parties believing themselves to be creditors. These were all responded to and details kept, as the extent of records concerning creditors of the Company was limited. We have received some correspondence from creditors that relate to other parts of the group, and will be analyzing company records to establish which creditor claims should be admitted as a creditor of the Company.

Our current expectation is that funds will become available for the payment of a dividend to Unsecured creditors, and therefore we will involve our specialist claims team, their purpose being to agree a suitable figure to represent the claim of each unsecured creditor against the Company. Once determined, this will be the figure used as a basis of calculation for an unsecured dividend, should one be paid.

The current estimated dividend range is believed to be between 2% and 21% based on various key assumptions (including the treatment of Advanced Payments and the final agreed amount for Unsecured creditors claims) each of which is capable of having a significant impact on the ultimate return to creditors. As such, creditors should note that the estimate is presented in this report with the aim of providing creditors with an indication of what could be the outcome. The final recovery for creditors may fall outside of the range provided.

2.10 Tax and VAT issues

Our tax and VAT departments have been instructed to deal with the Company's tax affairs. The Company is VAT registered and a post-liquidation return has been submitted. Pre-liquidation returns may be prepared with the assistance of one of the outsource service providers used by the Company.

Prior to the liquidation of the Company, HMRC had already commenced an enquiry into the Company's trading activities with its group members. HMRC continued the enquiry despite the liquidation, requesting a large quantity of physical and digital records. This process has been time consuming however HMRC has a right to receive the records and we are obliged to assist where we can.

This assistance has involved a download of certain digital records from the information recovered by our Forensics Team. The costs are ongoing as is the HMRC enquiry, which may result in an increased claim from that submitted by HMRC already. Any additional claim may be forthcoming if HMRC can prove that the Company under declared its profits in the UK, in which case an increased unsecured Corporation Tax charge may be forthcoming

2.11 Receipts and payments account

I set out in Appendix A an account of the receipts and payments in the Liquidation from 19 October 2018.

3 Our fees estimate

3.1 How our fees are calculated

Insolvency law currently allows fees to be calculated in three ways:

- As a percentage of the value of the property which we realise and/or distribute (often referred to as a “percentage basis”);
- By reference to the time properly given by us and our staff attending to the matters arising (“time costs basis”); or
- A set amount (a fixed fee).

The basis of our fees can be a combination of the above and different bases can be used for different parts of our work. The fee approving body decides which basis (or combination of bases) should be used to calculate fees, once it is satisfied that the fee basis proposed represents the most appropriate mechanism in the circumstances of the case.

In this case we are proposing that our remuneration is on a time costs basis only, for the following reasons:

- It ensures that creditors are only charged for work that is performed;
- We are required to perform a number of tasks which do not relate to the realisation of assets (for example: reporting to creditors and distributing surplus funds, if any); and
- We are unable to estimate with certainty the total amount of fees necessary to complete all tasks required in the liquidation.

This section provides the following information:

- A summary of time and costs incurred to date;
- Details of the work we propose to undertake;
- The hourly rates we propose to charge for each part of that work;
- 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.

We estimate the total amount of our fees as £1,529,390. The following tables summarises our anticipated time costs and then provide more detail on each area of work. Time costs are shown at the hourly rates set out later.

In the period since our appointment, we have incurred time costs of £756,852.60 representing 49.6% of the total fees estimate.

Our time costs and fee estimate figures are all stated excluding VAT. VAT will be charged as appropriate at the prevailing rate when billed.

Table 2 – Time Costs Summary

Aspect of assignment	Partner (Hrs)	Director (Hrs)	Senior Manager (Hrs)	Manager (Hrs)	Senior Associate (Hrs)	Associate (Hrs)	Support (Hrs)	Total (Hrs)	Time cost £	Average hourly rate £
1 Accounting and treasury	-	-	0.35	38.35	64.75	34.85	-	138.30	39,299.75	284.16
2 Assets	-	-	6.50	88.35	28.70	1.05	-	124.60	52,190.50	418.86
3 Book debt realisations	-	-	2.20	3.80	-	11.25	-	17.25	4,710.00	273.04
4 Creditors	2.50	-	10.50	27.05	10.15	42.00	23.90	116.10	31,292.00	269.53
5 Employees and pensions	-	-	8.40	7.20	44.70	14.80	-	75.10	24,237.50	322.74
6 Group Companies	-	-	36.60	160.45	3.75	-	-	200.80	104,484.50	520.34
7 Investigations	-	6.85	-	94.25	127.80	116.80	-	345.70	120,520.75	348.63
8 Property	-	-	14.75	100.49	3.90	0.95	-	120.09	53,251.10	443.43
9 Statutory and compliance	7.20	-	17.05	112.80	25.90	13.95	0.50	177.40	78,511.75	442.57
10 Strategy and planning	71.60	-	46.60	217.05	85.75	9.00	0.30	430.30	213,658.25	496.53
11 Tax	-	-	5.73	25.70	1.25	23.10	-	55.78	25,612.25	459.17
12 VAT	-	-	5.00	4.75	4.00	0.60	-	14.35	9,084.25	633.05
Total	81.30	6.85	153.68	880.24	400.65	268.35	24.70	1,815.77	756,852.60	416.82

Table 3 – Fees Estimate

Category of work	Current fees estimate			19 October 2018 - 14 April 2019		
	Hours	£	Av. £	Hours	£	Av.£
Accounting and treasury	161.00	64,365.00	399.78	138.30	39,299.75	284.16
Assets	380.00	133,125.00	350.33	124.60	52,190.50	418.86
Book debt realisations	150.00	54,400.00	362.67	17.25	4,710.00	273.04
Creditors	526.00	193,785.00	368.41	116.10	31,292.00	269.53
Employees & pensions	92.00	37,080.00	403.04	75.10	24,237.50	322.74
Group companies	435.00	225,625.00	518.68	200.80	104,484.50	520.34
Investigations	470.00	188,950.00	402.02	345.70	120,520.75	348.63
Property	130.00	60,635.00	466.42	120.09	53,251.10	443.43
Statutory and compliance	325.00	157,255.00	483.86	177.40	78,511.75	442.57
Strategy and planning	606.00	312,295.00	515.34	430.30	213,658.25	496.53
Tax	140.00	58,800.00	420.00	55.78	25,612.25	459.17
VAT	100.00	43,075.00	430.75	14.35	9,084.25	633.05
Total hours and cost	3,515.00	1,529,390.00	435.10	1,815.77	756,852.60	416.82

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

The above table provides an estimate of the anticipated time likely to be required on the various areas of work and in future reports we will provide an update by reference to actual costs incurred. To facilitate such a comparison, we are likely to report costs on the same basis and using our normal rates.

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 24 April 2019.

Table 4 – Work we propose to do

Category of work	General description	Work included
Accounting and treasury Estimate: 161 hours £64.4k Incurred to date: 138.3 hours £39.3k	Managing bank accounts	<ul style="list-style-type: none"> • Opening and closing bank accounts and arranging facilities ✓ • Liaising with the ISA and agreeing differing treatment of funds ✓ • Dealing with receipts, payments and journals □ • Carrying out bank reconciliations and managing investment of funds □ • Corresponding with bank regarding specific transfers □ • Adjudicate on whether third parties have legal claim over the Advanced Payments, including seeking legal advice and possibly referral to court □
Assets Estimate: 380 hours £133.1k Incurred to date: 124.6 hours £52.1k	Cash at bank and Advanced Payments Other	<ul style="list-style-type: none"> • Secure funds held in Company bank accounts ✓ • Notified banks of our appointment and undertook prolonged negotiation to transfer control of accounts to us ✓ • Completed complex and lengthy procedure to arrange transfer of funds to ISA and post appointment accounts. ✓ • Establish the circumstances of funds relating to the Company's commercial activities □ <ul style="list-style-type: none"> • Realising any value within pre appointment insurance policies ✓ • Corresponding with insurers regarding initial and ongoing insurance requirements □ • Seeking to recover value for the remaining miscellaneous assets □ • Exploring whether a rates refund is due to the Company □ • Coordinating / providing access to information to interested parties □ • Negotiating with interested parties □
Book debts Estimate: 150 hours £54.4k Incurred to date: 17.25 hours £4.7k		<ul style="list-style-type: none"> • Notifying potential debtors of our appointment and requesting payment ✓ • Answering calls, emails and letters from debtors □ • Investigating from Company records and other sources to verify outstanding balances are due • Seeking legal advice where appropriate to ensure asset realisations are maximized □

Category of work	General description	Work included
Creditors Estimate: 526 hours £193.8k Incurred to date: 116.1 hours £31.3k	Creditor enquiries	<ul style="list-style-type: none"> • Setting up a dedicated website for delivery of initial and ongoing communications and reports ✓ • Preparing correspondence to potential creditors inviting lodgment of proof of debt ☐ • Ensuring correspondence to potential EU creditors complies with EU insolvency proceedings. • Receiving and following up creditor enquiries via telephone, email and post ☐ • Reviewing and preparing correspondence to creditors and their representatives ☐ • Finding up to date contact information for international creditors and explaining UK insolvency proceedings ☐ • Receiving and filing proofs of debt when not related to a dividend ☐
	Preferential claims	<ul style="list-style-type: none"> • Corresponding with employees regarding dividend → • Preparing, issuing and receiving employee preferential claim agreement forms → • Corresponding with the RPS regarding proof of debt → • Calculating dividend rate and preparing dividend file → • Advertising dividend notice → • Preparing and paying distribution → • Ensuring PAYE/NIC is deducted and remitted to HMRC →
	Unsecured claims	<ul style="list-style-type: none"> • Dealing with proofs of debt for dividend purposes → • 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 → • Investigating and considering the impact of claims governed by non-UK law and in foreign currencies. • 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 distribution →
Employees & Pensions Estimate: 92 hours £37k Incurred to date: 75.1 hours £24.2k		<ul style="list-style-type: none"> • Issuing updates to employees, receiving and following up employee enquiries via telephone, post and email ☐ • Liaising with the RPS and external agencies and dealing with general HR queries ☐ • Reviewing payroll and paying salaries of 2 employees retained for a short period after our appointment ✓

<i>Category of work</i>	<i>General description</i>	<i>Work included</i>
Group Companies Estimate: 435 hours £226k Incurred to date: 200.8 hours £104.4k		<ul style="list-style-type: none"> • Carry out enquiries within the group to establish what value can be recovered for the benefit of the Company <input type="checkbox"/> • Pursue legal options to have a liquidator (or similar) appointed over group companies that have significant liquid assets to maximize asset realizations for the Company <input type="checkbox"/> • Liaise with liquidators to ensure that the Company's claim or interest is recognized • Monitor progress of liquidators to maximize the return to the Company • Work together with group company liquidators where this is in the interest of the Company's creditors.
Investigations Estimate: 470 hours £189k Incurred to date: 345.7 hours £120.5k	Conducting investigations	<ul style="list-style-type: none"> • Collecting company/bankrupt's books and records where related to investigatory work ✓ • Reviewing books and records <input type="checkbox"/> • Reviewing specific transactions and liaising with directors regarding certain transactions <input type="checkbox"/> • Preparing investigation file and lodging findings with the Department for Business, Innovation and Skills <input type="checkbox"/>
Property Estimate: 130 hours £60.6kk Incurred to date: 120 hours £53k	Manage Company property	<ul style="list-style-type: none"> • Carrying out title searches and securing relevant property records ✓ • Securing possession of property ✓ • Ongoing discussion over the treatment of the Company's lease, including whether any value can be obtained from the deposit with the landlord <input type="checkbox"/> • Discussions with landlord to arrange access for buyers of Company assets ✓ • Liaising with property consultants to find tenant to take over lease ✓
Statutory and compliance Estimate: 325 hours £157.2k Incurred to date: 177.4 hours £78.5k	Initial letters and notifications Creditors' committee Case reviews Other meetings / resolutions	<ul style="list-style-type: none"> • Preparing and issuing all necessary initial letters and notices regarding the liquidation and our appointment ✓ • Establishing a creditors' committee and holding initial meeting (if established) → • Conducting ongoing correspondence and holding meetings with members of the committee → • Conducting case reviews after the first month, then every six months <input type="checkbox"/> • Preparing documents and information for the purpose of obtaining approval to fees, Category 2 disbursements and other matters in the liquidation <input type="checkbox"/> • Issuing notices and associated documentation for seeking decisions of creditors <input type="checkbox"/>

<i>Category of work</i>	<i>General description</i>	<i>Work included</i>
	Books and records	<ul style="list-style-type: none"> • Collecting Company's books and records where not related to investigatory work ✓ • Dealing with records in storage <input type="checkbox"/> • Sending job files to storage →
	Other statutory and compliance	<ul style="list-style-type: none"> • Filing of documents <input type="checkbox"/> • Responding to sundry correspondence and queries <input type="checkbox"/> • Updating checklists and diary management system <input type="checkbox"/>
Strategy and planning Estimate: 606 hours £312.3k Incurred to date: 430.3 hours £213.6k	Job acceptance and case reviews	<ul style="list-style-type: none"> • Completing tasks relating to job acceptance ✓ • Maintaining fee budgets & monitoring costs <input type="checkbox"/> • Team meetings to review strategy and progress <input type="checkbox"/> • Considering timings for key milestones and key strategic decisions <input type="checkbox"/> • Holding team meetings to consider commercially efficient approaches to realizing assets in overseas group companies <input type="checkbox"/> • Maintaining internal controls of allocated tasks <input type="checkbox"/>
Tax & VAT Estimate: 240 hours £102k Incurred to date: 70 hours £34.7k	Tax	<ul style="list-style-type: none"> • Gathering information for the initial tax review ✓ • Carrying out tax review and subsequent enquiries ✓ • Preparing tax computations → • Liaising with HMRC over ongoing investigation <input type="checkbox"/> • Considering international tax aspects that may become applicable <input type="checkbox"/>
	VAT	<ul style="list-style-type: none"> • Gathering information for the initial VAT review ✓ • Carrying out VAT review and subsequent enquiries ✓ • Preparing VAT returns <input type="checkbox"/> • Liaising with HMRC <input type="checkbox"/>

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.

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.

Specialist departments with our firm, such as Tax, VAT, Property and Pensions are also used where their expert advice and services are required. Such specialist rates do vary but the figures below provide an indication of the maximum rate per hour.

Table 5 – Charge-out rates for PwC UK

<i>With effect to 30 June 2019</i>	<i>Maximum rate per hour (£)</i>	<i>Specialist maximum rate per hour (£)</i>
<i>Grade</i>		
Partner	890	1,330
Director	780	1,230
Senior Manager	590	1,250
Manager	510	750
Senior Associate – Qualified	425	560
Associate	265	280
Support staff	135	170

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 report.

3.4 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 6. In broad terms and in our experience, the key issues likely to affect the level of costs are the:

- The availability and quality of the books and records;
- The level of co-operation received, for example: from employees, directors and group company liquidators;
- Whether any disputes end in litigation and whether this is cross-border;
- The length of time needed for group company liquidations;
- Support from external stakeholders, including landlords and suppliers; and
- Any changes to our strategy that might be necessary as a result of the above.

At the present time, we do not think we will need to seek further approval because we believe the fees estimate includes a reasonable provision for our future work. However, we are unable to accurately predict the level of creditor queries, and the time it will take to review and agree claims.

In our periodic progress reports, we will keep creditors updated on how our fees are comparing to the 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 defined in SIP9 as amounts properly payable by the office holder from the estate which are not office holders' remuneration or a distribution to creditors. Expenses 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:

Disbursement	SIP9 definition
Category 1	Payments to independent third parties where there is specific expenditure directly referable to the appointment in question.
Category 2	Costs that are directly referable to the appointment in question but not to a payment to an independent third party. They may include shared or allocated costs that may be incurred by the office holder or their firm, and that can be allocated to the appointment on a proper and reasonable basis.

Our firm's disbursements policy allows for all properly incurred expenses to be recharged to the case. We don't need approval from creditors to draw Category 1 disbursements as these have all been provided by third parties, but we do need approval to draw Category 2 disbursements as these are for services provided by our firm. The body of creditors who approve our fees also have responsibility for agreeing the policies for the payment of Category 2 disbursements, which in this case are as follows:

Photocopying	At 5 pence per sheet side copied, only charged for circulars to creditors and other bulk.
Mileage	At a maximum of 70 pence per mile (up to 2,000cc) or 91 pence per mile (over 2,000cc).
PwC Firms	We have disclosed below the current charge out rates of the associates referred to below.

We would advise creditors that we have engaged PwC in France, Luxembourg, Hungary and Eire to assist with our enquiries into group companies, located in their particular jurisdictions. Due to an oversight, some invoices submitted by PwC have been paid prior to our having received consent to pay these as a Category 2 expense.

As disclosed in paragraph 2.6.3 before, while the group companies are no longer trading, there is an incentive to assist or cooperate with the local jurisdiction to maximise the recovery of monies due to the Company. In certain instances (being Luxembourg, France, Hungary and Eire) we have sought local assistance from PwC associated companies, to ensure the process makes progress towards that end. We have accordingly engaged these associates to assist us, and will pay for this as an expense of the liquidation.

We have included such authority with in the attached documents, and would hope that this is forthcoming in due course. To assist in the provision of relevant information to enable creditors to consider the issue we include below charge out rates for the various PwC companies concerned:

Table 6 – PwC Luxembourg Charge-out rates

Grade	Maximum rate per hour (€)
Partner	535
Counsel	460
Senior Associate	345
Associate	280
Junior Associate	210
Paralegal	165

Table 7 – PwC France Charge-out rates

Grade	Maximum rate per hour (€)
Partner	595
Senior Manager	406

Table 8 – PwC Hungary Charge-out rates

Grade	Maximum rate per hour (€)
Partner	350
Director (financial services)	270
Manager	200
Senior consultant (financial services)	140
Consultant (financial services)	115

Table 9 – PwC Eire Charge-out rates

Grade	Maximum rate per hour (€)
Partner	600
Senior Manager	425

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 £2,496,974.40 (being our total predicted time costs of £1,529,390 plus current and future estimated expenses of £967,584.41)

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

Table 10 – Expenses estimate

Nature of expenses	Purpose of expense	Incurred to 23.05.19 (£)	Estimate of future expenses (£)
Initial expenses			
Premises costs	Office services	1,839.42	0.00
Gross wages & salaries	Former staff retained under agreed terms	47,474.18	0.00
Costs of realisation			
Agents' fees and disbursements - various	Update company accounting and IT records	63,702.72	15,000.00
Insurance - JLT	Premises insurance	4,711.92	2,000.00
Storage costs	Storage costs for company records	360.66	1,000.00
Legal fees and expenses - Herbert Smith Freehills and AMOSS	Legal fees	176,754.00	430,000.00
Legal fees and expenses - PwC Legal	Legal costs associated with PwC associated company	51,705.52	55,232.00
Office holders' disbursements	Postal redirection and statutory advertising	588.33	300.00
Official Receivers' debit balance and fees	Statutory costs	11,072.80	300.00
Corporation Tax	Deducted at source	2,542.86	3,000.00
Petitioning creditors' costs	Costs incurred by the petitioning creditor prior to WUO	0.00	70,000.00
Contingency	Unanticipated costs	0.00	30,000.00
Total expenses		360,752.41	606,832.00

4.3 Pre Appointment Costs

As disclosed in this report, our firm's involvement with the Company had commenced earlier in 2018. This work was concluded before it became known that a creditor had sought the recovery of its debt, and had issued a winding up petition on 24 August 2018. On becoming aware of the ongoing proceedings and in the expectation that a winding up order could follow, we began contingency planning to assist the Official Receiver with the liquidation, including the possibility of a swift appointment of a liquidator, which given our knowledge of the Company seemed appropriate. Such an appointment would follow the Official Receiver's general policy being:

".....where the skills and/or resources of an insolvency practitioner are required or the majority of creditors seek an appointment..."

In this instance, given our knowledge and the expectation that significant assets may be available for the benefit of creditors, we believed it was necessary to avoid unnecessary delay in seeking the appointment of a liquidator. The total costs that were incurred in this period amounted to £22,528 however not all costs can legitimately be considered as incurred for the benefit of the contingency planning for liquidation and we would propose seeking only those costs that can be so categorised.

We would comment that the £22,528 quoted relates to a total of 43.05 hours time, and concerns our internal compliance; contact with significant creditors to discuss the post winding up activity; and contact with the Official Receiver as part of the process to satisfy their internal procedure prior to the appointment of Joint Liquidators under the Secretary of State process.

5 Professionals and subcontractors

We set out below a table of the main professionals and suppliers envisaged to be used on the liquidation, together with the basis of their fees or costs.

Table 11 – Professionals and subcontractors

Service provided	Name of firm	Reason selected	Basis of fees
Accounting services, including:			
<ul style="list-style-type: none"> Bringing the Company's records up to date 	Charter Tax	Industry knowledge	Time costs and disbursements
Legal advice, 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	Industry knowledge & knowledge of the company	Fixed free
Pre appointment service provider assisting with access to company records	Xytech Systems	Industry knowledge & knowledge of the company	Fixed fee
Insurance	JLT	Industry knowledge and expertise	Fixed premium
Data storage	Iron Mountain	Industry knowledge and expertise	Fixed fee per unit
Legal advice, including:			
<ul style="list-style-type: none"> preparing the petition paper for MP & SILVA HOLDING S.A. 	PwC Luxembourg	Industry knowledge and expertise	Time costs and disbursements
Assistance with representation on Irish entity liquidation committee	PwC Eire	Insolvency knowledge	Time costs and disbursements
Legal Advice on French associated company	PwC France	Industry knowledge	Time costs and disbursements
Legal Advice on Hungarian associated company	PwC Hungary	Industry knowledge	Time costs and disbursements
Legal Advice on Eire associated company	AMOSS	Industry knowledge	Time costs and disbursements
Property consulting services, including:			
<ul style="list-style-type: none"> Potential disposable of leasehold interests Potential disposal of office furniture and equipment 	Lambert Smith Hampton	Industry knowledge	Fixed Fees and disbursements

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

- Comparison with upfront budgets
- Review of time costs analysis
- Review of disbursements claimed; and
- Ongoing dialogues with regards to the work being performed.

6 Notes and assumptions

6.1 Fees estimate

- We have assumed the liquidation will last up to 2 years.
- We have assumed there will be dividends paid to preferential and Unsecured creditors.
- We have assumed that court directions may be required to resolve the ownership of Advance Payments
- We have assumed that the agreement of creditor claims may incur additional costs due to their location around the world.
- We have assumed that there will not be substantial additional costs in complying with the HMRC tax enquiry.
- We have assumed that VAT will be fully recoverable in respect of costs and other expenses related to the liquidation.
- We have assumed only limited future involvement with the Official Receiver.

6.2 Expenses

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

- Future legal fees (Herbert Smith Freehills and PwC associated firms) have been estimated to include time spent dealing with Advanced Payments, advice regarding the recovery of monies from group companies, the agreement of creditor claims and general ad hoc advice on the liquidation.
- Discussions are ongoing with the petitioning creditor to agree their valid costs recoverable as an expense of the liquidation.
- We have also included a contingency for unexpected costs although it is hoped that should any further costs arise they will not be of the total amount quoted.

6.3 Associates

The liquidators have instructed fellow PwC firms in Luxembourg, France, Hungary and Eire to assist with enquiries into the group companies. Such costs will require specific approval from creditors as these firms are part of the same PwC international network as our firm, and a suitable resolution has been added to the attached Decision Document. In section 4.1 above we provide more information on the work to be undertaken by these firms, the rates to be charged and the estimated costs.

Appendix A: Receipts and Payments accounts

Insolvency Service Account - GBP

Receipts and payments account as at 21 May 2019

RECEIPTS	(£)
Cash / Balance at Bank	5,702,681.54
Book debts	50,026.74
Insurance claims and refunds	2,123.51
DTI Cheque refunds	2.20
Legal fees & Expenses refund	2,173.85
Interest Earned	12,714.29
Fixtures & Fittings	7,000
Total	5,776,722.13
PAYMENTS	(£)
Premises costs	1,839.42
Gross Wages & Salaries	47,474.18
Agents' fees and disbursements	73,699.55
Insurance	2,335.96
Storage Costs	360.66
Legal fees and expenses	135,850.16
Office holders' disbursements	327.50
Official Receivers' fees	11,071.55
Corporation Tax	2,542.86
Total	275,501.84
VAT Control account	(38,242.71)
Net Receipts/(Payments)	5,462,977.58

The ISA is an interest bearing account with the Bank of England.

Advanced payment account with Barclays - EURO
Receipts and payments account as at 21 May 2019

RECEIPTS	(€)
Cash / Balance at Bank	349,990.43
Book debts	58,300
Total	408,290.43
PAYMENTS	(€)
Book Debts*	58,265.14
Finance / Bank interest & charges	34.86
Total	58,300
Net Receipts/(Payments)	349,990.43

* Book Debts received in the Barclays EUR account transferred across to the ISA

Advanced payment account with Barclays - USD
Receipts and payments account as at 21 May 2019

RECEIPTS	(\$)
Cash / Balance at Bank	17,197,025.81
Total	17,197,025.81
PAYMENTS	(\$)
Finance / Bank interest & charges	7.72
Total	7.72
Net Receipts/(Payments)	17,197,018.09

Advanced payment account with Barclays – YEN
Receipts and payments account as at 21 May 2019

RECEIPTS	Total (¥)
Cash / Balance at Bank	17,784,756.00
Total	17,784,756.00
PAYMENTS	
Finance / Bank interest & charges	858.00
Total	858.00
Net Receipts/(Payments)	17,783,898.00

*The accounts held with Barclays are interest bearing