

# Stronghold Insurance Company Limited - in liquidation

**Remuneration Report: Request to extend the fees estimate**

High Court of Justice, Business and Property Courts of  
England and Wales Insolvency and Companies List (ChD)

Case no. 3882 of 2019

12 August 2024

<https://www.pwc.co.uk/stronghold>

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This report has been prepared by Dan Yoram Schwarzmann and Douglas Nigel Rackham 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/services/business-restructuring/administrations/stronghold.html>. Unless stated otherwise, all amounts in this report and appendices are stated net of VAT.

# Abbreviations and definitions

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

Abbreviation or definition	Meaning
<b>Administration</b>	UK corporate insolvency process governed by the Insolvency Act 1986, applicable to the Company following its insolvency on 27 June 2019 up to its termination on 9 December 2021.
<b>Administration Appointment</b>	The date that the Administrators were formally appointed as administrators of the Company, being 27 June 2019.
<b>Chapter 15</b>	US Bankruptcy process enabling cooperation between US and UK Courts to give effect to the Administration and the Schemes.
<b>Company</b>	Stronghold Insurance Company Limited (in Creditors' Voluntary Liquidation, previously in Administration).
<b>Company Website</b>	<a href="http://www.pwc.co.uk/stronghold">www.pwc.co.uk/stronghold</a> .
<b>Court</b>	The High Court of Justice Business and Property Courts of England and Wales Insolvency and Companies List (ChD).
<b>Creditors' Committee</b>	Committee of creditors established to assist the Administrators in discharging their functions set out in the Insolvency Act 1986.
<b>CVL</b>	Creditors' Voluntary Liquidation.
<b>Determination Notice</b>	A final and binding document setting out the amount of a creditor's ascertained claim in the Scheme.
<b>Direct Ascertained Claim</b>	The amount payable by the Company to the Direct Scheme Creditor as set out in the Direct Scheme Creditor's Determination Notice.
<b>Direct Insurance Creditors</b>	Unsecured non-preferential creditors whose claims arise from cover provided by the Company to a non-insurer policyholder.
<b>Direct Payment Percentage</b>	The percentage of the Direct Ascertained Claims that can be paid taking into account the amounts required to meet all excluded liabilities and other liabilities of Stronghold ranking in priority to the Direct Scheme Creditors and the need to ensure that the same percentage is paid in respect of all Direct Ascertained Claims.
<b>Direct Scheme</b>	The Scheme of Arrangement pursuant to Part 26 of the Companies Act 2006 between Stronghold and its creditors in respect of contracts of direct insurance only.
<b>Direct Scheme Creditors</b>	Creditors with claims against Stronghold arising under contracts of direct insurance.
<b>Direct Scheme Final Claims Time</b>	The deadline set for submitting completed claim forms in respect of Direct Scheme Claims, being 11.59 pm (London time) on 10 August 2021.
<b>FCA</b>	The Financial Conduct Authority, the conduct regulator for financial services firms and financial markets in the UK.
<b>Firm or PwC</b>	PricewaterhouseCoopers LLP
<b>IA86</b>	Insolvency Act 1986, the statutory legislation that provides the legal platform for matters relating to personal and corporate insolvency in the United Kingdom.
<b>IR16</b>	Insolvency (England and Wales) Rules 2016, the statutory rules that provide the legal platform for matters relating to personal and corporate insolvency in England and Wales.

<b>General Scheme</b>	The Scheme of Arrangement pursuant to Part 26 of the Companies Act 2006 between the Company and its creditors other than: (a) creditors with claims arising under or pursuant to contracts of direct insurance; and (b) creditors with claims arising in respect of excluded liabilities.
<b>General Scheme Creditors</b>	Creditors with claims arising against Stronghold including, but not limited to, claims arising under contracts of reinsurance and retrocession, but excluding claims arising under contracts of direct insurance and other excluded liabilities.
<b>HMRC</b>	HM Revenue and Customs, the UK's tax, payments and customs authority.
<b>Insurers (Reorganisation and Winding Up) Regulations 2004</b>	The rules under which Direct Insurance Creditors rank ahead of all other Unsecured creditors, including cedants and reinsurance creditors.
<b>Joint Liquidators/Liquidators/our</b>	Dan Yoram Schwarzmann and Douglas Nigel Rackham of PricewaterhouseCoopers LLP, 7 More London, Riverside, London, SE1 2RT.
<b>Liquidation Appointment</b>	The date that the Liquidators were formally appointed as Liquidators of the Company, being 10 December 2021.
<b>Liquidation Committee</b>	Committee of creditors established to assist the Liquidators during the period of the Liquidation.
<b>Office Holder</b>	The Administrators or the Liquidators, as the case may be.
<b>PRA</b>	The Prudential Regulation Authority, being responsible for the prudential regulation and supervision of financial services firms in the UK.
<b>Proposals</b>	The Administrators' Proposals for achieving the purpose of the Administration, as approved by creditors on 4 September 2019.
<b>Regulators</b>	The Financial Conduct Authority and Prudential Regulation Authority.
<b>Schemes of Arrangement (or Schemes)</b>	The Direct Scheme and General Scheme (each a Scheme and together, the Schemes) proposed following the Company entering Administration, which both became effective on 11 February 2021.
<b>Secured creditors</b>	Creditors with security in respect of their debt, in accordance with Section 248 IA86
<b>SIP</b>	Statement of Insolvency Practice, issued by the insolvency regulatory authorities, setting out principles and key compliance standards with which insolvency practitioners are required to comply.
<b>Statement of Affairs</b>	A document required by UK law, prepared by the Directors of the Company, outlining the assets and liabilities of the Company at the date of Administration.
<b>Stronghold</b>	Stronghold Insurance Company Limited (in CVL).
<b>Unsecured creditors</b>	Creditors who are neither secured nor preferential.
<b>Value Added Tax (or VAT)</b>	A consumption tax levied on the sale of goods and services in the UK.

Dan Yoram Schwarzmann and Douglas Nigel Rackham have been appointed as Joint Liquidators 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 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.

# 1. Background

For further information relating to the background to the Company, the circumstances leading to our appointment, our proposed strategy for the Administration, the Schemes of Arrangement and progress with the Administration and Liquidation please see the Company Website: [www.pwc.co.uk/stronghold](http://www.pwc.co.uk/stronghold).

## 1.1 Purpose of this report to creditors

IR16 requires us to give all known creditors details of the work we expect to carry out during the insolvency and the expenses that are likely to be incurred. We previously shared an initial estimate of our fees expected to be incurred during the insolvency with creditors in January 2020.

We are writing to you to explain an uplift in the amount of the fees for our work in the insolvency. Our previous estimate was £4,689,421, our new estimate is £4,858,920. Further information on the reasons for the increase is provided in section 2.

The Liquidation Committee, previously the Creditors' Committee, is the fee approving body for our fees in the insolvency. We continue to provide the Liquidation Committee with detailed cost analyses on all work performed before final approval of our fees is requested.

We are asking the Liquidation Committee to approve our revised fee estimate and all remaining fees.

## 1.2 Actions required by you

This report is for your information only and you do not need to take any action in relation to it.

## 1.3 Estimated outcome for creditors

Creditors are reminded that the purpose of the insolvency was to achieve a better result for the Company's creditors as a whole than would be likely if the Company were wound up (without first being in Administration). On 4 September 2019 creditors voted in favour of approving the Proposals, including proceeding with a Scheme of Arrangement. Consequently, both the Direct Scheme and General Scheme were approved by creditors and the Court and became effective on 11 February 2021.

68 claims were received from Direct Scheme Creditors prior to the Direct Scheme Final Claims Time of 10 August 2021.

On 30 September 2022, based on the expected level of agreed Direct Scheme claims at that time exceeding the Company's distributable funds, we informed creditors that no General Final Claims Time would be set and there would be no distribution to the General Scheme Creditors.

On 29 August 2023, based on claims progress at that time, we set the initial Direct Payment Percentage at 25%, 25c in the US\$1 of agreed claims. During September 2023 we completed payments totalling \$21,396,006 to all Direct Scheme Creditors with an agreed claim value who had received a Determination Notice. In February 2024, we paid a further 5c in the \$1, bringing the Direct Payment Percentage to 30c in the US\$1.

The final Direct Scheme claim has now been agreed, which has resulted in total agreed claims being valued at \$85.6m representing a significant reduction compared to submitted claim values.

The Joint Liquidators are working towards paying a third and final distribution in the CVL before the end of 2024 and terminating the CVL and Schemes at the earliest opportunity.

Further information is available in the progress reports previously circulated to creditors; copies of these reports can be found on the case websites, which can be accessed on the link <https://www.pwc.co.uk/services/business-restructuring/administrations/stronghold.html>

The following table gives our current estimates on the likely return for the various classes of creditors compared to the position at the time of our original fee estimate in January 2020.

**Table 1 – Dividend prospects**

<b>Class of creditor</b>	<b>Estimate of the total Direct Payment Percentage in January 2020 (c in \$)</b>	<b>Current estimate of the total Direct Payment Percentage (c in \$)</b>
<b>Direct Scheme - US Creditors</b>	Uncertain	35c - 36c
<b>Direct Scheme - Non US Creditors</b>	Uncertain	33c - 34c
<b>General Scheme Creditors</b>	Uncertain	Zero

### **Creditors' rights**

You can find information on liquidators fees and your rights at:

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

## 2. Our revised fees estimate

### 2.1 Summary

Throughout the insolvency we have provided regular progress reports detailing our work, the progress made in the relevant period and what work remained in the insolvency. All previous progress reports are available on the Company Website. Our last progress report shared with creditors was dated 7 February 2024 for the period ended 9 December 2023.

Since our last report we have settled all remaining claims in the Direct Scheme and have progressed various regulatory and compliance matters to advance towards the payment of the third and final distribution to Direct Scheme Creditors, the termination of the Schemes and the closure of the CVL.

This section provides the following information:

- The amount of our previous estimate and our revised estimate to closure;
- Reasons for the increase in our estimate;
- Details of the work we propose to undertake (or have already undertaken);
- The hourly rates we propose to charge for each part of that work;
- How our fees are calculated; and
- Why we think we will not need to seek further approval to exceed the amount of the estimate.

### 2.2 Previously approved estimate

A summary of our approved remuneration in the insolvency, is outlined below:

<b>Insolvency Type</b>	<b>Basis</b>	<b>Approved fees estimate</b>	<b>Approving body</b>
Administration	Time costs	£4,689,421	Creditors' Committee

We are increasing the fee estimate by £169,499 from the previous estimate of £4,689,421 to £4,858,920. We will continue to report all time costs incurred in the normal way and seek fee approval by the Liquidation Committee.

Our total remuneration billed cannot exceed the total amount of our fee estimate without prior consent from the fee approving body. We are therefore asking the Liquidation Committee to approve our revised fee estimate.

### 2.3 Reasons for the increase in our estimate

The basis for our revised estimate includes the following:

- When we provided our initial estimate in our remuneration report, shared with creditors in January 2020, this was on the assumption that we anticipated a 30 month Administration term and an automatic end of the Administration without extension.
- As outlined in our Proposals document, the fee estimate included all of our proposed work in relation to the Administration and one Scheme of Arrangement. Following subsequent Creditors' Committee feedback, we amended the proposals such that, in the event that the General Scheme Creditor class did not vote in favour of the proposed Scheme, the proposed Scheme could, at a minimum, still be implemented in respect of the Direct Scheme Creditor class if it was approved by that class. This required the practice statement letter to be reissued to reflect two separate Schemes and also required a new application to be made to the Court.

- As previously reported, it was not possible to complete our work within the 30 month timeframe and our work has been completed over an extended period. Consequently, the insolvency has remained open for much longer than originally anticipated. This has placed additional statutory duties, compliance work and reporting requirements upon us as office holders which, in turn, has required substantial supplementary time spent by the Joint Liquidators and their staff. This work has included attending to the following matters, some of which is required by statute and does not necessarily bring any financial benefit to creditors:
  - Completion of additional periodic case reviews to monitor the progression of the Administration and subsequent CVL;
  - Preparation and circulation of additional progress reports\*;
  - Ensuring internal statutory prompts are kept up to date\*;
  - Maintaining files and ensuring that records are kept of all Company related correspondence and transactions\*;
  - Compliance with HMRC in dealing with the Company's tax and VAT affairs, including post deregistration VAT returns\*;
  - Preparing and issuing an interim dividend to the Unsecured creditors of the Company;
  - Cashiering - including dealing with payments, receipts, VAT accounting, bank reconciliations, funds allocation, journals, and record keeping;
  - Dealing with all correspondence received from stakeholders.

*Indicates work required by statute\**

The below tables provide a comparison of PwC's actual costs incurred on the various work streams since our last report up to 30 June 2024 and against our previous fee estimate from 2020. Table 2b also includes our future costs estimate and a revised estimate for our total fees.

All time costs are presented to and approved by the Liquidation Committee on a timely basis.



**Table 2a – Time costs from 10 December 2023 to 30 June 2024**

Stronghold - SIP9 detailed reporting	Partner		Director		Senior Manager		Manager		Senior Associate		Associate/Other		Offshore professionals		Grand total for the period	
	Hours	Costs	Hours	Costs	Hours	Costs	Hours	Costs	Hours	Costs	Hours	Costs	Hours	Costs	Hours	Costs
Asset Realisation																
Treasury management	0.25	208.25	0.50	389.00	1.70	1,062.50	1.30	715.00	3.60	1,576.80					7.35	3,951.55
Total	0.25	208.25	0.50	389.00	1.70	1,062.50	1.30	715.00	3.60	1,576.80					7.35	3,951.55
Costs of the insolvency process																
Creditors' Committee					2.40	1,500.00									2.40	1,500.00
Other statutory and compliance	0.75	624.75	5.25	4,084.50	6.95	4,343.75	28.15	15,482.50	0.35	153.30			34.90	11,133.10	76.35	35,821.90
Reporting to creditors	1.00	833.00	2.30	1,789.40	21.10	13,187.50	31.60	17,380.00	11.25	4,927.50			12.50	3,987.50	79.75	42,104.90
Total	1.75	1,457.75	7.55	5,873.90	30.45	19,031.25	59.75	32,862.50	11.60	5,080.80			47.40	15,120.60	158.50	79,426.80
Creditor enquiries and management					0.90	562.50									0.90	562.50
Total					0.90	562.50									0.90	562.50
Insurance run off																
Liquidators' supervision	1.00	833.00	4.25	3,306.50	6.70	4,187.50	45.00	24,750.00	42.70	18,702.60					99.65	51,779.60
Employees					0.50	312.50									0.50	312.50
Receipts and payments	0.25	208.25	0.50	389.00	0.90	562.50	2.90	1,595.00	14.75	6,460.50	11.00	3,509.00	8.70	2,775.30	39.00	15,499.55
Total	1.25	1,041.25	4.75	3,695.50	8.10	5,062.50	47.90	26,345.00	57.45	25,163.10	11.00	3,509.00	8.70	2,775.30	139.15	67,591.65
Managing the Company's affairs																
Accounting & Treasury					0.30	187.50										
Chapter 15																
Regulatory					0.40	250.00										
Tax					0.10	62.50	0.05	27.50	0.55	240.90						
Total					0.80	500.00	0.05	27.50	3.60	1,576.80	2.40	765.60			6.85	2,869.90
Scheme design and claims agreement																
Claims agreement	0.50	416.50	4.70	3,656.60	6.00	3,750.00									11.20	7,823.10
Total	0.50	416.50	4.70	3,656.60	6.00	3,750.00									11.20	7,823.10
Strategy and planning																
Strategy, planning and project management	1.50	1,249.50	1.80	1,400.40	21.60	13,500.00	27.95	15,372.50	23.30	10,205.40			1.80	574.20	77.95	42,302.00
Total	1.50	1,249.50	1.80	1,400.40	21.60	13,500.00	27.95	15,372.50	23.30	10,205.40			1.80	574.20	77.95	42,302.00
Grand Total	5.25	4,373.25	19.30	15,015.40	69.55	43,468.75	136.95	75,322.50	99.55	43,602.90	13.90	4,434.10	57.90	18,470.10	402.40	204,687.00

**Table 2b – Fee estimates and time costs to date**

Category of work	Previous fees estimate		Incurred from 27th June 2019 to 30th June 2024		Average hourly rate	Future costs estimate		Revised fees estimate	
	Hours	£	Hours	£	£/Hour	Hours	£	Hours	£
<b>Asset Realisation</b>	419.40	228,278	597.45	286,827	480	9	4,500	606	291,327
<b>Costs of the insolvency process</b>	1,786.55	1,015,700	2,719.90	1,267,180	466	144	72,000	2,864	1,339,180
<b>Dealing with creditors</b>	200.95	141,547	425.55	153,216	360	7	3,500	433	156,716
<b>Insurance run off</b>	1,375.15	572,793	1,788.95	779,838	436	30	15,000	1,819	794,838
<b>Managing the Company's affairs</b>	736.30	310,816	652.60	321,460	493	37	18,500	690	339,960
<b>Scheme design, claims agreement and closure</b>	3,695.00	2,210,965	3,790.65	1,833,872	484	32	16,000	3,823	1,849,872
<b>Strategy and planning</b>	374.85	209,321	857.90	455,302	531	29	14,500	887	469,802
<b>Total</b>	8,588.20	4,689,421	10,833.00	5,097,696	471	288	144,000	11,121	5,241,696
<b>Less amounts not billed<sup>^</sup></b>									(382,776)
<b>Grand Total</b>									<b>4,858,920</b>

<sup>^</sup> Time costs of £382,776 have been incurred but not billed as agreed with the Creditors/Liquidation Committee.

## 2.4 Work we propose to undertake / have undertaken

A breakdown of the remaining activities and expected costs is as follows:

- Management of funds in the Stronghold bank accounts until closure;
- Reviewing and approving all final third party costs;
- Processing and approving the remaining receipts and payments into the accounting system;
- Complying with relevant Tax and VAT obligations, including preparing the final VAT returns;
- Preparing and reviewing the final receipts and payments report;
- Preparing and finalising Stronghold's financial outcome statement and dividend calculation, including the allocation of the US Trust Fund balance to US creditors only;
- Paying the third and final dividend to Direct Scheme Creditors;
- Closing all bank accounts once final payments have been made;
- Preparation and distribution of the eighth (third in the CVL) and final progress report, ensuring compliance with regulatory guidelines;
- Updating and closing compliance databases and PwC internal databases;
- Engaging with the Regulators and Companies House regarding regulatory requirements and the closure; and
- Terminating the Schemes and CVL.

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 hours and costs incurred to 30 June 2024.

**Table 3 – Work undertaken and work we propose to undertake since our previous remuneration report**

Category of work	General description	Work included
<b>Asset Realisation</b> Estimate: 606 hours £291,327  Incurred to date: 597 hours £286,827	Freehold	<ul style="list-style-type: none"> <li>• Liaising with valuers and agents in relation to the freehold property sale ✓</li> <li>• Holding internal meetings to discuss/review offers received for the property and execute the property sale ✓</li> <li>• Exploring lease options for continued trading post property sale ✓</li> <li>• Ensuring transition from freehold to leasehold premises ✓</li> <li>• Managing the eventual exit from any final premises ✓</li> </ul>
	Other physical assets	<ul style="list-style-type: none"> <li>• Reviewing asset listings ✓</li> <li>• Liaising with valuers, auctioneers and interested parties in relation to the sale of assets ✓</li> </ul>
	Reinsurance and other assets	<ul style="list-style-type: none"> <li>• Reviewing and assessing reinsurance debtors ledgers ✓</li> <li>• Corresponding with reinsurance debtors ✓</li> <li>• Liaising with Company collection agents ✓</li> <li>• Reaching settlement and/or agreement of commutations with certain debtors ✓</li> <li>• Negotiation with pre-appointment litigation lawyers regarding the return of any escrow funds owed to the Company ✓</li> <li>• Settlement for the final reinsurance asset ✓</li> </ul>
	Treasury management	<ul style="list-style-type: none"> <li>• Assessment of the appropriateness of investment strategy in light of further distribution(s) to Direct Scheme Creditors with agreed claims, liquidity and return requirements ✓</li> <li>• Management and investment of GBP and USD funds held whilst ensuring the swift payment of the further distribution(s) to creditors ✓</li> <li>• Liaising with banks, trustees and creditors in respect of Letters of Credit previously issued by the Company for the benefit of certain creditors ✓</li> <li>• Removing all accounts from interest bearing current accounts □</li> <li>• Closing all Company bank accounts □</li> </ul>
<b>Costs of the insolvency process</b> Estimate: 2,864 hours £1,339,180  Incurred to date: 2,720 hours £1,267,180	Creditors' Committee	<ul style="list-style-type: none"> <li>• Responding to information requests and fee discussions with the Creditors'/Liquidation Committee and a fee assessor ✓</li> <li>• Preparation of the eight fee packs to the Creditors'/Liquidation Committee ✓</li> <li>• Conducting ongoing correspondence and holding meetings with members of the Liquidation Committee to discuss the progress of the CVL and the Scheme □</li> <li>• Preparation of the ninth and final fee pack □</li> </ul>
	Insurance	<ul style="list-style-type: none"> <li>• Corresponding with post-appointment insurers regarding initial and ongoing insurance requirements ✓</li> <li>• Realising any value within policies ✓</li> </ul>
	Other statutory and compliance	<ul style="list-style-type: none"> <li>• Maintaining records and documenting key activities and decisions taken □</li> <li>• Reviewing and dealing with incoming post □</li> <li>• Completing checklists to document statutory compliance and adhering to our diary management system requirements □</li> <li>• Filing of documents and emails □</li> <li>• Complying with all regulatory requirements including steps for closure □</li> <li>• Closing down internal systems □</li> </ul>
	Reporting to creditors	<ul style="list-style-type: none"> <li>• Preparing and issuing progress reports in the Administration and subsequent CVL to creditors, the Regulators and the registrar ✓</li> <li>• Preparing and issuing the final progress report □</li> </ul>

<b>Dealing with creditors</b> Estimate: 433 hours £156,716  Incurred to date: 426 hours £153,216	Creditor enquiries and management	<ul style="list-style-type: none"> <li>• Receiving and following up creditor enquiries via telephone, email and post ✓</li> <li>• Reviewing and preparing correspondence to creditors and their representatives ✓</li> <li>• Receipt and filing of proofs of debt ✓</li> <li>• Responding to any shareholder queries ✓</li> <li>• Maintaining the PwC case website, including the provision of key documents on the closure of the CVL and Schemes □</li> </ul>
<b>Insurance run off</b> Estimate: 1,819 hours £794,838  Incurred to date: 1,789 hours £779,838	Supervision of run off	<ul style="list-style-type: none"> <li>• Liaising with the Scheme's legal advisors where appropriate ✓</li> <li>• Holding meetings to discuss the run off position and progress ✓</li> <li>• Liaising with suppliers and terminating relationships no longer required ✓</li> <li>• Managing key work streams and next steps to ensure the timely future termination of the estate □</li> </ul>
	Employees	<ul style="list-style-type: none"> <li>• Regular dialogue with the Company employees including addressing any employee issues or concerns ✓</li> <li>• Calculating and paying monthly payroll ✓</li> <li>• Ensuring appropriate deductions of PAYE/NIC are made and paid over to HMRC and other deductions to relevant agencies and third parties ✓</li> <li>• Liaising with the Redundancy Payment Service and external agencies ✓</li> <li>• Resolving position regarding employees at the end of the Administration ✓</li> </ul>
	Receipts and payments	<ul style="list-style-type: none"> <li>• Entering receipts and payments into accounting system □</li> <li>• Review and approval of all payments and receipts □</li> <li>• Sanctions checking suppliers and creditors in line with internal regulatory requirements in advance of payments and distributions to creditors □</li> </ul>
<b>Managing the Company's affairs</b> Estimate: 690 hours £339,960  Incurred to date: 653 hours £321,460	Accounting & Treasury	<ul style="list-style-type: none"> <li>• Opening and closing bank accounts and general interactions with the Company's bankers ✓</li> <li>• Carrying out bank reconciliations and managing investment of funds ✓</li> <li>• Corresponding with banks regarding specific transfers ✓</li> <li>• Accounting and treasury specific work related to preparing and paying distributions □</li> </ul>
	Chapter 15	<ul style="list-style-type: none"> <li>• Considering the merits of seeking Chapter 15 recognition of the UK Scheme of Arrangement in the US, and ultimately gaining US Bankruptcy Court recognition ✓</li> </ul>
	Regulatory	<ul style="list-style-type: none"> <li>• Updates to the PRA and FCA on the status of the CVL and Direct Scheme □</li> <li>• Filing regulatory returns required by the PRA and FCA □</li> </ul>
	Tax	<ul style="list-style-type: none"> <li>• Statutory tax filings ✓</li> <li>• Corporation tax clearance ✓</li> </ul>
	VAT	<ul style="list-style-type: none"> <li>• Liaising with HMRC, responding to any queries and ensuring that VAT payments or refunds are processed and received by HMRC in a timely fashion in advance of the planned closure ✓</li> <li>• Final VAT 426 submission □</li> </ul>
<b>Scheme design, claims</b>	Scheme of Arrangement	<ul style="list-style-type: none"> <li>• Finalising the objectives and terms of the proposed Scheme of Arrangement including documentation to support communications to creditors of the Company ✓</li> </ul>

<b>agreement and closure</b>	<ul style="list-style-type: none"> <li>• Applying to Court requesting permission to convene Scheme meetings ✓</li> <li>• Holding the requisite meetings of creditors to consider and approve the proposed Schemes of Arrangement ✓</li> <li>• Communicating with creditors regarding the outcome of the Scheme meetings and next steps ✓</li> <li>• Preparing correspondence to potential creditors inviting lodgement of proof of debt forms ✓</li> <li>• Receiving proofs of debts and maintaining claims register ✓</li> <li>• Assessing claims and reviewing information, including requesting further information from claimants ✓</li> <li>• Actuarial services to complete a comprehensive review and valuation of certain direct claims including: understanding policies; review of data and methodology; and independent valuations ✓</li> <li>• Agreeing claims with creditors in accordance with the Scheme methodology and valuation principles ✓</li> <li>• Preparing dividend model(s) reviewing various inputs to assess potential level of distribution(s) available to creditors ✓</li> <li>• Advertising intention to declare dividends paid to date ✓</li> <li>• Preparing correspondence to claimants advising on the outcome of the claims assessment and advising of intention to declare dividend(s) ✓</li> <li>• Management and oversight of the final dividend payment process □</li> </ul>	
Estimate: 3,823 hours £1,849,872		
Incurred to date: 3,791 hours £1,833,872		
<b>Strategy and planning</b>	Strategy, planning and project management	<ul style="list-style-type: none"> <li>• Preparing final fee budgets &amp; monitoring costs □</li> <li>• Providing updates to the Joint Liquidators regarding the case strategy □</li> <li>• Conducting case reviews on the status of the project □</li> </ul>
Estimate: 887 hours £469,802		
Incurred to date: 858 hours £455,302		

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.

## 2.5 Our time charging policy and hourly rates

We and our team charge our time for the work we need to do in the CVL. We delegate tasks to suitable grades of staff, taking into account their experience and any specialist knowledge that is needed and we supervise them properly to maximise the cost effectiveness of the work done. Anything complex or important matters of exceptional responsibility are handled by our senior staff or us.

All of our staff who work on the CVL charge time directly to the case and are included in any analysis of time charged. Each grade of staff has an hourly charge out rate which has been agreed with the Liquidation Committee and is reviewed from time to time. For the avoidance of doubt, work carried out by our cashiers, support and secretarial staff is charged on a time costs basis and is included in the analysis of hourly rates charged by partners or other staff members. Time is charged in three minute units (i.e. 0.05 units). We do not charge general or overhead costs.

We set out below the maximum charge-out rates per hour for the grades of our staff who already or who are likely to work on the CVL including our specialist teams namely Tax, VAT and Pensions.

We call on colleagues in our actuarial team where we need their expert advice to evaluate and value the creditors' claims. Their charge-out rates are under separate engagement terms as approved by the Liquidation Committee and the following are the maximum rates by grade per hour.

**Table 4 – Charge-out rates**

Grade	Liquidators' team (inc Tax, VAT and Pensions) rates		Actuarial team rates
	From 1 July 2022 to 9 December 2023 £/hour	From 10 December 2023 £/hour	From 28 September 2022 £/hour
<b>Partner</b>	833	833	1,028
<b>Director</b>	778	778	875
<b>Associate Director</b>	N/A	N/A	719
<b>Senior manager</b>	731	625	628
<b>Manager</b>	621	550	458
<b>Senior associate</b>	438	438	311
<b>Associate/other</b>	319	319	179
<b>Offshore professionals</b>	319 to 438	319 to 438	N/A

For details about our previous charge out rates, all of which have been discussed and shared with the Creditors'/Liquidators' Committee, please refer to previously shared progress reports which are available to view and download on the case website:

<https://www.pwc.co.uk/services/business-restructuring/administrations/stronghold.html>

## 2.6 Roles and grades of staff

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
<b>Partner</b>	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.
<b>Director</b>	Individuals highly experienced in insolvency matters at a senior level, including managing complex insolvencies and supervising teams. They may be a licensed insolvency practitioner and subject to additional office-holder responsibilities. Alternatively, may have specialist business or industry skills, and management experience at a senior level, or a combination of skills.
<b>Senior manager</b>	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.
<b>Manager</b>	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.
<b>Senior Associate</b>	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.
<b>Associate/other</b>	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.
<b>Offshore professionals</b>	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.

## 2.7 How fees are calculated

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

- By reference to the time properly given by us and our staff attending to the matters arising (“time costs basis”);
- As a percentage of the value of the property which we realise and/or distribute (often referred to as a “percentage 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 continues to be calculated on a time costs basis. It ensures that creditors are only charged for work that is performed in circumstances where:

- 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 funds to creditors); and
- We are unable to estimate with certainty the total amount of fees necessary to complete all tasks required in the liquidation.

## 2.8 Further approval

Creditors should be assured that the provision of a fees estimate will not affect the proper conduct of the CVL.

Given that no further asset realisations are anticipated and the third dividend to Direct Scheme Creditors should distribute all remaining funds in the CVL, we do not anticipate any circumstances where we would make a future request to creditors for a further uplift in our fees. In our final progress report, we will inform creditors how our fees compare to the revised fees estimate.

# 3. Expenses

## 3.1 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
<b>Category 1</b>	Payments to persons providing the service to which the expense relates who are not an associate of the office holder.
<b>Category 2</b>	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 CVL. All other disbursements are charged at cost.

The table below shows the expenses that have been incurred in relation to this CVL since our last progress report and our policy for recovering the Category 2 photocopying costs. Our firm's disbursements policy allows for all properly incurred expenses to be recharged to the case. We estimate that there may be up to a further £2,500 of office holders' disbursements until closure.

Category	Expense	Costs incurred £
2	<b>Photocopying</b> – Up to 10 pence per page copied, only charged for circulars to creditors and other bulk copying.	125.06
1	<b>Postage</b>	201.31
1	<b>Storage</b>	412.25
<b>Total from 10 December 2023 to 30 June 2024</b>		<b>738.62</b>
Brought forward disbursements as at 9 December 2023		18,234.67
<b>Grand total</b>		<b>18,973.29</b>

## 3.2 Our expenses estimate

The table below provides details of the cumulative expenses to 30 June 2024 and the estimated future expenses to closure, as well as the variance to the initial estimates provided in the remuneration report. This table should be read in conjunction with the receipts and payments account in the Appendix, which shows expenses actually paid to date, and previous progress reports which can be found on the Company Website.

Creditors are reminded that when we provided our initial estimate in our remuneration report, shared with creditors in January 2020, this was on the assumption that we anticipated a 30 month Administration term and an automatic end of the Administration without extension. As previously reported it was not possible to complete our work within this timeframe and our work has been completed over an extended period, which has had an impact on staff and other costs. In addition, as previously reported, additional legal fees were required to make an amendment to our proposals resulting in the separate Direct Scheme and the General Scheme. Some other uncertain costs (for



example US legal costs, the US expert and counsel fees) were not known or estimated at the time of our initial estimate.

**Table 5 – Expenses estimate**

Nature of expenses	Initial estimate (£)	Incurred to 30th June 2024 (£)	Estimate of future expenses (£)	Updated estimated total (£)	Variance between initial and updated estimates (£)
Gross wages, salaries and staff costs	1,136,893	1,708,193	0	1,708,193	571,300
Employee retention and incentives	700,000	700,000	0	700,000	0
Rent & rates 1	89,104	88,970	0	88,970	(134)
Other operating expenses 2	417,394	480,591	0	480,591	63,197
Agents' fees and disbursements - Davies Intermediary Support Services Limited (previously Requiem)	39,113	72,850	0	72,850	33,737
Agents' fees and disbursements - Epiq	47,096	49,798	0	49,798	2,702
Agents' fees and disbursements - Larking Gowen	2,324	5,043	0	5,043	2,719
Agents' fees and disbursements - Bidwells	10,478	9,200	0	9,200	(1,278)
Bank charges	2,432	1,308	500	1,808	(624)
Letters of Credit charges	6,854	3,545	0	3,545	(3,309)
Property costs	2,500	3,536	0	3,536	1,036
Insurance	21,426	15,281	0	15,281	(6,145)
Legal fees and expenses - US lawyers	Uncertain	190,958	0	190,958	n/a
Legal fees and expenses - Clifford Chance	440,162	948,647	0	948,647	508,485
Legal fees and expenses - Clifford Chance pre-Administration	114,873	114,873	0	114,873	0
Legal fees and expenses - McCarthy Denning pre-Administration	22,508	22,508	0	22,508	0
Office holders' and Scheme advisor fees 3	4,689,421	4,714,920	144,000	4,858,920	169,499
Office holders' pre-Administration costs	93,411	93,411	0	93,411	0
Office holders' disbursements 4	73,755	18,973	2,500	21,473	(52,282)
Licences, trade marks, royalties	160	200	40	240	80
Storage costs	3,536	5,003	800	5,803	2,267
Statutory advertising	577	164	0	164	(413)
Additional Scheme costs	50,000	66,153	0	66,153	16,153
Other Scheme costs					
US expert	n/a	25,798	0	25,798	n/a
1st Counsel	Uncertain	118,115	0	118,115	n/a
2nd Counsel	n/a	91,785	0	91,785	n/a
Independent fee assessor	n/a	25,000	0	25,000	n/a
Irrecoverable VAT 5	331,178	340,545	12,500	353,045	21,867
<b>Total expenses</b>	<b>8,295,195</b>	<b>9,915,368</b>	<b>160,340</b>	<b>10,075,708</b>	<b>1,328,857</b>

Note 1 - Includes the following: council tax, utilities and telephone charges.

Note 2 - Includes the following: repairs and maintenance, IT costs, office costs, stationery, postage and other direct expenses.

Note 3 - Office holders' and Scheme advisor fees includes all non-actuarial and actuarial fees incurred by PwC, consistent with the remuneration report from January 2020. The expected future costs all relate to non-actuarial services to be provided.

Note 4 - Office holders' disbursements comprise of photocopying and postage, system maintenance fees, storage fees, travel and accommodation.

Note 5 - The Company is partially exempt, and so an element of VAT paid will be irrecoverable. The estimate for irrecoverable VAT is on the assumption that the Company will recover c.72% of VAT paid and c.28% is irrecoverable.

## 4. Professionals and subcontractors

The following work, which we or our staff would normally do, has been subcontracted to the parties listed. At the time of the Administration appointment, Larking Gowen LLP were the incumbent payroll provider and it remained cost effective to continue with these payroll services. Larking Gowen LLP's services were terminated on 31 March 2023 when the remaining employee left Stronghold's employment. The costs in respect of these services, both those incurred to date and estimated future costs are included within our expenses table.

**Table 6 – Professionals and subcontractors**

Service provided	Name of firm/organisation	Reason selected	Basis of fees
Payroll processor	Larking Gowen LLP	Pre-existing relationship with the Company	Monthly fixed fee
Subcontractor	Andrew Gregory	Pre-existing relationship with the Company	Hourly rate

### 4.1 Legal and other professional firms

The following table provides details of the professionals we have engaged during the insolvency, plus subcontractors used to undertake work that we could otherwise do ourselves.

Service provided	Name of firm/organisation	Reason selected	Basis of fees
Computer and IT Services	Acora one (formally Computer Service Centre Ltd)	Pre-existing relationship with the Company and competitive pricing	Monthly charge
Legal advice on a specific claim	Hinkhouse Williams Walsh LLP	Pre-existing relationship with the Company and expert knowledge	Time costs
Legal advice on a specific claim	Mendes & Mount LLP	Pre-existing relationship with the Company and expert knowledge	Time costs
Independent fee assessor	Jamie Drummond-Smith	Industry knowledge and insolvency expertise	Time costs
Legal advice	Clifford Chance LLP	Pre-existing relationship with the Company	Time costs and disbursements
Printing and postage	Black & Callow Limited	Existing printing and posting reports and competitive pricing	Variable fee for each mailout
Computer and IT Services	Comm Tech Voice and Data Ltd	Pre-existing relationship with the Company and competitive pricing	Variable fee for IT services provided
Insurance cover	Specialist Risk Insurance Solutions Ltd	Pre-existing relationship with the Company and competitive pricing	Insurance premium

## 5. Notes and assumptions

### 5.1 Fees estimate

Our proposed increase to the fees estimate has been produced based on the following assumptions:

- There are no further assets to realise in the CVL;
- There are no significant new creditor queries or challenges; and
- There are no new matters which prevent us from concluding the CVL.

In the event that circumstances change materially and substantially, the Joint Liquidators may seek approval to change the basis of their fees. However, the future costs estimate includes a contingency for costs which may arise during the termination of the Scheme and CVL and so we do not expect a further revision to our fees.

We expect the CVL will have concluded prior to the end of the next reporting period on 9 December 2024.

### 5.2 Expenses

The estimate of future expenses includes a contingency for expenses which may arise during the termination of the Scheme and CVL.

### 5.3 Associates

The Joint 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.

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

# Appendix - Liquidators' Receipts and Payments Account to 30 June 2024

	(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)
	Statement of affairs	From 26 June 2019 to 9 December 2021 - GBP Equivalent	Total from 10 December 2021 to 9 December 2023 - GBP Equivalent	From 10 December 2023 to 30 June 2024	From 10 December 2023 to 30 June 2024	From 10 December 2023 to 30 June 2024 - GBP Equivalent	Total from 10 December 2021 to 30 June 2024 - GBP Equivalent	Total costs to date - GBP Equivalent
Notes	£	£	£	£	US\$	£	£	£
<b>RECEIPTS</b>								
Brought forward from Administration	-	-	24,489,816	-	-	-	24,489,816	-
Freehold land & property	580,000	620,000	-	-	-	-	-	620,000
Cash at bank	26,396,375	24,426,095	-	-	-	-	-	24,426,095
Other financial investments	4,191,489	4,297,966	-	-	-	-	-	4,297,966
Deposits with ceding undertakings	487,786	-	-	-	-	-	-	-
Reinsurers' share of technical provision	100,000	20,377	-	-	-	-	-	20,377
Reinsurance debtors	1, 1,006,304	443,872	426,533	-	-	-	426,533	870,405
Other debtors	1, 22,853	22,438	1,196,001	-	-	-	1,196,001	1,218,439
Insurance claims & refunds	-	1,168	1,171	-	-	-	1,171	2,339
Accrued interest & rent	87,470	87,470	-	-	-	-	-	87,470
Bank interest gross	1, -	292,618	1,388,670	1,325	205,127	163,521	1,552,191	1,844,809
Fixtures & fittings	-	2,284	-	-	-	-	-	2,284
Escrow funds	-	73,400	-	-	-	-	-	73,400
VAT recovered	-	116,826	264,839	-	-	-	264,839	381,665
Exchange rate gain/loss	1, 2, -	(522,556)	1,224,864	(49,968)	-	(49,968)	1,174,896	652,340
<b>Total</b>	<b>32,872,277</b>	<b>29,881,958</b>	<b>28,991,894</b>	<b>(48,643)</b>	<b>205,127</b>	<b>113,553</b>	<b>29,105,447</b>	<b>34,497,589</b>
<b>PAYMENTS</b>								
Direct labour	-	1,123,940	1,221,361	-	-	-	1,221,361	2,345,301
Direct expenses	-	6,720	4,326	-	-	-	4,326	11,046
Sub contractors and IT	-	172,148	89,707	-	-	-	89,707	261,855
Rates	-	56,020	-	-	-	-	-	56,020
Heat, light & utilities	-	14,436	-	-	-	-	-	14,436
Telephone	-	6,519	-	-	-	-	-	6,519
Insurance	-	14,800	480	-	-	-	480	15,280
Professional fees	-	250,572	62,318	14,409	-	14,409	76,727	327,299
Repairs & maintenance	-	7,580	-	-	-	-	-	7,580
Office costs, stationery & postage	-	42,077	670	-	-	-	670	42,747
Licences, trade marks, royalties	-	120	80	-	-	-	80	200
Office holders' pre-appointment fees	-	93,411	-	-	-	-	-	93,411
Office holders' fees	3, -	1,861,288	1,278,077	177,623	-	177,623	1,455,700	3,316,988
Office holders' expenses	-	7,395	1,448	-	-	-	1,448	8,843
Legal fees & expenses	1, -	1,113,580	167,459	36,394	1,514	37,591	205,050	1,318,630
Statutory advertising	-	77	87	-	-	-	87	164
Scheme advertising	-	32,561	-	-	-	-	-	32,561
Scheme advisor fees	5, -	-	1,239,889	-	-	-	1,239,889	1,239,889
Independent fee assessor	-	22,950	12,150	-	-	-	12,150	35,100
Finance/bank interest & charges	1, -	912	397	-	-	-	397	1,309
Storage	-	2,666	-	2,187	-	2,187	2,187	4,853
Irrecoverable VAT	1, 4, -	158,387	138,917	-	-	-	138,917	297,304
VAT paid	4, -	403,985	171,675	43,241	-	43,241	214,916	618,901
Dividend to Direct Scheme creditors	1, 6, -	-	17,026,942	-	4,276,608	3,381,556	20,408,498	20,408,498
<b>Total</b>		<b>5,392,142</b>	<b>21,415,983</b>	<b>273,853</b>	<b>4,278,122</b>	<b>3,656,607</b>	<b>25,072,590</b>	<b>30,464,734</b>
<b>Net Receipts/(Payments)</b>		<b>24,489,816</b>	<b>7,575,911</b>	<b>(322,496)</b>	<b>(4,072,994)</b>	<b>(3,543,053)</b>	<b>4,032,858</b>	<b>4,032,858</b>

	As at 9 December 2022	As at 9 December 2023	From 10 December 2023 to 30 June 2024	From 10 December 2023 to 30 June 2024	As at 30 June 2024
	£	£	£	\$	£
<b>MADE UP AS FOLLOWS</b>					
Barclays Bank Plc GBP account	231,959	136,855	32,050	-	32,050
Barclays Bank Plc USD account	1, 74,111	1,224,857	-	3,519,400	2,782,825
DBS Bank Limited (Money market depos	1, 12413764	6,208,837	-	0	-
OCBC Bank Limited (Money market deposit)	-	11811163	-	-	-
HSBC Bank Plc USD account	1, 3,793	5,362	-	1,540,366	1,217,983
<b>Balance of funds held</b>	<b>24,534,790</b>	<b>7,575,911</b>	<b>32,050</b>	<b>5,059,766</b>	<b>4,032,858</b>

The table above represents the period from 10 December 2023 to 30 June 2024 and also includes total values in the Administration and cumulative values for both the Administration and CVL to 30 June 2024.

The headings for each of the columns are as follows:

(A) Statement of affairs value;

(B) Receipts and payments in the Administration - GBP equivalent;

(C) Receipts and payments from 10 December 2021 to 9 December 2023 period of the CVL - GBP Equivalent;

(D) Receipts and payments from 10 December 2023 to 30 June 2024 in £;

(E) Receipts and payments from 10 December 2023 to 30 June 2024 in US\$;

(F) Receipts and payments from 10 December 2023 to 30 June 2024 - GBP equivalent;

(G) Total receipts and payments in the CVL to 30 June 2024 - GBP equivalent;

(H) Total receipts and payments to date - GBP equivalent.

#### **Notes**

Note 1 - The total GBP equivalent reflects a US\$/£ exchange rate (1:0.79071) as of 30 June 2024. The previous period's US\$/£ exchange rate was (1:0.7958) as at 9 December 2023. As per the final report in the Administration, the US\$/£ exchange rate was (1:0.75011) as at 26 November 2021.

All funds are held in interest bearing current accounts. We continue to hold the majority of funds in US\$, as all of the payments to creditors will be made in US\$.

Note 2 - An exchange rate loss has arisen from a change in value of the funds held over the Period due to the £ appreciating against the US\$. This is a theoretical loss, stated for presentational reasons given the receipts and payments are presented in GBP but the majority of the funds held and claims payable are in USD.

Note 3 - As explained further in the section "Our time charging policy and hourly rates", our fees are based on time costs. The receipts and payments account shows the amount(s) paid from 10 December 2023 to 30 June 2024 and total to date.

Note 4 - All amounts are shown exclusive of VAT, with VAT paid being included as a separate item under Payments. The Company is partially exempt from VAT and therefore some of the VAT paid will be recoverable and some will not (determined at each VAT return). Our assumption is that the Company can continue to recover c.72% of VAT. Any VAT paid on future invoices which is irrecoverable will be reflected in our next progress report.

Note 5 - Scheme advisor fees represent payments in respect of the PwC actuarial team's work on the claims assessment process. There were no Scheme advisor fees from 10 December 2023 to 30 June 2024.

Note 6 - In February 2024, we paid a further 5c in the \$1, bringing the Direct Payment Percentage to 30c in the US\$1.

There have been no payments made to us, our firm or our associates other than from the insolvent estate as shown in the receipts and payments account provided above.