

JOINT ADMINISTRATORS' FINAL REPORT FOR PERIOD 6 JULY 2017 TO 18 DECEMBER 2017

IONA UK HUNTINGTON LIMITED (REGISTERED IN ENGLAND, COMPANY NUMBER:
07385624) ("HUNTINGTON")
("THE COMPANY")

18 DECEMBER 2017

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Glossary

The Act	Insolvency Act 1986 (as amended)	the Period	6 July 2017 to 18 December 2017
Administrators	Chad Griffin and Lisa Rickelton of FTI Consulting LLP	Premier	Premier Oil UK Limited
the Companies	Iona Energy UK Company Limited and Iona UK Huntington Limited	the Rules	The Insolvency (England and Wales) Rules 2016
the Company	Iona UK Huntington Limited	Security Trustee	Nordic Trustee ASA
FTI	FTI Consulting LLP	SIP 2	Statement of Insolvency Practice 2
HMRC	HM Revenue and Customs	SIP 9	Statement of Insolvency Practice 9
Huntington	Iona UK Huntington Limited	SIP 16	Statement of Insolvency Practice 16
Iona	Iona Energy UK Company Limited	S of A	Statement of Affairs
Noreco	Noreco Denmark A/S		

1. Introduction

- 1.1 Chad Griffin and Lisa Rickelton were appointed as Joint Administrators of the Company on 6 January 2016. Pursuant to Paragraphs 76(2) and 78(2)(b)(i) of Schedule B1 to the Insolvency Act 1986, Rule 3.54 (formerly rule 2.112) of the Rules.
- 1.2 Full details of the statutory formalities relating to our appointment are set out in Appendix A. Pursuant to Paragraph 78(1)(a) of Schedule B1 to the Act, we requested and received the consent of the Secured Lenders to extend the period of the administration by one year.
- 1.3 As insolvency practitioners we are bound by the Insolvency Code of Ethics. Prior to our appointment we considered potential ethical threats in undertaking the administration in accordance with the Code, and we did not consider that there were any matters preventing us taking this appointment.
- 1.4 No creditors committee has been formed in the Administration.
- 1.5 This report together with the appendices contains information in relation to the activities undertaken in the Period, as well as some information relating to the full period since our appointment on 6 January 2016. This includes receipts and payments into the insolvency estate (Appendices B and C) and the Administrators' time costs in accordance with Statement of Insolvency Practice 9 ("SIP9") (Appendices D and E).
- 1.6 This report is a final progress report, which is a statutory requirement pursuant to Rules 3.53 and 3.61 (formerly Rule 2.110 and 2.118) of the Rules.
- 1.7 A summary of receipts and payments in accordance with SIP7 is included in Appendix B.
- 1.8 The return to creditors is set out in Sections 3 of this report.

Administrators' remuneration

- 1.9 In our Statement of Proposals dated 9 February 2016 ("the Proposals"), we proposed that we be remunerated on the basis of time costs incurred by us and our staff properly spent in carrying out the Administration. The Proposals were deemed approved on 23 February 2016. Details of the rules in relation to Administrators' remuneration together with details of our time costs to date are set out in Appendices C and D.
- 1.10 Time costs and disbursements incurred since our appointment amount to £190,145 (plus VAT). Of this amount £102,941 (plus VAT) has been billed.
- 1.11 Administrators' fees and disbursements are subject to creditor approval. A creditors' guide to administrators' fees setting out creditors' rights to further information and how fees are approved can be found here:
<http://www.fticonsulting-emea.com/~media/Files/emea-files/creditors-portal/cip-emea-forms-info/guide-to-administrators-fees-oct-2015-ew.pdf>
- 1.12 If creditors wish to be supplied with a hard copy of this guidance they should contact us using the details set out in Section 4 below.
- 1.13 Additional information in relation to our staffing policies can be found in Appendix F.

Creditors' Right to Challenge Remuneration and/or Expenses

- 1.14 Any secured creditor or, unsecured creditor with the support of at least 10% in value of the unsecured creditors or with leave of the Court, may apply to the Court for one or more orders (in accordance with Rule 18.34 of the Rules), challenging the amount or the basis of the remuneration which the Administrators are entitled to charge or otherwise challenging some or all of the expenses incurred. Such applications must be made within eight weeks of receipt by the applicant(s) of the report detailing the remuneration and/or expenses being complained of, in accordance with Rule 18.34 of the Rules.

Creditors' Right to Request Information

- 1.15 Any secured creditor or unsecured creditor with the support of at least 5% in value of the unsecured creditors or, with leave of the Court, may, in writing, request the Administrators to provide additional information regarding remuneration or expenses to

that already supplied with this document. Such requests must be made within 21 days of receipt of this report, in accordance with Rule 18.9 (formerly 2.47(1)(fa) and 2.48A) of the Rules.

1.16 I enclose further information in relation to creditors' rights at Appendix F.

Further information

1.17 Further information on insolvency processes in general including a step-by-step guide can be found at the following website:

<http://www.creditorinsolvencyguide.co.uk/>

1.18 Pursuant to Rule 1.50(a) of The Insolvency (England and Wales) Rules 2016 ("the Rules") all further information in respect of the administration of the Company (except for dividend notices, which will be mailed to creditors) will be placed on the website below and no notice will be provided to creditors of updates placed on the website:

<http://www.fticonsulting-emea.com/cip/iona-energy>

Please note, no further updates or notices of dividend are expected.

1.19 The Insolvency (England and Wales) Rules 2016 were made effective on 6 April 2017. The new Rules replace the Insolvency Rules 1986 (as amended). Where appropriate, we have included references to the new Rules together with the former references.

1.20 Should creditors wish to receive a hard copy of any of the documents available at the above website or if you have any specific queries in relation to this report or the administration in general, please contact the administrators at william.marsden@fticonsulting.com or on 020 3727 1342, or by writing to FTI Consulting LLP, 200 Aldersgate Street. London EC1A 4HD.

2. Conduct of the Administration

Purpose of the Administration

- 2.1 Pursuant to Paragraph 3 of the Schedule B1 of the Act, the purpose of the administration is realising property in order to make a distribution to creditors.
- 2.2 We considered that the administration would give a better outcome than could be achieved in liquidations of the Company as the appointment process could be conducted quickly, with the consent of the Secured Lender.

Huntington licenses and other entitlements

2.3 As reported previously, in addition to the 15% interest in the Huntington field, Huntington also owns the following entitlements:

1.2% royalty entitlement from Premier Oil UK Limited ("Premier");

0.6% royalty entitlement from Noreco Denmark A/S ("Noreco"); and

0.75% disproportionate lifting entitlement ("DLE") with Eon.

2.4 As previously reported, we agreed a termination of the royalty entitlement with Premier for \$0.9m, which was received on 25 January 2016.

2.5 No interest was received in the marketing process in relation to Huntington's 15% license interest, and a default was persisting at the commencement of the administration. On 29 January 2016 we received notice from the joint operating partners stating that, pursuant to the default, they were exercising their rights to acquire Huntington's interest. On 22 September 2017 the transfer of the interest in the Huntington field to Premier was completed. Following the transfer all claims against the Company from Premier were released.

Receipts and payments during the Period

2.6 Please find at Appendix B the receipts and payments account for the Company.

2.7 The material receipts and payments during the Period are listed below:

Receipts

- VAT refund of £135k;
- Insurance refund of £46k

Payments

- Floating charge creditor distribution of funds remaining in administration estate of £1,978k to Security Trustee.

Taxation

2.8 All corporation tax returns have been submitted and HMRC has not raised any queries.

2.9 All relevant VAT returns have been submitted and the company has now been deregistered from VAT.

Statutory Investigations

2.10 As reported previously, we have concluded our statutory investigation work in accordance with SIP2, and complied with our statutory duties pursuant to the Companies Directors Disqualification Act 1986.

Work streams during the Period

2.11 During the Period the main work streams that have been finalised are as follows:

- Completing the transfer of the interest in the Huntington field to Premier;
- Submitting and obtaining a VAT refund of £135k;
- Submitting and obtaining an insurance fund of £46k;
- Issuing a notice of intended dividend to potential unsecured creditors;
- Final distribution of £1.98m to the Security Trustee.

3. Summary creditor returns

Secured creditors

3.1 At the date of the appointment the Secured Creditors were owed \$263m by the Company and Iona. The Secured Creditors held a number of securities which were listed in the SIP 16 letter to creditors and included as Appendix G in the Administrators' proposals dated 9 February 2016.

3.2 The amount due to the secured creditors was net of \$57.1m restricted cash which had been distributed to the Security Trustee prior to the date of appointment. Of this amount \$50m was distributed by the Security Trustee to bondholders with the remaining \$7m held as contingency.

3.3 A final distribution of £1.98m was made from the Company to the Security Trustee on 13 November 2017.

Preferential creditors

3.4 There are no preferential in the Company.

Unsecured creditors

3.5 Unsecured creditors rank behind both secured and preferential creditors.

3.6 Under Section 176A of the Act where after 15 September 2003 the company has granted a creditor a floating charge, a proportion of the net property of the company achieved from floating charge asset realisations must be made available for the unsecured creditors ("the Prescribed Part").

3.7 There are unlikely to be sufficient funds to repay the Secured Creditors in full, therefore returns to unsecured creditors will come from the Prescribed Part only.

3.8 The Prescribed Part applies where there are net floating charge realisations (i.e. after costs of realisation) available to unsecured creditors and is calculated as follows:

- 50% of net property up to £10k
- Plus 20% of net property in excess of £10k

- Subject to a maximum of £600k

3.9 We wrote to all known creditors on 28 September 2017 requesting unsecured creditors to prove their debts against the Company by the last date of proving, 24 October 2017. No claims were received.

4. Summary of Proposals and Exit Route

4.1 The administrators' proposals, prepared under the Insolvency Rules 1986 (as amended), are included below as required by Rule 3.53 (Formerly Rule 2.110) of the Rules. There have been no amendments or deviations from these proposals.

Proposed Strategy, Actions and Activities

- The Administrators will continue to manage the affairs of the Company in order to achieve the purpose of the Administration.
- To do all such other things and generally exercise all of our powers as contained in Schedule B1 of the Act, as the Administrators consider desirable or expedient to achieve the statutory purpose of the Administration.
- To investigate and as appropriate pursue any claims the Company may have.
- We shall be authorised to agree the claims of the secured and unsecured creditors against each of the Company unless we conclude, in our reasonable opinion, that the respective company in administration will have no assets available for distribution.
- We shall be authorised to distribute funds to the secured and preferential creditors (if applicable) as and when claims are agreed and funds permit.
- In relation to potential distributions to unsecured creditors by virtue of a Prescribed Part, we are authorised to do so in accordance with S128(2) of the Small Business, Enterprise and Employment Act 2015 ("SBEEA") and its amendment to Paragraph 65(3) of Schedule B1 of the Act.

Creditors Committee

- In the event the creditors of any of the Company so determine a creditors' committee be appointed in respect of that company, the committee shall comprise no more than five and not less than three creditors of that company.

Proposed Exit Routes

- The most likely exit route for the Company is moving to dissolution after the completion of its Administration.
- Once all assets have been realised and if applicable, a distribution paid to unsecured creditors by virtue of a Prescribed Part (in accordance with S128(2) of the Small Business, Enterprise and Employment Act 2015 ("SBEEA") and its amendment to Paragraph 65(3) of Schedule B1 of the Act) the Administrators will file for the dissolution of Huntington pursuant to Paragraph 84 of Schedule B1 to the Act.

Discharge of Administrators

- The Administrators will be discharged from liability in accordance with Paragraph 98(1) of Schedule B1 of the Act immediately upon their appointment as Administrators ceasing to have effect.

Administrators' Remuneration

- If a creditors committee is appointed by the creditors of the Company, that committee will be asked to agree that the basis of the Administrators' remuneration in respect of the corresponding company be fixed by reference to the time properly given by the Administrators' and their staff in attending to matters arising in the Administration, calculated at the prevailing standard hourly charge out rates used by FTI at the time when the work is performed, plus VAT, and be asked to agree any category 2 expenses.
- If a creditors committee is not appointed by the creditors of the Company, the Secured Creditor (and preferential creditors where applicable) of the corresponding company shall be asked, in accordance with Rule 2.106(5A)(a) of the Rules to fix the basis of the Administrators' remuneration by reference to the time properly given by the Administrators' and their staff in attending to matters arising in the Administration, calculated at the prevailing standard hourly charge out rates used by FTI at the time when the work is performed, plus VAT.

4.2 This report will be filed with the Registrar of Companies pursuant to Rule 3.61 (formerly Rule 2.118) of the Rules and the administration will conclude by moving straight to dissolution. There will therefore be no further reports to creditors.

4.3 Should you have any queries please do not hesitate to contact a member of the administration team on 020 3727 1342 or by email at william.marsden@fticonsulting.com.

For and on behalf of the Company



Lisa Rickelton

Joint Administrator

The affairs, business and property of the Company are being managed by the Joint Administrators. The Joint Administrators act as agents of the Company and without personal liability.

Chad Griffin and Lisa Rickelton are licensed in the United Kingdom to act as insolvency practitioners by the Institute of Chartered Accountants in England and Wales, under section 390A(2)(a) of the Insolvency Act 1986.

Appendix A – Statutory information

Company and Appointment Information

	Iona UK Huntington Limited
Trading names	Iona UK Huntington Limited
Registered number	07385624
Registered office	C/O FTI Consulting LLP , 200 Aldersgate Street, London, EC1A 4HD
Director(s)	Mr Iain Charles McKendrick Mr Thomas Hamilton Reynolds
Company secretary	Burness Paull, 50 Lothian Road, Festival Square, Edinburgh, Scotland, EH3 9WJ
Directors' shareholdings	Iona Energy Company (UK) Limited
Court reference	CR-2015-009725
Court	High Court of Justice, Chancery Division, Companies Court, London
Appointment date	6 January 2015
Appointer	Company Directors

Administrators' Information

	Administrator 1	Administrator 2
Name	Chad Griffin	Lisa Rickelton
Address	200 Aldersgate Street, London, EC1A 4HD	200 Aldersgate Street, London, EC1A 4HD
Authorising body	The Institute of Chartered Accountants of England and Wales	The Institute of Chartered Accountants of England and Wales

The appointment of the Administrators was made by the directors of the Company pursuant to Paragraph 22 of Schedule B1 of the Act.

The company is subject to fixed and floating charge security dated 30 September 2013. Full details of the security were provided in Appendix IV of our proposals. The validity of the security and the appointment has been confirmed by the Administrators' legal advisors CMS Cameron McKenna LLP.

Pursuant to Paragraph 100 of Schedule B1 of the Act, any function of the Administrators may be exercised by any or all of the Administrators named above.

The centre of main interest of each of the Company is the United Kingdom. Therefore, the EC Regulations on Insolvency Proceedings 2000 apply to the Administrations. The proceedings are main proceedings as defined by Article 3 of those regulations.

On 22 December 2016 the support for our requests to extend the period of the Administration by one year was received from the Secured Lenders, pursuant to Paragraph 78(1)(a) of Schedule B1 to the Act. Consent for this request was granted by the Secured Lenders only since there are no preferential creditors of the Company.

Appendix B – Administrators' receipts and payments

Iona UK Huntington Limited

Administrators' account of receipts and payments

£	Statement of Affairs ^[1]	6 January 2016 to 5 July 2016	6 July 2016 to 5 December 2016	6 December 2016 to 5 July 2017	6 July 2017 to 18 December 2017	Total
Floating charge receipts						
Bank Interest		2,471	1,461	561	233	4,726
Cash at bank	4,326,431	4,364,771	-	-	-	4,364,771
Trade debtors	525,085	191,647	-	23	-	191,670
Royalty Income	235,243	661,482	-	-	-	661,482
VAT Refunds		19,327	-	-	135,064	154,391
Insurance Refund		-	-	-	45,858	45,858
Completion MIP		-	-	384,443	-	384,443
Subtotal	4,326,431	5,239,697	1,461	385,028	181,155	5,807,341
Floating charge payments						
Joint Administrators' Fees		(41,383)	(51,710)	(9,848)	-	(102,941)
Joint Administrators' Expenses		(21)	-	(198)	-	(219)
Bank Charges		(25)	-	-	(15)	(40)
Cross Funding		(1,399,640)	(900,000)	(1,351,714)	-	(3,651,353)
Legal Fees		(53,999)	(3,363)	(14,445)	(1,953)	(73,760)
Statutory Advertising		(85)	-	(14)	(79)	(178)
Specific Bond		(528)	-	-	-	(528)
Payroll Services		-	-	(210)	-	(210)
Storage Costs		-	-	-	(75)	(75)
Floating Charge Creditor Distribution		-	-	-	(1,977,615)	(1,977,615)
Irrecoverable VAT		-	-	-	(421)	(421)
Subtotal		(1,495,680)	(955,073)	(1,376,428)	(1,980,159)	(5,807,341)
Current Surplus/(Deficit)		3,744,017	(953,613)	(991,401)	(1,799,004)	-
Represented by						
Cash at Bank		3,724,921	(945,531)	(981,892)	(1,797,498)	-
Vat Receivable		19,096	(8,081)	(9,509)	(1,084)	421
Irrecoverable VAT		-	-	-	(421)	(421)
Total Surplus/(Deficit)		3,744,017	(953,613)	(991,401)	(1,799,004)	-

[1] Conversion rate of 1.4628 USD to 1 GBP used as rate at date of appointment. Statement of affairs figures were submitted in USD.

Appendix C – Administrators' time costs and expenses

Pre-Administration fees

All information regarding pre-administration fees has been disclosed in previous reports.

Administrators' fee basis

Pursuant to Rule 18.16 (formerly rule 2.106) of the Rules the remuneration of the administrators can be fixed on the basis of one of the following:

- a. as a percentage of the value of property with which he has to deal;
- b. by reference to time properly given by the Administrator and his staff attending to matters arising in the administration; or
- c. a set amount.

The basis of the Administrators' was fixed in accordance with option b above.

Post-appointment time costs and expenses.

An analysis of the Administrators' time in accordance with the provisions of SIP9, which provides details of the activity costs incurred by staff grade to date, is enclosed overleaf.

The main areas of our work during the administration have been as follows:

Administration and planning

- Formalities in respect of the Administration together with the planning, and execution of, an appropriate Administration exit route.
- Other Administrative duties including accounting for receipts and payments, completing checklists and reviews relating to both the Administration and any subsequent liquidation, cashiering and reconciliations, and internal case management and maintenance.
- Complying with statutory formalities including relevant filings and statutory communications.

Investigations

- Review of potential recovery actions.
- Reports on directors' conduct.

Realisation of assets

- Liaising with OGA / DECC in respect of license sales and relinquishments.
- Liaising with Premier regarding termination of the royalty entitlement and the 15% interest in the Huntington field.

Creditors

- Continued communication with the Company's creditors.

Tax

- Communications with relevant tax authorities including the filing of post appointment tax returns.
- Filing pre appointment tax returns.
- Pursuing VAT refunds.

Reporting

- Preparing statutory communication with creditors.

In addition the Administrators have incurred no Category 1 or Category 2 expenses during the Period.

Category 1 expenses are not subject to creditor approval. Category 2 disbursements do require approval from creditors and relate to services provided to the office holder by associated companies and costs which are apportioned overheads such as mileage and data

storage. Further details in relation to this can be found at Appendix F together with additional information in relation to our policy on staffing, the use of subcontractors, and details of our current charge out rates by staff grade.

Administrators' fee estimate

Fee estimates of £238,098 were included in the Administrators' proposals.

The time costs incurred for the whole administration are £190,145. Of this amount £102,941 has been billed following approval from the Secured Lenders, with the remainder being written off.

During the period, fees of £9,848 have been billed.

The main areas of our work during the Period have been as follows:

Administration and planning

- Formalities in respect of the Administration together with the planning, and execution of, an appropriate Administration exit route.
- Other Administrative duties including accounting for receipts and payments, completing checklists and reviews relating to both the Administration and any subsequent liquidation, cashiering and reconciliations, and internal case management and maintenance.
- Complying with statutory formalities including relevant filings and statutory communications.

Realisations

- Transfer of 15% interest in the Huntington field to Premier.

Creditors

- Continued communication with the Company's creditors, including the advertisement of Prescribed Part claims to unsecured creditors.

Tax

- Communications with relevant tax authorities including the filing of post appointment tax returns;
- Submission and recovery of VAT reclaims.

Reporting

- Preparing statutory communication with creditors including final progress report.

Appendix D – Time cost analysis

Iona UK Huntington Limited - Analysis of Administrators' Time Costs In Accordance with SIP9 for the period 6 January 2016 to 18 December 2017

Task		Senior Managing Director	Managing Director	Sr Director / Director	Senior Consultant / Consultant	Associate	Total Time	Total Cost	Average Cost
Administration and Planning									
Strategy and planning	A1	-	26.9	-	-	-	26.9	-	153.4
Initial actions	A2	1.0	2.5	-	-	-	3.5	2,532.5	723.6
Appointment and related formalities	A3	0.5	0.8	-	8.3	-	9.6	2,696.5	280.9
Receipts and payments accounts	A4	-	-	-	3.1	5.9	9.0	2,329.0	258.8
Checklist / Reviews / Filing	A5	-	10.0	-	56.7	11.2	77.9	30,149.5	387.0
Cashiering and reconciliations	A6	-	0.5	17.0	12.2	9.1	38.8	15,285.0	393.9
Bonding and IPS maintenance	A7	-	1.2	-	4.5	0.3	6.0	1,867.5	311.3
Case Admin	A8	-	-	33.7	4.5	1.0	39.2	204.8	5.2
Subtotal		1.5	41.9	17.0	84.8	26.5	171.7	50,937.0	
Investigations									
Statement of affairs	B3	-	0.5	-	-	-	0.5	347.5	695.0
Reports of Directors' conduct	B4	-	-	-	6.9	-	6.9	3,036.0	440.0
Electronic records	B6	-	-	2.2	-	-	2.2	1,111.0	505.0
Subtotal		0.0	0.5	2.2	6.9	0.0	9.6	4,494.5	
Realisation of assets									
Cash and investments	C1	-	1.7	-	-	-	1.7	1,181.5	695.0
Sale of business	C2	9.5	-	-	-	0.4	9.9	7,638.5	771.6
Book debts	C4	20.0	3.1	-	-	-	23.1	18,054.5	781.6
Property, plant and vehicles	C6	-	-	4.1	-	0.5	4.6	2,178.0	473.5
Other assets, incl. licences	C7	6.0	33.5	-	-	-	39.5	28,052.5	710.2
Health & Safety / Insurance / Regulatory	C8	-	5.1	-	-	-	5.1	3,614.5	708.7
Legal issues/litigation	C9	-	37.6	-	-	-	37.6	26,868.0	714.6
Subtotal		35.5	81.0	4.1	0.0	0.9	121.5	87,587.5	
Creditors (correspondence and claims)									
Unsecured creditors	E1	-	1.8	3.6	5.1	1.5	12.0	5,686.5	473.9
Subtotal		0.0	1.8	3.6	5.1	1.5	12.0	5,686.5	
Tax									
Pre-appointment CT	F2	-	2.0	-	10.5	-	12.5	4,702.5	376.2
Pre-appointment VAT	F3	-	-	-	1.1	-	1.1	495.0	450.0
Post appointment CT	F4	-	2.0	-	5.5	2.8	10.3	3,351.0	325.3
Post appointment VAT	F5	-	-	2.3	-	7.1	9.4	3,232.0	343.8
Tax advice on transactions	F6	-	4.5	-	-	-	4.5	3,375.0	750.0
Subtotal		0.0	8.5	2.3	17.1	9.9	37.8	15,155.5	
Reporting									
SIP16	G1	-	1.9	-	0.3	-	2.2	1,383.5	628.9
Proposals	G2	2.0	1.3	7.5	3.6	-	14.4	7,037.0	488.7
Other statutory reports/meetings	G3	-	2.1	-	27.4	9.6	39.1	17,247.0	441.1
Secured creditor reports	G4	-	-	-	1.4	-	1.4	616.0	440.0
Subtotal		2.0	5.3	7.5	32.7	9.6	57.1	26,283.5	
Total Time by Grade		39.0	139.0	36.7	146.6	48.4	409.7		
Total Cost by Grade		26,336.8	83,707.3	25,102.3	45,218.1	9,780.0	190,144.5		
Average by Grade		675.3	602.2	0.0	308.4	202.1	464.1		
		Time Costs	Category 1	Category 2	Total				
Total Costs to Date		190,144.5	21.0	0.0	190,165.5				
Amount Billed		(102,941.5)	(21.0)	0.0	(102,962.5)				
WIP Written Off		87,203.0	0.0	0.0	87,203.0				

Appendix D – Time cost analysis

Iona UK Huntington Limited - Analysis of Administrators' Time Costs In Accordance with SIP9 for the period 6 January 2017 to 18 December 2017

Task	Senior Managing Director	Managing Director	Sr Director / Director	Senior Consultant / Consultant	Associate	Total Time	Total Cost	Average Cost
Administration and Planning								
Strategy and planning	A1	-	22.5	-	-	22.5	16,087.5	715.0
Receipts and payments accounts	A4	-	-	-	5.4	5.4	1,302.0	241.1
Checklist / Reviews / Filing	A5	-	7.9	-	32.9	47.9	21,980.0	458.9
Cashiering and reconciliations	A6	-	-	-	6.3	5.3	4,068.5	350.7
Bonding and IPS maintenance	A7	-	1.2	-	-	0.3	922.5	615.0
Case Admin	A8	-	-	-	-	1.0	18,701.3	18,701.3
Subtotal	0.0	31.6	0.0	39.2	18.1	88.9	25,659.3	
Realisation of assets								
Sale of business	C2	-	-	-	0.4	0.4	86.0	215.0
Property, plant and vehicles	C6	-	-	-	0.5	0.5	107.5	215.0
Health & Safety / Insurance / Regulatory	C8	-	3.5	-	-	3.5	2,502.5	715.0
Legal issues/litigation	C9	-	36.4	-	-	36.4	26,026.0	715.0
Subtotal	0.0	39.9	0.0	0.0	0.9	40.8	28,722.0	
Creditors (correspondence and claims)								
Unsecured creditors	E1	-	-	-	5.1	1.5	2,617.5	396.6
Subtotal	0.0	0.0	0.0	5.1	1.5	6.6	2,617.5	
Tax								
Pre-appointment VAT	F3	-	-	-	1.1	-	495.0	450.0
Post appointment CT	F4	-	2.0	-	5.5	-	2,805.0	374.0
Post appointment VAT	F5	-	-	1.3	-	7.1	2,537.0	302.0
Subtotal	0.0	2.0	1.3	6.6	7.1	17.0	5,837.0	
Reporting								
Other statutory reports/meetings	G3	-	-	-	18.3	9.6	11,967.5	428.9
Subtotal	0.0	0.0	0.0	18.3	9.6	27.9	11,967.5	
Total Time by Grade	0.0	73.5	1.3	69.2	37.2	181.2		
Total Cost by Grade	0.0	45,920.2	(3,014.6)	24,427.7	7,470.0	74,803.3		
Average by Grade	0.0	624.8	0.0	353.0	200.8	412.8		
	Time Costs	Category 1	Category 2	Total				
Total Costs to Date	74,803.3	0.0	0.0	74,803.3				
Amount Billed	(9,848.3)	0.0	0.0	(9,848.3)				
WIP Written Off	64,955.0	0.0	0.0	64,955.0				

Appendix E – Additional Information in relation to Administrators' fees pursuant to SIP9

Detailed below is FTI's policy in relation to:

- staff allocation and the use of sub-contractors;
- professional advisors; and
- disbursements.

Staff allocation and the use of subcontractors

Our general approach to resourcing our assignments is to allocate staff with the skills and experience to meet the specific requirements of the case.

The constitution of the case team will usually consist of a Senior Managing Director, Managing Director, Director, Senior Consultant and Consultant. The exact constitution of the case team will depend on the anticipated size and complexity of the assignment.

With regard to support staff, we would advise that time spent by cashiers in relation to specific tasks on an assignment is charged. Only if there is a large block of time incurred by a member of the secretarial team, e.g., report compilation and distribution, do we seek to charge and recover our time in this regard.

Professional advisors

On this assignment we have used the professional advisors listed below. We have also indicated alongside, the basis of our fee arrangement with them, which is subject to review on a regular basis.

Name of professional advisor	Basis of fee arrangement	Fees paid to date (£)
CMS Cameron McKenna LLP and Thomessen (legal advice)	Hourly rate and disbursements	43,568
HBJ Gateley/ Addleshaw Goddard (Huntington license matters)	Hourly rate and disbursements	30,192
RSM (payroll services)	Fixed fee per payroll	210

Our choice was based on our view of their experience and ability to perform this type of work, the complexity and nature of the assignment and the basis of our fee arrangement with them.

We have utilized the services of other teams within FTI Consulting LLP to assist with the Administration processes. The fees of our tax, technology and strategic communication teams have been included in our SIP9 analysis provided to creditors of the Companies and allocated to the work streams and entities to which their work related.

We consider that the rates chargeable for these services are in line with general market practice and that the service is comparable to similar firms of professional advisors. In addition, by working closely with our internal teams, we believe a more coordinated and cost-effective approach to the Administration work streams has been possible.

Disbursements

Category 1 disbursements do not require approval by creditors. The type of disbursements that may be charged as a Category 1 disbursement to a case generally comprise of external supplies of incidental services specifically identifiable to the case, such as postage, case advertising, invoiced travel and external printing, room hire and document storage. Also chargeable will be any properly reimbursed expenses incurred by personnel in connection with the case.

Category 2 disbursements do require approval from creditors. These disbursements can include costs incurred which relate to payments due to associated companies for the provision of services to the office holder.

On this assignment we have incurred category 2 disbursements in the following classes. We have also indicated alongside, the basis of calculation of these costs.

Type of expense	Basis of incurring cost
Postage and fulfilment by Williams Lea	Costs incurred based on numbers of letters printed
Mileage	40 pence per mile
IT equipment ordered internally	Cost price
Subsistence for meetings	Charge based on number of attendees per meeting
Data Management (10 Units)	£25 per unit per month

No category 2 expenses have been billed.

Charge-out rates

A schedule of FTI's charge-out rates, as agreed with the Secured Creditor for this assignment is as follows. We note that this represents a discount against FTI's standard charge-out rates effective 1 January 2016. Charge-out rates are reviewed annually. Please note our minimum time charging unit is 6 minutes.

Grade	Insolvency £ (Per hour) 2016/2017	Tax £ (Per hour) 2016/2017
Senior Managing Director	636/664	716/736
Managing Director	556/572	600/616
Senior Director	516/528	556/572
Director	476/476	540/556
Senior Consultant	404/420	460/472
Consultant	352/360	328/340
Analyst (experienced)	228/236	244/256
Analyst (junior)	168/172	180/184

Appendix F – Extracts from the Rules

Creditors' and members' requests for further information in administration, winding up and bankruptcy

18.9 —(1) The following may make a written request to the office-holder for further information about remuneration or expenses (other than pre-administration costs in an administration) set out in a progress report under rule 18.4(1) (b), (c) or (d) or a final report under rule 18.14—

- a) a secured creditor;
- b) an unsecured creditor with the concurrence of at least 5% in value of the unsecured creditors (including the creditor in question);
- c) members of the company in a members' voluntary winding up with at least 5% of the total voting rights of all the members having the right to vote at general meetings of the company;
- d) any unsecured creditor with the permission of the court; or
- e) any member of the company in a members' voluntary winding up with the permission of the court.

(2) A request, or an application to the court for permission, by such a person or persons must be made or filed with the court (as applicable) within 21 days of receipt of the report by the person, or by the last of them in the case of an application by more than one member or creditor.

(3) The office-holder must, within 14 days of receipt of such a request respond to the person or persons who requested the information by—

- a) providing all of the information requested;
- b) providing some of the information requested; or
- c) declining to provide the information requested.

(4) The office-holder may respond by providing only some of the information requested or decline to provide the information if—

- a) the time or cost of preparation of the information would be excessive; or
- b) disclosure of the information would be prejudicial to the conduct of the proceedings;
- c) disclosure of the information might reasonably be expected to lead to violence against any person; or
- d) the office-holder is subject to an obligation of confidentiality in relation to the information.

(5) An office-holder who does not provide all the information or declines to provide the information must inform the person or persons who requested the information of the reasons for so doing.

(6) A creditor, and a member of the company in a members' voluntary winding up, who need not be the same as the creditor or members who requested the information, may apply to the court within 21 days of—

- e) the office-holder giving reasons for not providing all of the information requested; or
- f) the expiry of the 14 days within which an office-holder must respond to a request.

(7) The court may make such order as it thinks just on an application under paragraph (6).

Remuneration and expenses: application to court by a creditor or member on grounds that remuneration or expenses are excessive

18.34.—(1) This rule applies to an application in an administration, a winding-up or a bankruptcy made by a person mentioned in paragraph (2) on the grounds that—

- a) the remuneration charged by the office-holder is in all the circumstances excessive;
- b) the basis fixed for the office-holder's remuneration under rules 18.16, 18.18, 18.19, 18.20 and 18.21 (as applicable) is inappropriate; or
- c) the expenses incurred by the office-holder are in all the circumstances excessive.

(2) The following may make such an application for one or more of the orders set out in rule 18.36 or 18.37 as applicable—

- a) a secured creditor,
- b) an unsecured creditor with either—
 - i) the concurrence of at least 10% in value of the unsecured creditors (including that creditor), or
 - ii) the permission of the court, or
- c) in a members' voluntary winding up—
 - i) members of the company with at least 10% of the total voting rights of all the members having the right to vote at general meetings of the company, or
 - ii) a member of the company with the permission of the court.

(3) The application by a creditor or member must be made no later than eight weeks after receipt by the applicant of the progress report under rule 18.3, or final report or account under rule 18.14 which first reports the charging of the remuneration or the incurring of the expenses in question ("the relevant report").



William Marsden
020 3727 1342
william.marsden@fticonsulting.com

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About FTI Consulting

FTI Consulting, LLP, is a global business advisory firm dedicated to helping organisations protect and enhance enterprise value in an increasingly complex legal, regulatory and economic environment. FTI Consulting professionals, who are located in all major business centers throughout the world, work closely with clients to anticipate, illuminate and overcome complex business challenges in areas such as investigations, litigation, mergers and acquisitions, regulatory issues, reputation management and restructuring.

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