

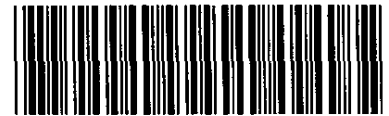
AM10

Notice of administrator's progress report



Companies House

MONDAY



A96BIW96

A16

01/06/2020

#58

COMPANIES HOUSE

1 Company details

Company number 0 0 9 0 7 5 9 3

Company name in full Monarch Airlines Limited

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

2 Administrator's name

Full forename(s) James Robert

Surname Tucker

3 Administrator's address

Building name/number 15 Canada Square

Street Canary Wharf

Post town London

County/Region

Postcode E 1 4 5 G L

Country

4 Administrator's name ①

Full forename(s) Blair Carnegie

Surname Nimmo

① Other administrator
Use this section to tell us about another administrator.

5 Administrator's address ②

Building name/number 15 Canada Square

Street Canary Wharf

Post town London

County/Region

Postcode E 1 4 5 G L

Country

② Other administrator
Use this section to tell us about another administrator.

AM10
Notice of administrator's progress report

6 Period of progress report

From date	^d 0	^d 2	^m 1	^m 0	^y 2	^y 0	^y 1	^y 9
To date	^d 0	^d 1	^m 0	^m 4	^y 2	^y 0	^y 2	^y 0

7 Progress report

I attach a copy of the progress report

8 Sign and date

Administrator's
signature

Signature

X

J. Tucker

X

Signature date

^d 2	^d 7	^m 0	^m 4	^y 2	^y 0	^y 2	^y 0
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AM10

Notice of administrator's progress report

Presenter information

You do not have to give any contact information, but if you do it will help Companies House if there is a query on the form. The contact information you give will be visible to searchers of the public record.

Contact name Marie Hayden

Company name KPMG LLP

Address 2 Forbury Place
33 Forbury Road

Post town Reading

County/Region

Postcode R G 1 3 A D

Country

DX

Telephone Tel +44 (0) 118 964 2208

Checklist

We may return forms completed incorrectly or with information missing.

Please make sure you have remembered the following:

- The company name and number match the information held on the public Register.
- You have attached the required documents.
- You have signed the form.

Important information

All information on this form will appear on the public record.

Where to send

You may return this form to any Companies House address, however for expediency we advise you to return it to the address below:

The Registrar of Companies, Companies House,
Crown Way, Cardiff, Wales, CF14 3UZ.
DX 33050 Cardiff.

Further information

For further information please see the guidance notes on the website at www.gov.uk/companieshouse or email enquiries@companieshouse.gov.uk

This form is available in an alternative format. Please visit the forms page on the website at www.gov.uk/companieshouse

Continuation page

Name and address of insolvency practitioner

✓ **What this form is for**
 Use this continuation page to tell us about another insolvency practitioner where more than 2 are already jointly appointed. Attach this to the relevant form. ①
 Use extra copies to tell us of additional insolvency practitioners.

✗ **What this form is NOT for**
 You can't use this continuation page to tell us about an appointment, resignation, removal or vacation of office.

→ **Filling in this form**
 Please complete in typescript or in bold black capitals.
 All fields are mandatory unless specified or indicated by *

1 Appointment type

Tick to show the nature of the appointment:

- Administrator
- Administrative receiver
- Receiver
- Manager
- Nominee
- Supervisor
- Liquidator
- Provisional liquidator

① You can use this continuation page with the following forms:
 - VAM1, VAM2, VAM3, VAM4, VAM6, VAM7
 - CVA1, CVA3, CVA4
 - AM02, AM03, AM04, AM05, AM06, AM07, AM08, AM09, AM10, AM12, AM13, AM14, AM19, AM20, AM21, AM22, AM23, AM24, AM25
 - REC1, REC2, REC3
 - LIQ2, LIQ3, LIQ05, LIQ13, LIQ14,
 - WU07, WU15
 - COM1, COM2, COM3, COM4
 - NDISC

2 Insolvency practitioner's name

Full forename(s) Michael Robert
 Surname Pink

3 Insolvency practitioner's address

Building name/number 15 Canada Square
 Street Canary Wharf
 Post town London
 County/Region
 Postcode E 1 4 5 G L
 Country



Joint Administrators' progress report for the period 2 October 2019 to 1 April 2020

Monarch Airlines Limited - in
Administration

28 April 2020

Deemed delivered: 30 April
2020

Notice to creditors

This progress report provides an update on the administration of the Company.

We have included (Appendix 2) an account of all amounts received and payments made since the date of our appointment.

We have also explained our future strategy for the administration and how likely it is that we will be able to pay each class of creditor.

You will find other important information in this progress report such as the costs which we have incurred to date.

A glossary of the abbreviations used throughout this document is attached (Appendix 5).

Finally, we have provided answers to frequently asked questions and a glossary of insolvency terms on the following website, <http://www.kpmg.co.uk/monarch>. We hope this is helpful to you.

Please also note that an important legal notice about this progress report is attached (Appendix 6).

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1 Executive summary

- This progress report covers the period from 2 October 2019 to 1 April 2020. There are three reports to creditors related to the concurrent administrations of 10 of the Monarch Group companies; one for Monarch Airlines, one for Monarch Holidays sub-group and one for the Monarch Holdings sub-group. This report is for Monarch Airlines.
- The Group's key assets are:
 - Slots. Realised for £54 million.
 - Unrestricted cash at bank of £27.8 million on appointment. Realisations to date at Monarch Airlines are £22.5 million and Monarch Holidays are £5.1 million.
In addition, we have realised cash collateral held by third parties at appointment of £0.4 million and £1.0 million in Monarch Airlines and Monarch Holidays respectively.
- The Group's engineering business, MAEL, entered into administration on 4 January 2019.
- The key asset realisations for the Company are the Slots and the cash at bank as noted above.
- During the period, a corporation tax repayment of c.£1.7 million was received from HMRC in respect of the tax return previously submitted for the year ended 31 October 2018. As this repayment arose due to group relief claims, other affiliates share in the benefit of this refund, and the benefit to the Company's estate from this repayment is c.£0.9 million (Section 2 – Progress to date).
- Value will break in the secured debt as previously indicated. We have made distributions to PJL in the period (Section 3 - Dividend prospects and dividends paid).
- Preferential creditors have been paid in full (Section 3 - Dividend prospects and dividends paid).
- There will be no return to unsecured creditors (Section 3 – Dividend prospects and dividends paid).
- The administration is currently due to end on 1 October 2020. Whilst we will endeavour to finalise the administration prior to its expiry, as explained in this report, we may need to apply to court to seek an extension to the period of this administration.
- Please note: you should read this progress report in conjunction with our previous progress reports and proposals issued to the Company's creditors which can be found at <http://www.kpmg.co.uk/monarch>. Unless stated otherwise, all amounts in this progress report and appendices are stated net of VAT.



Jim Tucker
Joint Administrator

2 Progress to date

This section updates you on our strategy for the administration and on our progress to date. It follows the information provided in our previous progress reports.

2.1 Strategy and progress to date

Strategy

During the period, our primary focus has been realising the Group's remaining assets – comprising primarily of finalising debtor reconciliations in Monarch Holidays – and seeking to finalise the Group's tax affairs (see 'Tax' section below for further detail).

Matters specific to Monarch Airlines are set out below.

Tax

During the period, we submitted an amended tax return for the year ended 31 October 2018 and obtained a corporation tax repayment of c.£1.7 million as a consequence of MAEL agreeing to the transfer of part of the capital gains that had arisen in the Company on the disposal of the Gatwick and Luton Airport landing rights. As previously reported, the benefit arising to the Company has been shared with MAEL.

It was also agreed during the period that the Company would share the benefit obtained from a reduction to the Company's corporation tax liability for the year ended 31 October 2018 with Monarch Travel Group and First Aviation, after they had also agreed to the transfer of part of the capital gains that had arisen on the Gatwick and Luton Airport landing rights.

The Company's tax return for the year ended 31 October 2019 is expected to be submitted to HMRC shortly. Whilst MAEL continues to realise assets in its administration, the Company will continue to submit tax returns until it is determined that MAEL does not require the surrender of any tax losses that the Company may be able to provide as a consequence of the tax losses that are currently accruing in the Company.

Conclusion of the administration

Whilst we will endeavour to finalise the administration prior to the current expiry on 1 October 2020, we would note that Monarch Airlines has an unsecured claim in the administrations of First Aviation and MH Aviation – both of which have sufficient funds to enable distributions to unsecured creditors. The current COVID-19 situation is likely to impact the ability to facilitate distributions to creditors in these entities and as such, it may not be possible to close the administration prior to 1 October 2020 as expected. We may, therefore, seek an extension to the period of the administration via the Court.

Similarly we may not be able to conclude all corporation tax matters prior to 1 October 2020 and this may also lead us to seek an extension to the period of the administration.

2.2 Asset realisations

Realisations during the period are set out in the attached receipts and payments account (Appendix 2).

Summaries of the most significant realisations during the period are provided below.

Corporation tax repayment

As noted above, a corporation tax repayment of c.£1.7 million was received from HMRC in respect of the tax return submitted for the year ended 31 October 2018. The benefit of the repayment has been shared with MAEL (as previously agreed) – see section 2.3 costs below – with c.£0.9 million retained in the Company's estate.

Refunds

During the period, we have recovered £59,000 from Aviva relating to amounts pre-paid by the Company for services in 2018 which were not provided as a result of the administration.

2.3 Costs

Payments made in this period are set out in the attached receipts and payments account (Appendix 2).

Summaries of the most significant payments made during the period are provided below.

Joint Administrators' fees

We previously reported that we had obtained approval of our remuneration from the secured creditors.

During the period, we have drawn approved fixed and floating charge remuneration of £1.8 million.

Consideration for transfer of capital gains

We have paid c.£0.9 million to MAEL - following receipt of the tax repayment received from HMRC (noted above) - representing MAEL's share of the tax benefit received relating to the tax returns submitted for 2018.

Costs recharged under the SFA

During the period, a further £0.1 million of funding was received under the SFA. This was in order to meet outstanding time costs relating to work performed under the SFA – this is in line with the remuneration approvals received from the appropriate creditor bodies across the Group's administration estates.

These recharges do not represent the realisation of an asset of the Company; they are cost reimbursements.

2.4 Schedule of expenses

We have detailed the costs incurred during the period, whether paid or unpaid, in the schedule of expenses attached (Appendix 3).

3 Dividend prospects and dividends paid

3.1 Secured creditors

We set out a summary of the material security position for the Company, together with a summary of the security provided to merchant acquirers over the Company's bank accounts in our Proposals.

As previously advised, we consider that value will break in the secured debt.

During the period, we have distributed £0.4 million to PJJ - all of which relates to floating charge realisations. In addition, £0.6 million has been distributed from Monarch Holidays and £0.1 million from each of Monarch Holdings, MH Aviation and somewhere2stay.

3.2 Preferential creditors

As previously reported, the preferential creditors have been repaid in full.

3.3 Unsecured creditors

There will be no distribution to unsecured creditors. We obtained an order from the Court that the Prescribed Part, being funds ordinarily set aside for unsecured creditors up to a maximum of £0.6 million, shall not apply on the grounds that the cost of making a distribution to the unsecured creditors would be disproportionate to the benefits, and exceed the funds available.

4 Joint Administrators' remuneration, disbursements and pre-administration costs

4.1 Joint Administrators' remuneration and disbursements

During the period we sought and obtained approval from the secured creditors of Monarch Airlines (PJJ, WJJ, PNC and PPF) and preferential creditors that:

- the Joint Administrators' remuneration be drawn on the basis of time properly given by them and the various grades of their staff in attending to matters arising in the

administration in accordance with the revised fee estimate and charge-out rates, as set out in our progress report dated 29 October 2019, but subject to a cap of no more than 80% of the charge out rates disclosed. This will include work undertaken in respect of, but not limited to, tax, VAT, employee and pensions advice from KPMG in-house specialists.

In addition, PJL, WJL, and PNC also provided approval for:

- the quantum of fees being paid by the Civil Aviation Authority (CAA)/Air Travel Trust (ATT) that the Joint Administrators may draw, on a time basis and subject to the discount of 20%, be increased to £922,370. Whilst funded by the CAA, the Joint Administrators will be paid via Monarch.

Separately, PPF provided approval subject to the following:

- the Joint Administrators can draw up to £923,000 plus VAT, being the sum reimbursed to the Monarch Airlines Limited (in administration) estate by the CAA in respect of services provided to the CAA under the Services & Funding Agreement.

Time costs

From 2 October 2019 to 1 April 2020, we have incurred time costs of £209,042. These represent 434 hours at an average rate of £482 per hour.

From the date of our appointment to 1 April 2020, we have incurred time costs of £8,239,552. These represent 17,697 hours at an average rate of £552 per hour.

These time costs are based on our standard charge out rates. As previously reported, we have agreed a recovery cap of 80% of our time costs with the senior secured creditor.

Remuneration

As noted above, we have drawn fixed and floating charge remuneration totalling £1.8 million in the period.

Disbursements

During the period, we have incurred disbursements of £3,074. None of these have yet been paid.

Additional information

We have attached (Appendix 4) an analysis of the time spent, the charge-out rates for each grade of staff and the expenses paid directly by KPMG for the period from 2 October 2019 to 1 April 2020. We have also attached our charging and disbursements policy.

Under the SFA, the CAA agreed to meet costs which would not have been incurred but for the work they required in relation to the repatriation exercise. These costs included a recharge from the Company for the Administrators' time costs and expenses in relation to our work under the SFA. In agreeing these costs, the CAA is an independent body which is not connected with the Group, the Joint Administrators or KPMG.

5 Future strategy

5.1 Future conduct of the administration

We will continue to manage the affairs, the business and the property of the Company in order to achieve the purpose of the administration. This will include but not be limited to:

- Submitting a claim in the estates of Group companies where the payment of dividends to unsecured creditors are anticipated;
- Complying with ongoing tax and VAT requirements for the Company and determining the impact of the Group tax relief position;
- Facilitating remaining distributions to secured creditors;
- Seeking an extension to the administration, via an application to court, if necessary;
- Attending to all other statutory and administrative matters as and when they fall due, including creditor correspondence.

5.2 Future reporting

We intend to provide a further progress report by 1 October 2020 or earlier if the administration has been completed prior to that time.

Appendix 1 Statutory information

Company information

Company name	Monarch Airlines Limited
Date of incorporation	5 June 1967
Company registration number	00907593
Present registered office	15 Canada Square, Canary Wharf, London, E14 5GL

Administration information

Administration appointment	The administration appointment granted in High Court of Justice, 007261 of 2017
Appointor	Court following application by the Directors
Date of appointment	2 October 2017
Joint Administrators' details	Jim Tucker, Blair Nimmo and Mike Pink
Estimated values of the Net Property and Prescribed Part	Estimated Net Property is c.£59 million (low case estimate). The Prescribed Part is capped at the statutory maximum of £600,000. The Court Order to disapply the Prescribed Part has been taken into account when determining the dividend prospects for unsecured creditors (Section 3.3).
Prescribed Part distribution	The Joint Administrators have obtained an order from the Court that the Prescribed Part shall not apply on the grounds that the cost of making a distribution to the unsecured creditors would be disproportionate to the benefits.
Functions	The functions of the Joint Administrators are being exercised by them individually or together in accordance with Paragraph 100(2)
Current administration expiry date	1 October 2020

Appendix 2 Joint Administrators' receipts and payments account

Monarch Airlines Limited - in Administration						
Abstract of receipts & payments						
Statement of Affairs (£)						
	From 02.10.2019 To 01.04.2020 (£)	From 02.10.2019 To 01.04.2020 (Euro)	From 02.10.2019 To 01.04.2020 (SEK)	From 02.10.2019 To 01.04.2020 (CAD)	From 02.10.2019 To 01.04.2020 (US\$)	Cumulative GBP from From 02.10.2017 To 01.04.2020 (£)
FIXED CHARGE ASSETS						
	NIL	NIL	NIL	NIL	NIL	4,260,100.00
	NIL	NIL	NIL	NIL	NIL	90,000.00
	1,532.59	NIL	NIL	NIL	NIL	5,017.06
2,262,748.00	NIL	NIL	NIL	NIL	NIL	NIL
6,043,387.00	NIL	NIL	NIL	NIL	NIL	NIL
121,372.00	NIL	NIL	NIL	NIL	NIL	NIL
	1,532.59	NIL	NIL	NIL	NIL	4,355,117.06
FIXED CHARGE COSTS						
	(176,970.00)	NIL	NIL	NIL	NIL	(176,970.00)
	NIL	NIL	NIL	NIL	NIL	(178,910.00)
	NIL	NIL	NIL	NIL	NIL	(5,416.80)
	NIL	NIL	NIL	NIL	NIL	(80.00)
	(176,970.00)	NIL	NIL	NIL	NIL	(361,376.80)
FIXED CHARGE CREDITORS						
(7,500,000.00)	NIL	NIL	NIL	NIL	NIL	(1,564,598.00)
(94,685,897.00)	NIL	NIL	NIL	NIL	NIL	(2,745,121.09)
(6,043,387.00)	NIL	NIL	NIL	NIL	NIL	NIL
(121,372.00)	NIL	NIL	NIL	NIL	NIL	NIL
(2,262,748.00)	NIL	NIL	NIL	NIL	NIL	NIL
	NIL	NIL	NIL	NIL	NIL	(4,309,719.09)
GENERAL SECURED GROUP						
(25,596,000.00)	NIL	NIL	NIL	NIL	NIL	NIL
	NIL	NIL	NIL	NIL	NIL	NIL
ASSET REALISATIONS						
	NIL	NIL	NIL	NIL	NIL	13,500.00
268,100.00	NIL	NIL	NIL	NIL	NIL	109,163.32
	NIL	NIL	NIL	NIL	NIL	659,239.32
4,786,826.00	NIL	NIL	NIL	NIL	NIL	462,659.43
700,000.00	NIL	NIL	NIL	NIL	NIL	59,839.18
	NIL	NIL	NIL	NIL	NIL	268,263.60
	NIL	NIL	NIL	NIL	NIL	25,000.00
	NIL	NIL	NIL	NIL	NIL	54,000,000.00
22,342,930.00	NIL	NIL	NIL	NIL	NIL	22,943,044.87
	NIL	NIL	NIL	NIL	NIL	18,857.39
	NIL	NIL	NIL	NIL	NIL	710,218.05
	NIL	NIL	NIL	NIL	NIL	727,707.00
	1,740,470.30	NIL	NIL	NIL	NIL	1,740,470.30
	NIL	NIL	NIL	NIL	NIL	40,399.50
	1,740,470.30	NIL	NIL	NIL	NIL	81,778,361.95
OTHER REALISATIONS						
	8,648.64	NIL	NIL	NIL	1,229.00	215,501.23
	56,744.78	NIL	NIL	NIL	NIL	177,681.63
	NIL	NIL	NIL	NIL	72,462.42	146,489.08
	NIL	NIL	NIL	NIL	NIL	115,269.92
	NIL	NIL	NIL	NIL	NIL	413,589.14
	NIL	NIL	NIL	NIL	NIL	424,344.70
	26,211.65	NIL	NIL	NIL	NIL	81,965.08
	NIL	NIL	NIL	NIL	NIL	85,307.00
	NIL	NIL	NIL	NIL	NIL	102,289.50
	258,357.48	NIL	NIL	NIL	NIL	5,679,423.11
	NIL	NIL	NIL	NIL	NIL	28,338.37
	351,962.55	NIL	NIL	NIL	73,691.42	7,470,198.76

COST OF REALISATIONS						
	Pre-administration legal fees	NIL	NIL	NIL	NIL	(112,357.90)
	IT Costs	NIL	NIL	NIL	NIL	(1,989,914.75)
	Administrators' fees	(1,648,593.96)	NIL	NIL	NIL	(5,307,083.96)
	Administrators' expenses	NIL	NIL	NIL	NIL	(144,300.00)
	Irrecoverable VAT	NIL	NIL	NIL	NIL	(295.99)
	Agents/Valuers' fees	(2,000.00)	NIL	NIL	NIL	(84,077.31)
	ERA solution costs	NIL	NIL	NIL	NIL	(85,483.40)
	Legal fees	(15,311.86)	NIL	NIL	NIL	(3,591,329.81)
	Refund of legal fees	NIL	NIL	NIL	NIL	186,009.38
	Payroll processing costs	NIL	NIL	NIL	NIL	(45,597.36)
	Corporation Tax	(80,002.54)	NIL	NIL	NIL	(7,146,293.68)
	Consideration for transfer of capital gains	(883,211.01)	NIL	NIL	NIL	(883,211.01)
	Customs duty	(4,473.75)	NIL	NIL	NIL	(4,473.75)
	Costs recharged under the SFA	106,900.10	NIL	NIL	NIL	2,607,489.67
	Other overheads	NIL	NIL	NIL	NIL	(48,865.82)
	Health & Safety	NIL	NIL	NIL	NIL	(1,884.71)
	Call centre costs	NIL	NIL	NIL	NIL	(372,080.98)
	Stationery & postage	NIL	NIL	NIL	NIL	(902.25)
	Heat & light	NIL	NIL	NIL	NIL	(87,792.38)
	Storage costs	(2,322.49)	NIL	NIL	NIL	(32,642.74)
	Re-direction of mail	NIL	NIL	NIL	NIL	(204.00)
	Statutory advertising	NIL	NIL	NIL	NIL	(140.00)
	Rent	NIL	NIL	NIL	NIL	(267,394.38)
	Rates	NIL	NIL	NIL	NIL	(284,278.51)
	Other property expenses	NIL	NIL	NIL	NIL	(76,932.03)
	insurance of assets	NIL	NIL	NIL	NIL	(38,455.39)
	Wages & salaries	NIL	NIL	NIL	NIL	(1,722,731.80)
	PAYE & NIC	NIL	NIL	NIL	NIL	(916,713.09)
	Bank charges	(160.00)	NIL	NIL	NIL	(3,975.52)
	Currency Account Transfers	NIL	(10,557.30)	NIL	(247,800.18)	(5,953,649.36)
	Third party funds paid	NIL	NIL	NIL	NIL	2,763,464.27
	Merchant acquirer cost contribution	NIL	NIL	NIL	NIL	15,453.00
	Costs recharged to MAEL	NIL	NIL	NIL	NIL	500,000.00
		(2,529,175.51)	(10,557.30)	NIL	(247,800.18)	(25,897,204.31)
PREFERENTIAL CREDITORS						
	Subrogated EP(C)A claim	NIL	NIL	NIL	NIL	(1,442,194.48)
(2,451,524.00)	Employees	NIL	NIL	NIL	NIL	NIL
	Employees' holiday pay and wages	(938.35)	NIL	NIL	NIL	(1,257,469.47)
		(938.35)	NIL	NIL	NIL	(2,699,663.95)
FLOATING CHARGE CREDITORS						
(15,380,000.00)	Floating charge	(382,500.00)	NIL	NIL	NIL	(57,224,878.91)
		(382,500.00)	NIL	NIL	NIL	(57,224,878.91)
UNSECURED CREDITORS						
(335,567,333.00)	Trade, Intercompany, Other	NIL	NIL	NIL	NIL	NIL
(35,398,647.00)	Employees	NIL	NIL	NIL	NIL	NIL
(95,431,351.00)	Pre-paid consumer creditors	NIL	NIL	NIL	NIL	NIL
		NIL	NIL	NIL	NIL	NIL
DISTRIBUTIONS						
(188,054,870.00)	Ordinary shareholders	NIL	NIL	NIL	NIL	NIL
		NIL	NIL	NIL	NIL	NIL
(771,987,766.00)		(995,618.42)	(10,657.30)	NIL	(174,108.76)	3,110,834.71
REPRESENTED BY						
	Floating ch. VAT rec'able					2,525,341.20
	Fixed charge current					513,095.96
	Floating charge current					1,863,890.76
	Funds due from Hilco					20,024.98
	Fixed charge VAT rec'able					72,259.36
	Fixed charge VAT payable					(870,020.00)
	Floating ch. VAT payable					(625,856.49)
	Floating ch. VAT control					(397,479.26)
	Fixed charge VAT control					9,578.20
						3,110,834.71

Appendix 3 Schedule of expenses

Schedule of expenses (02/10/2019 to 01/04/2020)			
Expenses (£)	Incurring and paid in the period (£)	Incurring in the period not yet paid (£)	Total (£)
Cost of realisations			
Administrators' fees	0.00	209,041.75	209,041.75
Administrators' disbursements	0.00	3,074.37	3,074.37
Consideration for capital gains shelter	883,211.01	0.00	883,211.01
Customs' duty	4,473.75	0.00	4,473.75
Agents'/Valuers' fees	2,000.00	0.00	2,000.00
Legal fees	15,311.86	0.00	15,311.86
Corporation tax	80,002.54	0.00	80,002.54
Costs recharged under the SFA	(106,900.10)	0.00	(106,900.10)
Bank charges	100.00	0.00	100.00
TOTAL	878,199.06	212,116.12	1,090,315.18

Please note that there is a difference between the payments made during the period of £2,529,176 (per the receipts and payments account) and the expenses incurred and paid in the period of £878,199 (per the schedule of expenses).

This is due to the fact that some of the payments made in the period relate to expenses incurred in a prior period.

Please note that the accrual for our remuneration is based on our charge out rates; for consistency of reporting purposes these costs have not been adjusted to reflect the discount agreed with the senior secured creditor.

Requests for further information and right to challenge our remuneration and expenses

Creditors' requests for further information

If you would like to request more information about our remuneration and expenses disclosed in this progress report, you must do so in writing within 21 days of receiving this progress report.

Requests from unsecured creditors must be made with the concurrence of at least 5% in value of unsecured creditors (including, the unsecured creditor making the request) or with the permission of the Court.

Creditors' right to challenge our remuneration and expenses

If you wish to challenge the basis of our remuneration, the remuneration charged, or the expenses incurred during the period covered by this progress report, you must do so by making an application to Court within eight weeks of receiving this progress report.

Applications by unsecured creditors must be made with concurrence of at least 10% in value of unsecured creditors (including the unsecured creditor making the challenge) or with the permission of the Court. The full text of the relevant rules can be provided on request by writing to the Joint Administrators at 15 Canada Square, Canary Wharf, London, E14 5GL. However, please note that in light of the UK government's recent instructions to stay at home, apart from for essential travel, our staff are currently working remotely with no access to our offices. For this reason please send any such requests by email to monarchclaims@kpmg.co.uk.

Appendix 4 Joint Administrators' charging and disbursements policy

Joint Administrators' charging policy

The time charged to the administration is by reference to the time properly given by us and our staff in attending to matters arising in the administration. This includes work undertaken in respect of tax, VAT, employee and pensions (up to 1 March 2020) from KPMG in-house specialists.

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

A copy of "A Creditors' Guide to Joint Administrators Fees" from Statement of Insolvency Practice 9 ('SIP 9') produced by the Association of Business Recovery Professionals is available at:

<https://www.r3.org.uk/technical-library/englandwales/technicalguidance/fees/more/29113/page/1/guide-to-administrators-fees/>

If you are unable to access this guide and would like a copy, please contact write to the Joint Administrators at 15 Canada Square, Canary Wharf, London, E14 5GL. Due to current restriction in working from our offices, where possible please send any such requests by email to monarchclaims@kpmg.co.uk.

Hourly rates

Set out below are the relevant hourly charge-out rates for the grades of our staff actually or likely to be involved on this administration. Time is charged by reference to actual work carried out on the administration; using a minimum time unit of six minutes.

All staff who have worked on the administration, including cashiers and secretarial staff, have charged time directly to the administration and are included in the analysis of time spent. The cost of staff employed in central administration functions is not charged directly to the administration but is reflected in the general level of charge-out rates.

Table of charge-out rates

Charge-out rates (£) for: Restructuring	
Grade	From 01 Nov 2016 £/hr
Partner	835
Associate Partner	740
Director	740
Senior Manager	645
Manager	515
Senior Administrator	375
Administrator	285
Support	142

The charge-out rates used by us might periodically rise (for example to cover annual inflationary cost increases) over the period of the administration. In our next statutory report, we will inform creditors of any material amendments to these rates.

Policy for the recovery of disbursements

Where funds permit the officeholders will seek to recover both Category 1 and Category 2 disbursements from the estate. For the avoidance of doubt, such expenses are defined within SIP 9 as follows:

Category 1 disbursements: These are costs where there is specific expenditure directly referable to both the appointment in question and a payment to an independent third party. These may include, for example, advertising, room hire, storage, postage, telephone charges, travel expenses, and equivalent costs reimbursed to the officeholder or his or her staff.

Category 2 disbursements: These are costs that are directly referable to the appointment in question but not to a payment to an independent third party. They may include shared or allocated costs that can be allocated to the appointment on a proper and reasonable basis, for example, business mileage.

Category 2 disbursements charged by KPMG Restructuring include mileage. This is calculated as follows:

Mileage claims fall into three categories:

- Use of privately-owned vehicle or car cash alternative – 45p per mile.
- Use of company car – 60p per mile.
- Use of partner's car – 60p per mile.

For all of the above car types, when carrying KPMG passengers an additional 5p per mile per passenger will also be charged where appropriate.

We have incurred the following disbursements (excluding VAT) during the period 2 October 2019 to 1 April 2020.

SIP 9 - Disbursements					
Disbursements	Category 1		Category 2		Totals (£)
	Paid (£)	Unpaid (£)	Paid (£)	Unpaid (£)	
Courier & delivery costs		1.21	NIL		1.21
External printing		1,862.96	NIL		1,862.96
Postage		1,206.10	NIL		1,206.10
Travel		4.10	NIL		4.10
Total		3,074.37	NIL		3,074.37

We have the authority to pay Category 1 disbursements without the need for any prior approval from the creditors of the Company.

Narrative of work carried out for the period 2 October 2019 to 1 April 2020

The key areas of work have been:

Statutory and compliance	<ul style="list-style-type: none"> ■ posting information on a dedicated web page; ■ preparing statutory receipts and payments accounts; ■ ensuring compliance with all statutory obligations within the relevant timescales.
Strategy documents, Checklist and reviews	<ul style="list-style-type: none"> ■ formulating, monitoring and reviewing the administration strategy, including the decision to trade and meetings with internal and external parties to agree the same; ■ briefing of our staff on the administration strategy and matters in relation to various work-streams; ■ regular case management and reviewing of progress, including regular team update meetings and calls; ■ reviewing and authorising junior staff correspondence and other work; ■ dealing with queries arising during the appointment; ■ reviewing matters affecting the outcome of the administration; ■ liaising with legal advisors regarding the various instructions; ■ complying with internal filing and information recording practices, including documenting strategy decisions.
Reports to debenture holders	<ul style="list-style-type: none"> ■ providing written and oral updates to representatives of the secured creditors regarding the progress of the administration and case strategy.
Cashiering	<ul style="list-style-type: none"> ■ preparing and processing vouchers for the payment of post-appointment invoices; ■ creating remittances and sending payments to settle post-appointment invoices; ■ reconciling post-appointment bank accounts to internal systems; ■ ensuring compliance with appropriate risk management procedures in respect of receipts and payments.
Tax	<ul style="list-style-type: none"> ■ reviewing information from the Company's records in relation to the taxation position of the Company; ■ analysing and considering the tax effects of realisations, tax planning for efficient use of tax assets and to maximise realisations, particularly in relation to Slot sales; ■ working on tax returns relating to the periods affected by the administration; ■ analysing VAT related transactions; ■ dealing with post appointment tax compliance.
Shareholders	<ul style="list-style-type: none"> ■ responding to enquiries from shareholders regarding the administration.
General	<ul style="list-style-type: none"> ■ reviewing time costs data and producing analysis of time incurred which is compliant with Statement of Insolvency Practice 9; ■ drawing remuneration in accordance with the basis which has been approved by secured and preferential creditors; ■ dealing with the ongoing storage of the Company books and records.
Asset realisations	<ul style="list-style-type: none"> ■ seeking settlement of outstanding pre-appointment insurance claims.
Employees	<ul style="list-style-type: none"> ■ dealing with queries from employees regarding various matters relating to the administration and their employment; ■ dealing with statutory employment related matters, including statutory notices to employees and making statutory submissions to the relevant government departments; ■ communicating and corresponding with HM Revenue and Customs; ■ dealing with issues arising from employee redundancies, including statutory notifications and liaising with the Redundancy Payments Office; ■ managing claims from employees.
Creditors and claims	<ul style="list-style-type: none"> ■ responding to enquiries from creditors regarding the administration and submission of their claims; ■ arranging distributions to the secured creditor (PJL); ■ drafting our progress report.

Time costs

SIP 9 –Time costs analysis (02/10/2019 to 01/04/2020)

	Hours	Time Cost (£)	Average Hourly Rate (£)
Administration & planning			
Cashiering			
General (Cashiering)	21.00	6,921.00	329.57
Reconciliations (& IPS accounting reviews)	16.10	6,137.50	381.21
General			
Books and records	1.80	582.00	323.33
Fees and WIP	46.50	23,985.00	515.81
Statutory and compliance			
Appointment documents	2.00	1,670.00	835.00
Budgets & Estimated outcome statements	40.00	20,600.00	515.00
Checklist & reviews	18.50	7,506.50	405.76
Engagement management	7.00	5,655.00	807.86
Strategy documents	11.20	6,672.00	595.71
Tax			
Post appointment corporation tax	43.80	23,332.00	532.69
Post appointment VAT	45.40	20,693.00	455.79
Creditors			
Creditors and claims			
Agreement of preferential claims	0.20	129.00	645.00
General correspondence	23.00	10,349.50	449.98
Secured creditors	22.00	11,796.50	536.20
Statutory reports	87.90	39,603.00	450.55
Employees			
Correspondence	38.35	19,088.75	497.75
Realisation of assets			
Asset Realisation			
Cash and investments	0.50	417.50	835.00
Debtors	2.30	1,396.50	607.17
Other assets	6.40	2,507.00	391.72

SIP 9 –Time costs analysis (02/10/2019 to 01/04/2020)

	Hours	Time Cost (£)	Average Hourly Rate (£)
Total in period	433.95	209,041.75	481.72
Brought forward time (appointment date to SIP 9 period start date)	17,262.79	8,030,509.80	
SIP 9 period time (SIP 9 period start date to SIP 9 period end date)	433.95	209,041.75	
Carry forward time (appointment date to SIP 9 period end date)	17,696.74	8,239,551.55	

Appendix 5 Glossary

ATT	Air Travel trust
CAA	Civil Aviation Authority
Company/Monarch Airlines	Monarch Airlines Limited - in administration
First Aviation	First Aviation Limited – in administration
Group	Avro Limited, Avro Aviation Limited, First Aviation Limited, MH Aviation Transport Limited, Monarch 2011 Limited, Monarch Airlines Limited, Monarch Holdings Limited, Monarch Holidays Limited, Monarch Travel Group Limited, somewhere2stay Limited (all in administration)
Joint Administrators/we/our/us	Jim Tucker, Blair Nimmo and Mike Pink
KPMG	KPMG LLP
MAEL	Monarch Aircraft Engineering Limited – in administration
Monarch Holdings	Monarch Holdings Limited – in administration
Monarch Holidays	Monarch Holidays Limited – in administration
Monarch Travel Group	Monarch Travel Group Limited – in administration
PJL	Petrol Jersey Limited
PNC	PNC Business Credit (a trading name of PNC Financial Services UK Ltd)

PPF	Pension Protection Fund
Secured creditors	PJL, PPF, WJL and PNC
somewhere2stay	somewhere2stay Limited – in administration
Senior secured creditor	PJL
SFA	Service and Funding Agreement
Slots	Take off and landing slots at UK airports
WJL	Windsor Jersey Limited

Any references in this progress report to sections, paragraphs and rules are to Sections, Paragraphs and Rules in the Insolvency Act 1986, Schedule B1 of the Insolvency Act 1986 and the Insolvency Rules (England and Wales) 2016 respectively.

Appendix 6 Notice: About this report

This report has been prepared by Jim Tucker, Blair Nimmo and Mike Pink, the Joint Administrators of Monarch Airlines Limited – in Administration (the 'Company'), solely to comply with their statutory duty to report to creditors under the Insolvency Rules (England and Wales) 2016 on the progress of the administration, 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 is not suitable to be used, to inform any investment decision in relation to the debt of or any financial interest in the Company or any other company in the Group.

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

Any person that chooses to rely on this report for any purpose or in any context other than under the Insolvency Rules (England and Wales) 2016 does so at its own risk. To the fullest extent permitted by law, the Joint Administrators do not assume any responsibility and will not accept any liability in respect of this report to any such person.

James Robert Tucker and Michael Robert Pink are authorised to act as insolvency practitioners by the Institute of Chartered Accountants in England & Wales.

Blair Carnegie Nimmo is authorised to act as an insolvency practitioner by the Institute of Chartered Accountants of Scotland.

We are bound by the Insolvency Code of Ethics.

The Officeholders are Data Controllers of personal data as defined by the Data Protection Act 2018. Personal data will be kept secure and processed only for matters relating to the appointment. For further information, please see our Privacy policy at – home.kpmg.com/uk/en/home/misc/privacy-policy-insolvency-court-appointments.html.

The Joint Administrators act as agents for the Company and contract without personal liability. The appointments of the Joint Administrators are personal to them and, to the fullest extent permitted by law, KPMG LLP does not assume any responsibility and will not accept any liability to any person in respect of this report or the conduct of the administration.

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