

2.17B

The Insolvency Act 1986

Statement of administrator's proposals

Name of Company
Key Financial Claims Limited

Company number
07022415

In the High Court of Justice
Chancery Division, Manchester District Registry
(full name of court)

Court case number
3192 of 2015

(a) Insert full name(s) and address(es) of administrator(s)

I/We (a)
Christopher James Farrington
Deloitte LLP
1 Woodborough Road
Nottingham
NG1 3FG

Daniel James Mark Smith
Deloitte LLP
PO Box 500
2 Hardman Street
Manchester
M60 2AT

*Delete as applicable

attach a copy of ~~my~~ our proposals in respect of the administration of the above company

A copy of these proposals was sent to all known creditors on

(b) 21 January 2016

Signed



 Joint Administrator

Dated

21 January 2016

Contact Details:

You do not have to give any contact information in the box opposite but if you do, it will help Companies House to contact you if there is a query on the form

The contact information that you give will be visible to researchers of the public

Maggie Rowe
Deloitte LLP
Four Brindleyplace
Birmingham
B1 2HZ

+44 121 632 6000
DX Exchange

DX Number _____

When you have completed and signed this form, please send it to the Registrar of Companies at -
Companies House, Crown Way, Cardiff CF14 3UZ DX 33050 Cardiff

Co

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COMPANIES HOUSE

Deloitte®

Key Financial Claims Limited (in administration) ("the Company")

Court Case No 3192 of 2015
High Court of Justice, Chancery
Division, Manchester District Registry
Company Number 07022415

Registered Office: c/o Deloitte LLP, Four Brindleyplace, Birmingham, B1 2HZ

JOINT ADMINISTRATORS' STATEMENT OF PROPOSALS PURSUANT TO PARAGRAPH 49 OF SCHEDULE B1 OF THE INSOLVENCY ACT 1986 (AS AMENDED) ("the Act").

Christopher James Farrington and Daniel James Mark Smith ("the Joint Administrators") were appointed Joint Administrators of Key Financial Claims Limited on 30 November 2015. The affairs, business and property of the Company are managed by the Joint Administrators. The Joint Administrators act as agents of the Company and contract without personal liability. All licensed Insolvency Practitioners of Deloitte LLP ("Deloitte") are licensed in the UK to act as Insolvency Practitioners.

For the purposes of paragraph 100(2) of Schedule B1 of the Act, the Joint Administrators confirm that they are authorised to carry out all functions, duties and powers by either of them jointly and severally.

21 January 2016

Contacts Joint Administrators of the Company

Christopher James Farrington
Daniel James Mark Smith

Deloitte LLP
Four Brindleyplace
Birmingham
B1 2HZ
Tel +44 121 632 6000

Contact details

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Website <http://www.deloitte->

insolvencies.com/keyfinancialclaims/limited

Christopher James Farrington and
Daniel James Mark Smith are
licensed in the UK to act as
Insolvency Practitioners by the
Institute of Chartered Accountants in
England and Wales

Deloitte

Key Financial Claims Limited (in administration)

This Statement of Joint Administrators' Proposals ("the Proposals") has been prepared pursuant to paragraph 49 of Schedule B1 of the Act, which requires that we, as the Joint Administrators, provide creditors with details of our proposals to achieve the purpose of the administration

In accordance with Rule 2.48 of the Rules and in order to minimise the costs of the Administrations, the Joint Administrators are seeking to obtain approval of their proposals and associated resolutions by correspondence, rather than the convening of a physical meeting. If creditors wish to vote, they should complete a proof of debt form and Form 2.25B and return these to the address opposite by noon on Friday 5 February 2016. Forms are available on the Administration website

To assist the creditors and enable them to decide on whether or not to vote for the adoption of the proposals, the following information is included in the report

- background of the Company,
- the circumstances giving rise to the appointment of the Joint Administrators,
- the progress of the administration to date, and,
- the Joint Administrators' proposals for achieving the objective of the administration (Appendix E)

Yours faithfully


For and on behalf of the Company




Joint Administrator




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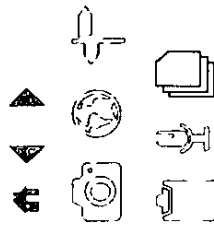
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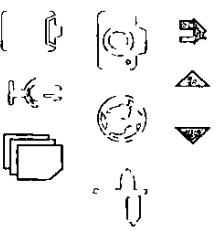
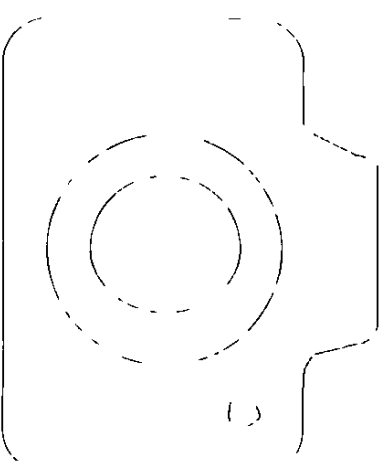




Executive Summary

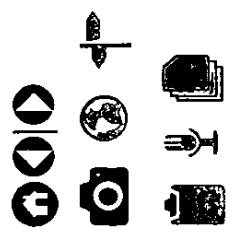
Executive summary

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Executive Summary

Executive summary

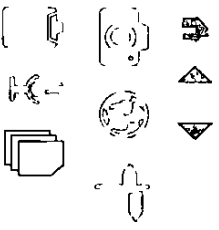
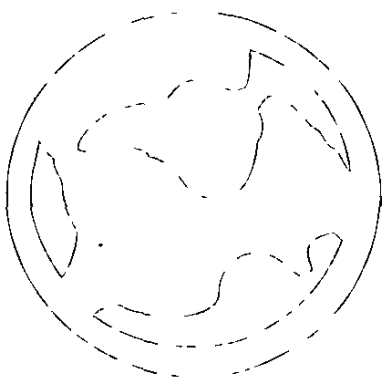


Topic	Summary
Purpose of the administration	<ul style="list-style-type: none"> The purpose of the administration will be to achieve a better result for the Company's creditors as a whole than through an immediate liquidation of the Company
Joint Administrators' strategy	<ul style="list-style-type: none"> Following our appointment, the Company continued to trade whilst a purchaser of the business was sought. A sale of the business and assets to Family Money Savers Limited ("FMS") was completed on 10 December 2015 as detailed on page 11
Initial meeting of creditors	<p>The Joint Administrators are seeking to obtain approval of their proposals and associated resolutions by correspondence, rather than the convening of a physical meeting</p>
Estimated Timescale	<ul style="list-style-type: none"> On current information it is expected that the duration of the administration will exceed 12 months but not exceed 24 months as a proportion of the consideration from the sale to FMS is deferred based on FMS' future revenues from the assets purchased. As a result, it is likely that the Joint Administrators will need to seek an extension to the administration past the first initial 12 months and this will be addressed in future reports
Fees Estimate	<ul style="list-style-type: none"> We intend to seek approval to fix our fees on a time costs basis as set out in our Fees Estimate at Appendix D. We estimate that our time costs for duration of the appointment will not exceed £218,043. Please refer to page 16 for further details and to the Fees Estimate at Appendix D
Estimated Outcomes	<p>On current information, we anticipate the following outcome for each category of creditor</p> <ul style="list-style-type: none"> Secured creditors – The Company has no secured creditors Preferential creditors – There will be sufficient realisations to enable payment in full of preferential claims Unsecured creditors – It is likely there will be a distribution for unsecured creditors
Proposals	<ul style="list-style-type: none"> Our proposals for managing the business and affairs of the Company can be found on page 28

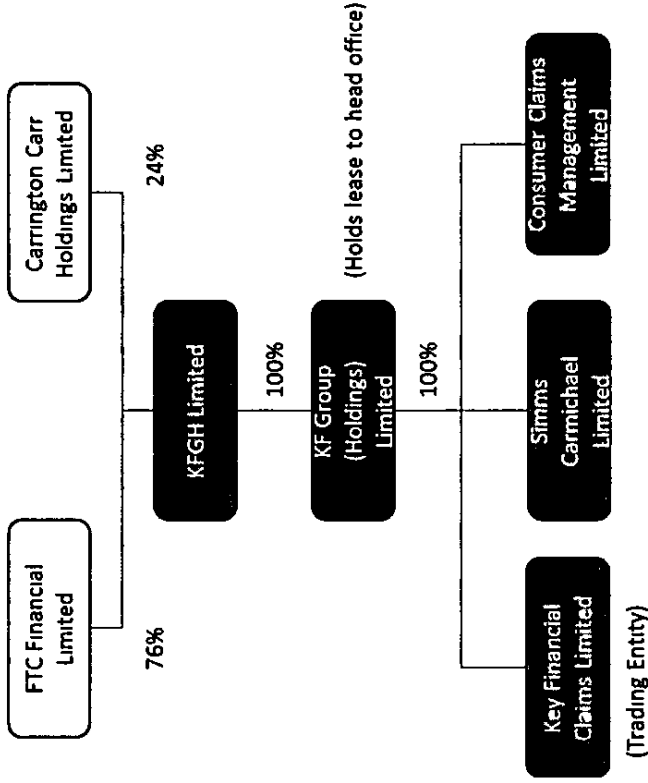


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Background The Group



Background

The Company was incorporated on 17 September 2009 as a claims management company specialising in the processing of payment protection insurance ("PPI") claims and packaged bank account ("PBA") claims

The wider group structure is shown above Carrington Carr Holdings Limited entered administration on 29 October 2015 and Key Financial Claims Limited entered administration on 30 November 2015 but the other companies within the group remain outside of an insolvency process

The Company's parent, KF Group (Holdings) Limited, holds the lease to the premises in Bolton from which the Company operated

Employees

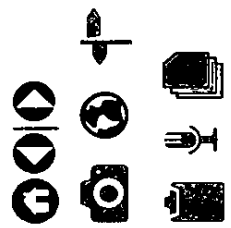
As at 30 November 2015, the Company employed 43 staff

Following the appointment of the Joint Administrators 32 staff were made redundant with 11 employees being retained to manage a short period of trading

Directors

As at the date of the Joint Administrators' appointment, the directors of the Company were Mr Paul Edward Dutton, Mr David Fuher, Mr Daniel Luke Gale and Mr Paul Stephen Wood

No Company Secretary is recorded at Companies House



Background

Summary financials

Summary profit and loss account

£'000	Management Accounts for 12 months to 31 July 2015	Management Accounts for 12 months to 31 July 2014	Statutory Accounts for 12 months to 31 July 2013
Turnover	7,330	14,098	33,729
Cost of Sales	(2,977)	(9,766)	(26,710)
Gross Profit	4,353	4,332	7,019
Gross Margin %	59%	31%	21%
Other Expenses	(3,766)	(3,937)	(6,929)
EBIT	587	395	90

Summary balance sheet

£'000	Management Accounts as at 31 July 2015	Management Accounts as at 31 July 2014	Statutory Accounts as at 31 July 2013
Tangible assets	310	582	483
Fixed assets	310	582	483
Debtors	776	1,383	4,076
Cash at bank	42	82	5
Intercompany	4,541	4,505	4,700
Current Assets	5,359	5,970	8,781
Trade creditors	3,944	4,530	2,836
Other	511	704	3,566
Bank	-	481	2,390
Total Liabilities	4,455	5,715	8,792
Net Assets	1,214	837	472

Overview of financial information

Extracts from the audited Company accounts for the 12 months to 31 July 2013 and the management accounts for the 12 months to 31 July 2014 and 31 July 2015 are shown opposite

Please note that this information has not been verified by the Joint Administrators or by Deloitte LLP ("Deloitte")

Profit and loss commentary

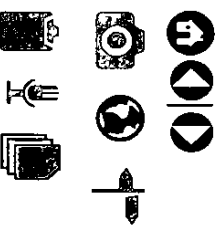
Turnover has been declining by c 50% year on year as a result of market for PPI claims maturing and declining

Balance sheet commentary

Tangible assets principally comprise office equipment, fixtures and fittings and IT equipment, which has minimal re-sale value

Debtors at 31 July 2015 are split £82k book debts and £694k prepayments

Intercompany debtors predominantly relate due to a balance due from KFGH Limited of £5.1m which has no assets, less intercompany balances of c £300k owed to KF Group (Holdings) Limited and £333k owed to Simms Carmichael Limited, and are therefore expected to be irrecoverable



Background Joint Administrators' appointment

Circumstances giving rise to the appointment of the Joint Administrators

Reasons for failure & financial distress

The majority of the Company's business was generated by introductions from third parties who, in turn, received a percentage fee for the introduction once the client had been paid by the lender and the Company had received its fee from the client

The market for PPI claims is reaching its saturation point as the majority of people eligible to claim have done so and, as a consequence, the Company has had difficulty securing new introductions to enable it to meet ongoing costs

In addition, the Company had a significant current tax liability as well as a small balance outstanding to HMRC under a previous time to pay agreement. The Company also owed significant sums to Consumer Money Matters Limited, which was placed into administration on 29 October 2015, resulting in an expectation that the administrators would look to seek recovery of these monies

Steps taken to remedy/turnaround

Over time, in view of the decrease in introductions of new work, the Company took steps to downsize its workforce with a round of redundancies taking place in July 2015

In addition, an agreement was reached with the landlord of the Company's premises for a temporary rent reduction. In light of the Company's financial difficulties, the directors had been in discussions with a third party who expressed an interest in acquiring the shares of the Company, however the interest did not materialise into a formal offer

Involvement of Deloitte pre-appointment

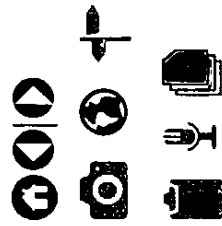
The Company's solicitors, Howes Percival, approached Deloitte at the request of the Company's directors in October 2015 requesting a meeting to discuss the Company's financial position and available options

The meeting took place on 13 October 2015 and following the meeting the directors resolved that they wish to place the Company into administration and appoint Mr Chris Farrington and Mr Daniel Smith of Deloitte as Joint Administrators

The directors filed a Notice of Intention to Appointment Administrators in court on 2 November 2015 which gives the Company protection from creditors taking legal action against it for 10 working days whilst the directors consider the position

Upon expiration of the 10 working days, having reviewed the Company's cash flow projections through November, the directors concluded that the Company (and therefore its creditors) would be in a better financial position by virtue of anticipated recoveries from the Company's pipeline if it traded until the end of November. Therefore, on 17 November 2015, a second Notice of Intention to Appoint Administrators was filed at court

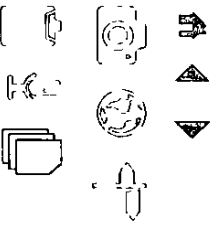
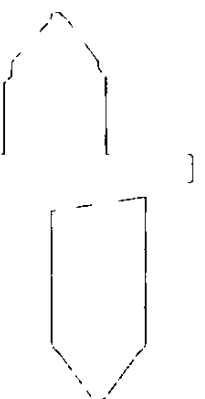
The directors appointed Mr Chris Farrington and Mr Daniel Smith of Deloitte as Joint Administrators on 30 November 2015





Post-appointment

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Post-appointment Purpose

Appointment of the Joint Administrators

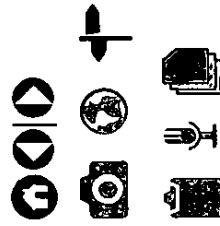
Christopher James Farrington and Daniel James Mark Smith of Deloitte LLP ("Deloitte") were appointed Joint Administrators of the Company on 30 November 2015 following the filing of a Notice of Appointment of Joint Administrators by the Company's directors

Purpose of the administration

In order to achieve the first purpose of an administration, the Joint Administrators must be able to rescue the Company as a going concern

The Company had significant unsecured creditor liabilities and therefore a restructuring of these creditors would have been required to meet the first objective of an administration. Based on the available financial information, there was insufficient value placed on the Company's assets by third parties in order to effect a restructuring of the Company's debt and the Joint Administrators concluded that the first option was not possible to achieve

Accordingly, the purpose of the administration is to achieve a better result for creditors as a whole than would be obtained through an immediate liquidation of the Company



Post-appointment Joint Administrators' strategy

How the affairs and business of the Company have been managed and financed since appointment, and the Joint Administrators' intended strategy if their proposals are approved

Sale of business

Following our appointment, the Joint Administrators concluded it would be in the best interests of creditors to continue to trade the Company's business in the short term whilst seeking a sale of the business as a going concern so as to achieve the highest possible realisation values for the Company's assets and to preserve the ongoing employment of the remaining employees

Further detail regarding the trading of the business is provided on page 12

We approached the Company's directors to ascertain whether they were aware of any parties that may be interested in buying the business. In addition, we approached Deloitte Corporate Finance Advisory team and the Deloitte Audit Financial Services partner to obtain additional prospective purchasers

The Joint Administrators sent out an initial email to 34 parties advising of our appointment, the availability of the business and assets for sale and enclosing a Non-Disclosure Agreement ("NDA") for them to sign and return should they have an interest

Seven signed NDAs were returned and an information memorandum was issued giving further detailed information on the assets available, customers and employees. Two parties requested further information which was provided, however only one offer was received, which was from FMS, a connected company

The offer was accepted as it was the only offer available and, in addition, the Administrators were of the opinion this option offered a better return to creditors than the other options available to the Administrators – collecting out the pipeline or ceasing to trade and winding down the business over several years, which would have been economically unviable

The sale to FMS includes an initial payment of £10,000 for office fixtures, fittings and equipment, £19,996 for the Company's ongoing claims revenues ("Pipeline") and £1 each for goodwill, intellectual property rights, customer contracts and the Company's records

In addition to the above, the Company will receive 10% of FMS' revenue from collecting the KFC Pipeline, and 2.5% of FMS' own revenues of which the Company previously received 15%

The going concern sale achieved included the transfer of all eleven remaining employees to the purchaser, which avoided their contingent claims for redundancy and pay in lieu of notice crystallising, so reducing overall liabilities falling in the administration estate

Receipts and payment account

A receipts and payments account, detailing asset realisations achieved and costs paid up to 11 January 2016 is provided on page 23



Post-appointment Joint Administrators' strategy

Asset realisations

Trading

The decision was taken to continue trading the business in administration in the short term whilst the possibility of a sale of the business as a going concern was explored. The Administrators' trading period covered the date of the Administrators' appointment on 30 November 2015 to 9 December 2015.

Trading the business and finding a buyer achieved a better result for creditors than an immediate winding up of the Company.

The Joint Administrators' trading sales for the period were £52,135 plus VAT, which have been received in full. In addition, £2,689 plus VAT was received from Family Money Savers Limited as a contribution to head office costs for remaining in occupation of the Company's trading premises in Bolton for two days post-completion of the sale.

Trading costs are estimated to be in the region of £30,679. A detailed trading account is provided on page 23. Please note, as final invoices have not yet been received from suppliers these figures do not reflect the final trading outcome, which is nevertheless expected to generate a modest surplus for the administration estate.

Book debts

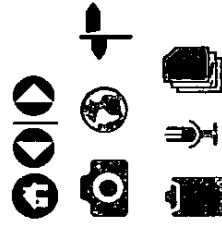
As at the date of our appointment, the Company's sales ledger showed pre-appointment book debts valued at £43,370. To date, we have collected £2,320 and continue to liaise with the remaining three debtors regarding repayment of outstanding balances.

Cash at bank

At the date of the Administrators' appointment, the Company had cash at bank of £132,614 which has been recovered.

Client account funds

Funds totalling £12,059 have been received from the Company's client account. These funds relate to clients whereby the lender has paid the Company the compensation and the Company has been unable to locate or trace the client.



Post-appointment Joint Administrators' proposals

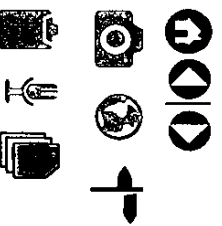
The Joint Administrators' proposals

Our proposals for the administration include

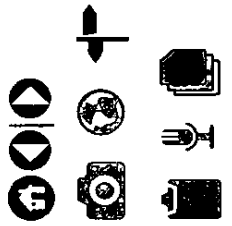
- continuing to manage the affairs and any remaining assets of the Company and the settlement of all administration expenses,
- continuing with enquiries into the conduct of the directors of the Company and continuing to assist any regulatory authorities with any investigation into the affairs of the Company,
- agreement of the claims of the secured, preferential and unsecured creditors against the Company unless we conclude, in our reasonable opinion, that the Company will have no assets available for distribution,
- distributing funds to the secured and preferential creditors and to the unsecured creditors under the Prescribed Part as and when their claims are agreed and funds permit, and to make distributions to unsecured creditors, other than out of the Prescribed Part if the court gives permission following an appropriate application, and
- that, following the realisation of assets and resolution of all matters in the administration, and as quickly and efficiently as is reasonably practicable, we will implement the most appropriate exit route to formally conclude the administration
- that, if the Company is to be placed into CVL, we (or any person appointed as a replacement office holder) propose to be appointed Joint Liquidators and for the purposes of section 231 of the Act the Joint Liquidators will each be authorised to carry out all functions, duties and powers either jointly or severally

We will seek specific approval from the appropriate body to fix the basis of, and the ability to draw, our remuneration and expenses, and to agree the time of our discharge on conclusion of the administration

Please refer to Appendix E for further details



Post-appointment Outcome for creditors



Estimated outcome for creditors

Secured creditors

The Company has no secured creditors

Preferential creditors

Preferential creditors consist of amounts owed to the Company's employees for holiday pay. We estimate that there will be 28 preferential claims totalling c £16,000, which we anticipate being able to pay in full during the administration.

Unsecured creditors

The directors' statement of affairs shows 25 unsecured creditors with estimated non-preferential claims totalling c £9.2m, however it should be noted that £4.4m of this amount is contingent based on the outcome of an ongoing VAT tribunal.

Following the payment of the preferential creditors in full, we anticipate that there will be sufficient asset realisations to enable a distribution to be made to unsecured creditors.

Prescribed Part

As there are no secured creditors with floating charges, the Prescribed Part provisions will not apply to this case.

Claims process

Unsecured creditors are invited to submit their claims to us by completing a proof of debt form which is available on the administration website and which should be sent to the address on page 1, marked for the attention of Maggie Rowe.

Post-appointment Extensions & exit routes

Exit routes

In accordance with the provisions of the Act, all administrations automatically come to an end after one year, unless an extension is granted by the court or with consent of the creditors

There are several possible exit routes from administration. Based on current information, we consider the following exit routes may be appropriate

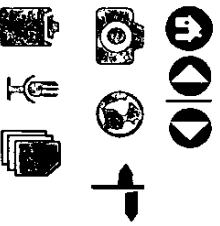
- *Creditors' Voluntary Liquidation ("CVL")* - Where a distribution to unsecured creditors will be made, other than by virtue of the Prescribed Part, we may file a notice to that effect with the Registrar of Companies. The administration will cease on the date that notice is registered and the Company will be wound up.
 - Please note that if the Company is placed into CVL, the Joint Administrators (or any person appointed as a replacement office holder) propose to be appointed as Joint Liquidators. The creditors may nominate a different person to be liquidator(s) provided the nomination is made before the proposals are approved by creditors i.e. by 5 February 2016
 - Any creditors' committee appointed in the administration will become a liquidation committee and the basis of the joint liquidators' remuneration fixed during the administration and any Fees Estimate will apply in the CVL
 - For the purposes of section 231 of the Act the liquidators will each be authorised to carry out all functions, duties and powers either jointly or severally

Exit routes (continued)

- *Dissolution* – If there are funds to enable a distribution to the unsecured creditors of the Company, the Joint Administrators may consider applying to court for permission to pay a dividend whilst in administration. Assuming permission is granted, once there is no further property which might permit a distribution to the Company's creditors, we may file notice to that effect with the Registrar of Companies and the Company will be dissolved three months later

Discharge of Joint Administrators' liability

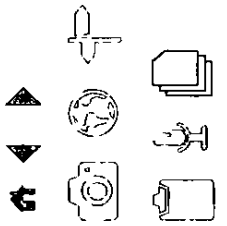
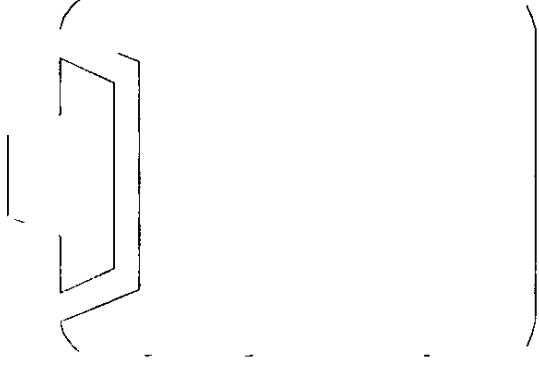
Pursuant to paragraph 98 of Schedule B1 of the Act, the Joint Administrators' discharge of liability in respect of their actions as administrators takes effect at the time specified by either the court, the creditors (either via the creditors' committee or by meeting) or, in specific circumstances, by the secured (and preferential) creditors. In this case, we will request approval from the creditors for us to be discharged from liability as at the date the Registrar of Companies registers the Joint Administrators' final progress report





Remuneration and Expenses

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Remuneration and Expenses

"A Creditors' Guide to Administrators' Remuneration" is appended to SLP 9 and is provided on the administration website and also available for download at www.deloitte.com/uk/slp-9-enland-and-wales/

Should you require a paper copy, please send your request in writing to the Joint Administrators at the address on page 1 and this will be provided to you at no cost

Basis of Administrators' remuneration

Pursuant to Rule 2 106 of the Rules, the basis of the Joint Administrators' remuneration may be fixed

- by reference to time properly given by the insolvency practitioners and their staff in attending to matters as set out in the Fees Estimate,
- as a percentage of the value of the property with which the Joint Administrators have to deal,
- as a set amount,
- or, any combination of the above

In accordance with Rule 2 106(5), we will seek approval to fix the basis of our remuneration by reference to time costs as set out in the Fees Estimate at the meeting of creditors to be held by correspondence or by the creditors' committee, should one be formed at the meeting. A proxy form, which includes the resolutions being requested in respect of our remuneration and expenses, is available at <http://www.deloitte-insolvencies.com/keyfinancialclaimslimited>

Fees Estimate

A Fees Estimate is provided at Appendix D from which you will see that we estimate that our time costs for the duration of the appointment will not exceed £218,043

Joint Administrators' expenses

We anticipate that the following expenses will be incurred for the duration of the appointment

- Specific Penalty Bond – mandatory insurance cover to protect the estate in the event of loss £230
- Statutory Advertising - we are required to give notice by advert in the London Gazette of the following matters our appointment, the initial meeting of creditors to consider our proposals, proposed distributions to unsecured creditors. We estimate costs in this regard will be £260 plus VAT

- Legal Costs – Howes Percival LLP have been instructed to assist in the following matters

- Appointment Process – Oversee the appointment process, including filing the Notices of Intention to Appoint Administrators, drafting the appointment documentation and ensuring the Administrators were validly appointed ,
- Sale of Business – Advise the Administrators on their ability to sell the Company's claims pipeline, as well as drafting the sale and purchase agreement and liaising with the solicitors acting for the purchaser
- Unsecured Dividend – Making an application to court to obtain permission for the Administrators to pay an unsecured dividend to creditors in administration, rather than having the Company placed into CVL
- Howes Percival estimate their fees and disbursements for undertaking the above will be £19,500 plus VAT

- Agents' Costs – we have instructed agents to assist in the following matter

- Asset Valuations – GVA Grimley Limited ("GVA") have been instructed to undertake an inventory of the Company's tangible assets and to provide both *in-situ* and *ex-situ* valuations. GVA estimate their fee for so doing will be £1,670 plus VAT

All professional costs will be reviewed and analysed in detail before payment is approved

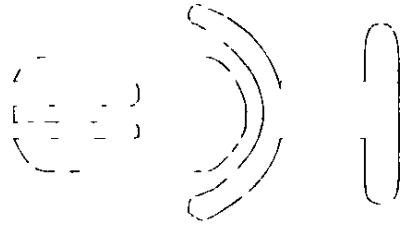
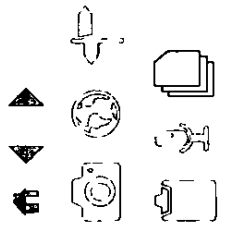




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Additional information

Investigations

Connected party transactions

Counterparty	Connection	Date	Value (£)	Transaction
Family Money Savers Limited	Common control	10/12/2015	30,000	Acquired business and assets of the Company
Daniel Gale	Director	20/01/2015	20,000	Directors Loan
Paul Wood	Director	27/01/2015	10,547	Directors Loan
KF Group (Holdings) Limited	Associated company	2014/2015	720,000	Rent
Simmis Carmichael Limited	Associated company	2014/2015	332,657	Trading receipts
Consumer Claims Management Limited	Associated company	2014/2015	2,001	Trading receipts

Transactions with connected parties

In accordance with the guidance given in SLP13, details of the Company's transactions with connected parties during the period of this report and the two years prior to our appointment that we are aware of are provided above

The business and assets of the Company were sold to FMS on 10 December 2015 of which both David Fuhler and Paul Wood are directors. We understand the directors of FMS were independently advised by Nelsons Solicitors Limited

Further details in respect of the sale are given on page 11

The directors' loans advanced to Daniel Gale and Paul Wood were in the process of being repaid prior to the appointment of the Administrators and the Administrators will continue to liaise with both directors in respect of the outstanding balances on their accounts

KF Group (Holdings) Limited ("KFG") holds the lease to the Company's former trading premises in Bolton and recharged the quarterly rent and service charge costs to the Company. At the date of the Administrators' appointment, the Company owes KFG c £311k

The Company owes £333k to Simms Carmichael Limited and £2k to Consumer Claims Management Limited in respect of trading receipts paid into the Company's accounts which have not been repaid to these respective companies

Investigations

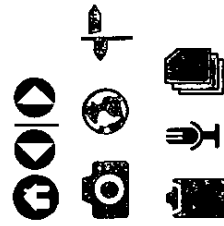
As part of our duties, we are obliged shortly after our appointment to review all of the information available to us and conduct an initial assessment of whether there are any matters that might lead to a recovery for the benefit of creditors. This initial assessment includes enquires into any potential claims that may be brought against parties either connected to or who have had past dealings with the Company

In addition, we are required to consider the conduct of the Directors and any person we consider to have acted as a shadow or de facto director in relation to their management of the affairs of the Company and the causes of failure and we will submit a confidential report to the Insolvency Service, a division of the Department for Business, Innovation and Skills. Creditors who wish to draw any matters to our attention should contact us using the contact details given on page 1 as soon as possible



Additional information

Case specific matters



EU Regulations

As stated in the administration appointment documents, Council Regulation (EC) No 1346/2000 applies and these are the main proceedings as defined in Article 3(1) of that Regulation

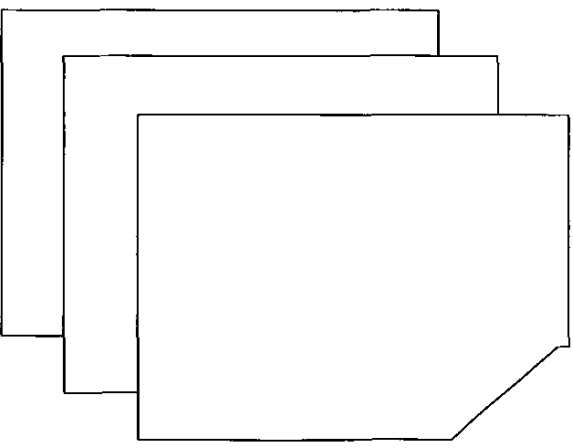
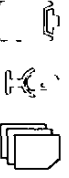
Third party assets

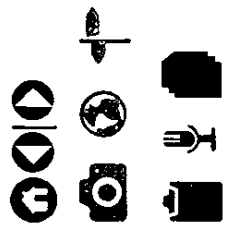
Should you believe that you own or have a claim regarding items that may have been present at the Company's premises at the date of our appointment please contact us as soon as possible



Appendices

1	Appendix A	22
2	Appendix B	23
3	Appendix C	24
4	Appendix D	26
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6	Important notice	30





Statutory Information

Details of the Company's statutory information are shown on page 6

Website

In an effort to reduce the costs of the administration, all communications with creditors, including updates and progress reports, have been posted onto a website, which has been set up specifically for this purpose. The web address is <http://www.deloitte-insolvencies.com/keyfinancialclaimslimited>

A letter will be issued to all creditors each time the website is updated with a statutory notice or report. All statutory notices will be retained on the website until its closure three months from the administration ending.

Please therefore ensure that you review the website regularly for updates and further notices and reports

If any person wishes to receive a hard copy of any document uploaded by the Joint Administrators to the above website, they should contact the Joint Administrators via the contact details on page 1 of this report, and hard copies will be provided free of charge.

Appendices

Appendix B

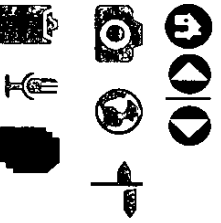
Directors' Summary Statement of Affairs

	Book value	Estimated to realise
Assets subject to fixed charge		
Telephone Equipment	21,667	16,671
Less Amount due to Siemens	<u>(16,671)</u>	<u>(16,671)</u>
Estimated surplus/(deficiency) to fixed charge holders	4,996	-
Assets subject to floating charge		
Debtors	43,370	43,370
Cash	132,301	132,301
Directors' loans	9,032	9,032
Computer and telephone equipment	137,939	7,480
Furniture and fixtures	93,121	10,195
Intercompany receivables	4,474,633	-
Pipeline run off	301,209	129,224
Estimated total assets available for preferential creditors	5,191,605	331,602
Preferential creditors	<u>(4,313)</u>	<u>(4,313)</u>
Estimated total assets available for floating charge holders	327,289	327,289
Debt secured by floating charges	-	-
Estimated deficiency / surplus after floating charges	327,289	327,289
Unsecured non-preferential claims	<u>(9,211,217)</u>	<u>(9,211,217)</u>
Estimated deficiency / surplus to creditors	(8,883,928)	(8,883,928)
Called up share capital	<u>(102)</u>	<u>(102)</u>
Estimate deficiency / surplus to members	(8,884,030)	(8,884,030)

Joint Administrators' comments

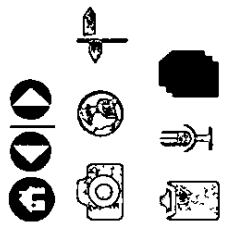
The Directors' statement of affairs is available online at the website listed on page 1, which includes a full list of creditors' names and addresses

In accordance with the standard format of the statement of affairs, no provision has been made for the costs of the administration (including agents', legal and other professionals' fees)



Appendices

Appendix C



Notes to the receipts and payments account

Receipts

- 1 - The £10k received from FMS is higher than GVA's ex-situ valuation of £9k for office furniture and equipment
- 2 – The Joint Administrators continue to liaise with debtors in respect of outstanding book debts
- 3 – These funds are monies owed to former clients whom the Company has been unable to contact

Expenses - Professional costs

To advise on relevant legal matters and to prepare required legal documentation we instructed Howes Percival LLP, a firm of lawyers with the appropriate expertise and experience in dealing with these types of administrations

They have estimated that their fees will not exceed £19,500 plus VAT

GVA have been instructed to undertake an inventory of the Company's tangible assets and to provide both in-situ and ex-situ valuations

GVA estimate their fee for so doing will be £1,670 plus VAT

All professional fees are based upon their recorded time costs incurred at charge out rates and will be reviewed by the Joint Administrators' staff before being approved for payment

Notes to the trading account

Receipts

The Administrators' trading sales totalled £52k and payment has been received in full

The contribution to head office costs is a payment from FMS to cover rent, service charge and rates incurred for two days post-completion whilst they vacated the head office to move to new premises

Payments

Please note, as final invoices have not yet been received from suppliers these figures do not reflect the final trading outcome, which is nevertheless expected to generate a modest surplus for the administration estate

Appendices Appendix D

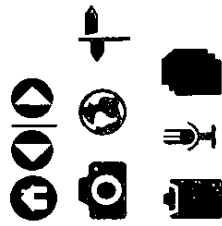
Fees Estimate

For purposes of the Fees Estimate, the average rate per hour shown for each work activity is based on the estimated time that will be spent by each grade of staff at their specific charge - out rate on that activity

Time Costs to date

These are shown as the average rate per hour for each activity based on the actual time spent by each grade of staff at their specific charge - out rate

Charge out rates increased on 1 September 2015



Joint Administrators' Fees Estimate

Our Fees Estimate detailing the work that we anticipate will need to be undertaken on this case for the duration of the appointment, together with estimates of the likely cost and amount of time that each part of that work will take to complete, is provided on the next page

The work anticipated to be undertaken has been categorised by activity which we hope is self explanatory. Please also refer to our Post Appointment Strategy on pages 11 and 12 where we provide further detail about specific tasks on this case

We have also separately identified and grouped those work activities that are primarily administrative in nature (including tasks required for statutory, regulatory or compliance purposes) from activities which can be seen to directly add value to the case, such as asset realisation or dealing with claims

Time costs incurred to date

As indicated at page 16 above, we intend to invite unsecured creditors or the creditors' committee, if a committee is appointed, to fix our fees on a time costs basis. An analysis of our time costs to 11 January 2016 and average costs for work undertaken to 11 January 2016 is also provided in the Fees Estimate on the next page

Please note that all partners and technical staff (including cashiers) assigned to the case record their time spent working on the case on a computerised time recording system. Time spent by secretarial staff working on the assignment is not recorded or recovered. The appropriate staff will be assigned to work on each aspect of the case based upon their seniority and experience, and having regard to the complexity of the relevant work, the financial value of the assets being realised and/or claims agreed

Time is charged in six minute increments

Appendices

Appendix D

Activity	Estimated			Estimated total time costs	Hours			Timed costs incurred so far (£)
	total hours	Avg Rate £/h	£		Incurred so far	Avg Rate £/h	Incurred so far (£)	
Administrative activities*	Cashiering	51.5	418	21,515	3.3	331	1,094	
	Case supervision	49.8	380	18,930	7.1	367	2,603	
	Case reviews	12.6	317	3,988	-	-	0	
	Case closure matters	8.5	349	2,970	-	-	0	
	External joint appointees	-	-	0	-	-	0	
	Compliance & IFS diary	14.4	360	5,184	7.0	285	1,841	
	Insurance	2.9	422	1,214	-	-	0	
Statutory & compliance*	General reporting	80.3	362	29,085	11.8	335	3,953	
	Statutory meetings	-	-	0	-	-	0	
	Regulatory & other legislation	3.6	360	1,296	-	-	0	
	Court applications	10.5	532	5,583	-	-	0	
	Appointment matters	2.5	552	1,380	-	-	0	
Initial actions*	Securing assets	13.1	440	5,746	2.4	418	1,004	
	Notifications	22.7	327	7,401	13.0	335	4,360	
	ODDA reporting	18.0	343	6,170	22.4	321	7,194	
Investigations	Investigations	8.5	399	3,390	-	-	0	
	Tax	6.4	319	2,044	-	-	0	
Taxation*	VAT	38.0	323	12,277	-	-	0	
	Third party assets	2.0	430	860	2.0	430	860	
Asset realisations	Book debts	20.0	304	6,080	4.5	430	1,935	
	Chattel assets	-	-	0	-	-	0	
	Other assets	-	-	0	-	-	0	
	Property	3.0	430	1,290	1.4	370	518	
	Retention of title	-	-	0	-	-	0	
	Sale of business	60.0	273	16,350	36.6	530	19,401	
	Antecedent transactions	-	-	0	-	-	0	
	Day 1 control of trading	5.0	430	2,150	5.0	430	2,150	
	Ongoing trading	3.0	430	1,290	3.0	430	1,290	
	Monitoring trading	28.5	430	12,255	28.5	430	12,255	
Trading	Closure of trade	26.0	352	9,150	21.1	432	9,106	
	Consultation	4.0	409	1,636	4.0	220	880	
	Correspondence	47.2	262	12,362	42.4	259	10,975	
	Employment tribunals	-	-	0	-	-	0	
Employees	Partners	-	-	0	-	-	0	
	Creditors	25.5	277	7,059	5.3	220	1,166	
	Committee	-	-	0	-	-	0	
Correspondence	Shareholders	0.1	335	34	-	-	0	
	Customers	-	-	0	-	-	0	
	Press & media queries	-	-	0	-	-	0	
Distributions	Secured creditors	33.9	297	10,068	-	-	0	
	Preferential creditors	36.9	252	9,287	-	-	0	
	Unsecured creditors	-	-	0	-	-	0	
Total	638.2	342	218,043	220.8	374.1	82,584		

Appendices

Appendix D

Disbursements

Disbursements

We estimate that the following disbursements are likely to be incurred in relation to the administration

Category 1 disbursements

These are payments made by us direct to third parties and for which no approval is required

Our estimate of Category 1 disbursements is given below, all figures are shown excluding VAT

Category 1 disbursements

£ (net)	Value	Paid	Unpaid
Bordereau	230	-	230
Total expenses	230	-	230

Category 2 disbursements

These are costs and expenses initially paid by us and which are not generally made to a third party, for example, reimbursement to staff engaged on the case for their mileage costs. These may also include shared or allocated costs. Specific approval is required before these costs and expenses can be drawn from the administration estate.

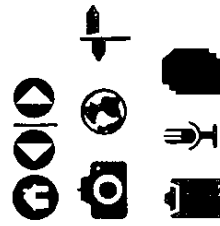
Our estimate of Category 2 disbursements is given below, all figures are shown exclusive of VAT

Category 2 disbursements

£ (net)	Value	Paid	Unpaid
Mileage and travel	180	-	180
Website set up	500	-	500
Subsistence	45	-	45
Total disbursements	725	-	725

Mileage is calculated by reference to the mileage properly incurred by the Joint Administrators and their staff, at the prevailing standard mileage rate used by Deloitte at the time when the mileage is incurred (currently up to 45p per mile)

Deloitte charges a fixed cost of £500 for each statutory website set up to cover the costs of setting up and maintaining the website, along with the uploading of statutory notifications, reports and other documents to the website for the duration of the appointment



Appendices

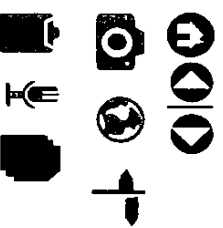
Appendix E

Joint Administrators' proposals

The following resolutions will be put to the meeting of creditors to be held by correspondence for approval. Should a creditors' committee be formed at this meeting, specific approval for resolutions 3, 4 and 5 will be requested from the committee

The resolutions on which we seek approval are as follows

- 1 that the Joint Administrators proposals dated 21 January 2016 be approved
- 2 that, in the event the creditors of the Company so determine, a Creditors Committee be appointed,
- 3 that the basis of the Joint Administrators' remuneration shall be fixed by reference to the time properly given by the Joint Administrators and their staff in attending to matters as set out in the Fees Estimate, calculated at a standard hourly charge out rate used by Deloitte at the time when the work is performed, plus VAT
- 4 that, the Joint Administrators' category 1 disbursements and expenses and category 2 disbursements in respect of mileage and statutory websites (as detailed on page 28) be approved and the Joint Administrators be authorised to draw both category 1 and category 2 disbursements, (plus VAT where applicable) from the administration estate,
- 5 that the Joint Administrators be discharged from liability per paragraph 98 of Schedule B1 of the Act immediately upon the registration of the Joint Administrators' final progress report by the Registrar of Companies



Appendices

Important notice

Important Notice

This document has been prepared by the Joint Administrators solely to comply with their statutory duty under paragraph 49 of Schedule B1 of the Act to lay before creditors a statement of their proposals for achieving the purpose 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.

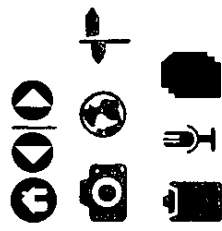
This document has not been prepared in contemplation of it being used, and is not suitable to be used, to inform any investment decision in relation to the debt of or any financial interest in the Company.

Any estimated outcomes for creditors included in this document 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 document for any purpose or in any context other than under paragraph 49 of Schedule B1 of the Act does so at their 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 these proposals.

The Joint Administrators act as agents of 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, Deloitte LLP does not assume any responsibility and will not accept any liability to any person in respect of this document or the conduct of the administration.

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