

# AM03

## Notice of administrator's proposals



Companies House

THURSDAY



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25/05/2017

#387

COMPANIES HOUSE

### 1 Company details

Company number 0 5 4 0 0 9 8 2

Company name in full DiamondCorp Plc

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

### 2 Administrator's name

Full forename(s) Stephen Robert

Surname Cork

### 3 Administrator's address

Building name/number 52 Brook Street

Street London

Post town W1K 5DS

County/Region

Postcode

Country

### 4 Administrator's name

Full forename(s) Joanne Elizabeth

Surname Milner

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

### 5 Administrator's address

Building name/number 52 Brook Street

Street London

Post town W1K 5DS

County/Region

Postcode

Country

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

AM03  
Notice of Administrator's Proposals

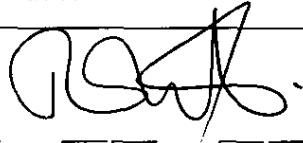
**6** Statement of proposals

I attach a copy of the statement of proposals

**7** Sign and date

Administrator's  
Signature

Signature  
X



X

Signature date

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# AM03 Notice of Administrator's Proposals

## 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 **Becky Withington**

Company name **Cork Gully**

Address **52 Brook Street**

**London**

Post town **W1K 5DS**

County/Region

Postcode

Country

DX

Telephone **02072682150**

## 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 and dated the form.

## Important information

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

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

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# CORK GULLY

DiamondCorp Plc ("the Company")

(in Administration)

Joint Administrators' Proposals

**May 2017**

Based on a solid heritage we are an advisory firm bringing clarity to complex restructuring, recovery and insolvency situations.

The firm remains as committed to our founding principles today as we were a hundred years ago. Our partners and staff have worked together for many years, reorganising operations and structures to deliver sustainable stakeholder value. The current trading environment is increasingly complex, so the solutions we provide for our clients are more creative, more responsive and more effective than ever.

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# DiamondCorp Report

Pursuant to paragraph 22 of Schedule B1 to the Insolvency Act 1986 ("the Act"), Joanne Milner and I, both of Cork Gully LLP and both licensed by the ICAEW, were appointed as *Joint Administrators of the Company on 9 May 2017* ("the Administrators").

## 1. Introduction

This report is addressed to the creditors of the Company and incorporates the Administrators' proposals. These proposals are to be considered by way of a decision by correspondence, relevant information of which can be found further on in this report.

Creditors may approve the proposals with or without modifications subject to the Administrators' agreement to any such modifications.

If the Administrators' proposals are agreed by the creditors, the Administrators will continue to manage the business and affairs of the Company with a view to achieving the objective set out in Paragraph 3(1)(b) of Schedule B1 of the Act. The Administrators will exit the administration via the route as agreed by creditors.

If the Administrators' proposals are rejected, a report will be sent to the High Court of Justice, Chancery Division, Companies Court, confirming that creditors have rejected the proposals. The Court may then discharge the Administrators and make consequential directions. Alternatively, it may adjourn the hearing or make an alternative order as it thinks fit.

## 2. Statutory Information

The statutory information relating to the Company is attached at Appendix I.

## 3. Purpose of the Administration

As Administrators of the Company, Joanne Milner and I are officers of the Court and must perform our duties in the interests of creditors as a whole in order to achieve the purpose of the administration.

The purpose of an administration is to achieve one of the three objectives set out in paragraph 3(1) of Schedule B1 of the Act, which are to namely:-

(a) rescue the company as a going concern; or

(b) achieve a better result for the company's creditors as a whole than would be likely if the company was wound up (without first being in administration); or

(c) realise property in order to make a distribution to one or more secured or preferential creditors.

The Administrators are seeking to achieve objective (b), being to achieve a better result for the company's creditors as a whole than would be likely if the company was wound up *without first going into administration*, and should achieve this by the realisation of the Company's assets as per the Statement of Affairs.

The insolvency legislation has set a twelve month maximum duration for administrations, unless the duration is extended by the Court or the creditors. Should the administration of the Company *not be completed within twelve months* then the Administrators will either apply to the Court, or refer to creditors, in order to seek approval to extending the duration of the administration.

## 4. Circumstances leading to the appointment of the Administrators

### 4.1 Company Background

The Company was incorporated on 22 March 2005 and primarily focused on the re-development of the Lace Diamond Mine ("LDM") located near Kroonstad, South Africa, which was first mined between 1901 and 1931. *Re-development was to mine to access the kimberlite pipe known to extend to depths below 850m with a view to restarting diamond production from this pipe in early 2016.*

### 4.2 Group Structure

The Company is the ultimate parent of the group and wholly owns DiamondCorp Holdings Limited ("DHL"), a BVI Incorporated Company. DHL, in turn, owns 74% of the issued share capital of Lace Diamond Mines (Pty) Limited ("LDMPL") and all of the issued capital of Soapstone Investments (Pty) Limited, both of which are incorporated in South Africa. DHL also owns DCP Diamonds BVBA, incorporated in Belgium. The Black Economic Empowerment ("BEE") partners each hold 13% of the issued share capital of LDM. The Empowerment Agreement and Shareholders' Agreement govern the relationship between DHL and the BEE Partners in relation to LDM.

# DiamondCorp Report

A group structure is detailed below:

## 4.3 Funding

In July 2012, the Industrial Development Corporation of South Africa ("IDC") agreed to lend Lace Diamond Mines (Pty) Limited ("LDMPL") R220 million, providing the Company raised an additional R100 million. As such, DHL agreed a US\$6million Term Loan with Laureilton Diamonds Inc. ("LDI"), a wholly owned subsidiary of Tiffany & Co., and entered into an Offtake Agreement. The Offtake Agreement gave LDI the right to purchase production from the LDM, subject to any purchases by the South African State Diamond Trader, providing the production from LDM met quality and colour standards.

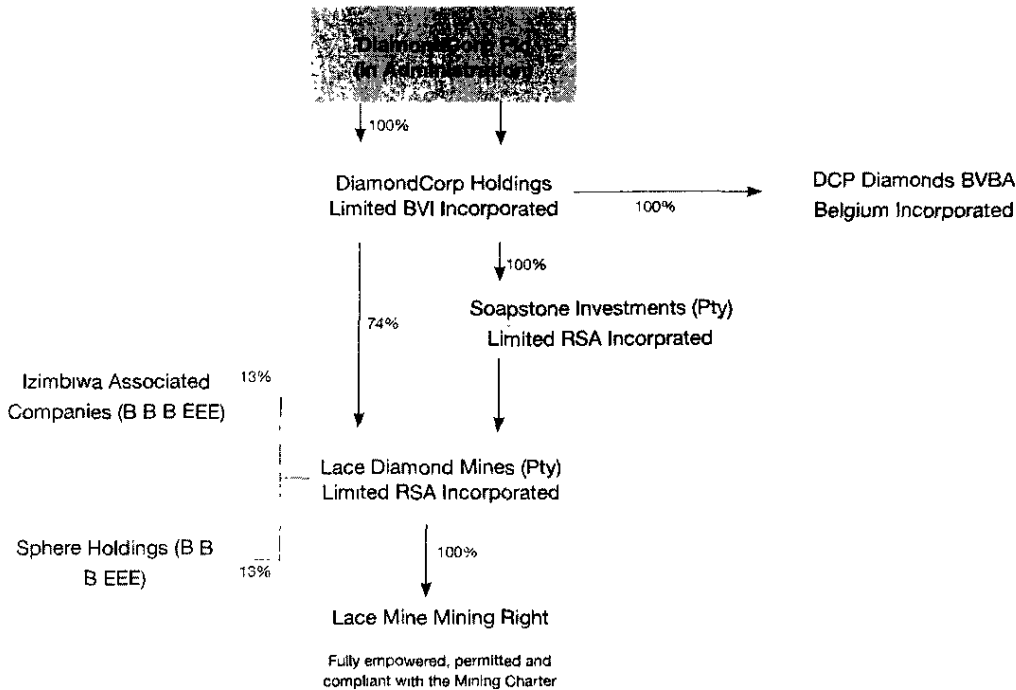
The Company also issued £4.2million (R59m) of 14 percent

senior secured convertible bonds in South Africa and the UK.

Following this capital being secured, work on the underground development commenced in January 2013.

In April 2014, the Company issued new shares, listed on both the AIM Market of the London Stock Exchange ("LSE") and on the Alternative Exchange of the Johannesburg Stock Exchange Limited ("JSE") for £2.1million and in July 2015, a Placing and Open Offer raised £5.7million.

In December 2015, a further £4million was raised for the underground development at the LDM with additional funding being secured by way of a £700,000 Shariah-compliant secured convertible financing facility with the Company's major shareholder Rasmala plc ("Rasmala").





## DiamondCorp Report

#### 4.4. Events leading up to the appointment of the Administrators

Throughout 2016, the Company had been developing LDM, in South Africa, however, on 11 November 2016, two thunderstorms passed over LDM which overwhelmed the mine's pumping systems and flooded the mine.

As a result, LDM needed to be drained of water, which was estimated to take at least a week. Once drained, production would not be possible in the short-term as the mine's key production asset was operating at the time of the flood, and was needed to be recovered and repaired, which was estimated to take up to 12 weeks.

Due to the impact of the flood on the Group's financial position, management began investigating their options including consulting a Business Rescue Practitioner for the Company's operating subsidiary, LDMPL and requested a suspension of shares on both the LSE and JSE. Subsequently, in November 2016, LDMPL was placed into Business Rescue in South Africa. The Company's shares would remain suspended until the successful completion of the Business Rescue and completion of the anticipated Phase 2 fundraise (described below).

The Company went on to announce that LDM was clear of water and the longhole drill rig had been moved and was awaiting remediation of the access ramp before being brought to surface for rebuilding. In addition, LDM was in the process of claiming against its insurance policy in respect of damage and remediation.

Management, alongside the Company's auditors, continued to evaluate the Group's financial projections with a view to determining the resultant additional capital requirement in the event of a successful Business Rescue.

In December 2016, the Company announced that IDC, had formally agreed to a standstill with respect to its rights under the secured project loan until the completion of the business rescue process and that the Company engaged with the Group's bond holders to achieve similar formal agreements. It was also announced that LDI, had agreed to roll up its interest until November 2017 and defer capital repayments until March 2018, with interest being accrued during the deferral period.

In addition, whilst the Company had repaid ZAR 5,067,000

(approximately £290,000) of the financing with Rasmala, they had agreed to extend the repayment of the balance until 30 March 2017.

In January 2017, the Company declared a proposed conditional placing to raise gross proceeds of c.£1 million (the "Placing") through issuing new ordinary shares of 0.1 pence each (the "Placing Shares") with attached warrants over new ordinary shares ("Warrants"). It was expected that the Placing Shares would be priced at, c.4 pence each, with Warrants expected to be exercisable at 1 pence between 1 November 2017 and 30 June 2019.

The Placing was being conducted through a book building process, but completion and settlement of would be conditional upon, inter alia, concluding a labour agreement with AMCU on terms approved by the BRP, on behalf of LDM, and by the Board of the Company. It was advised that the agreement between the BRP and AMCU regarding staffing and wages needed to be finalised or it was likely that the Group would enter into insolvency proceedings.

The net proceeds of the Placing, together with the Group's current cash, was to be utilised towards LDM care and maintenance and mine remediation ("CMR") costs, the costs of the ongoing Business Rescue, and cash settlement of the agreement to be reached regarding labour

The Company also advised that it had entered into standstill agreements with the Group's UK and South African bond holders and announced that LDM was currently non-operational, pending receipt of sufficient funding for the CMR costs and that the insurance policy covered the flood damage to movable equipment and repairs to the damaged longhole drill rig. The insurance claim was ongoing.

It was also confirmed that standstill agreements had been formally entered into with the group's UK and South African bond holders until LDMPL's Business Rescue had been concluded or until 13 March 2017, whichever occurs first. In the event an extension was necessary, the group would seek to extend the duration of the creditor standstill and amendment agreements if appropriate.

In order to formally enter into, and complete a CMR programme at LDM, it was critical that an agreement was reached with the AMCU to address staffing and labour and those employees required for recommencement of

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production ramp-up from the UK4 mine.

During the Phase 1 CMR period, the Company would recommence water pumping and rehabilitate underground roadways, enabling the longhole drill rig to be brought to surface and underground electrics repaired and restored ready for the mine to restart while the rig was rebuilt.

In the same period, the Business Rescue Practitioners ("BRP") were to complete a business rescue plan to restructure LDM's creditor position such that LDM and the group could achieve a solvent exit from the business rescue. Once proposed, the business rescue plan was to be voted upon by LDM creditors. Whilst financial projections were ongoing, it was estimated that the necessary Phase 2 funding could be c.£3-5 million.

While the Phase 2 mining of UK4 continued, the Company would need to arrange additional funding to access and develop kimberlite deeper than the existing production level. Management were in discussions with certain senior personnel with a view to them joining the Company in conjunction with the Phase 2 fundraising and managing the LDM production and development activities. Such positions were anticipated to include Board appointments.

In January 2017, the Company announced that progress had been made with the Placing, however, in order to facilitate interest, the closing of the book was being extended to 16:00 UK time on 20 January 2017. Closing remained conditional upon, inter alia, concluding a labour agreement with the AMCU on terms approved by the BRP, on behalf of LDM, and by the Board of the Company.

In January 2017, AMCU had been engaging management and an agreement was reached in principle but remained subject to satisfactory documentation and final terms, and also that the BRP of LDMPL had been unable to reach agreement with the secured lender in respect of Placing issues and the Board's obligations.

Without agreement on these points, the Board were unable to proceed with the Placing and the Company would need to be placed into administration.

In order to finalise the agreement in principle reached with AMCU, and to provide maximum time for the IDC to decide whether to agree to the conditions necessary for the Placing

to be concluded, admission was delayed until noon on 30 January 2017.

On 31 January 2017, conditions to the Placing had not been met, however, discussions were continuing and the agreement in principle reached with the AMCU was progressing.

On 28 February 2017, a formal agreement (the "IDC Agreement") had been entered into between IDC, the BRP and DHL, in relation to the ability for DCH to advance a PCF loan or loans to the Group's operating subsidiary LDMPL (a "PCF Loan"), with any such loans secured against LDMPL's assets. This would be in priority to all existing indebtedness of LDMPL with the exception of the first c.ZAR1.2 million that would shortly be ceded by IDC from proceeds of an insurance claim received by LDMPL.

Pursuant to any PCF Loan, amounts drawn down by LDMPL would bear an interest rate of 13.5 per cent per annum and would be repayable upon completion of the Business Rescue process or after six months, whichever was sooner and upon the election of the Company. LDMPL would be permitted to prepay a PCF Loan at its election without penalty.

The IDC Agreement provided for a PCF Loan to be made either in addition to or as a substitute for the Placing, the conditions for which have yet to be met. It is intended pursuant to the IDC Agreement that the BRP will in due course publish a Business Rescue Plan to be voted upon by the LDM creditors that would provide, inter alia, for DCH (and therefore the Company) to maintain its controlling shareholding in LDM and to seek sufficient additional, Phase 2, finance within 90 days of publication and to successfully conclude the Business Rescue process. The BRP was also able to continue to solicit expressions of interest for a strategic investor(s) in LDM.

Discussions continued between AMCU and the BRP under the supervision of the South African Commission for Conciliation, Mediation and Arbitration (SACCMA). It was again advised that in the event that the original agreement in principle was not finalised then it was expected that LDMPL and the Company's ability to execute the mine's CMR programme would be compromised.

The Board reiterated there were no guarantees that an

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agreement with AMCU could be obtained in time or that finance could be obtained to continue with the Business Rescue process. In the absence of a successful continuation and conclusion of the Business Rescue process, it was likely that the Group would be placed into administration.

On 3 April 2017, the Company announced that discussions between AMCU and the BRP had terminated without settlement. Consequently, employee levels would be reduced.

Additionally, the senior secured status necessary pursuant to the IDC Agreement was no longer available for new funding, as in a liquidation priority is given to employment related amounts.

The Board of the Company advised the BRP and the IDC that unless there was an accelerated plan and route for funding in place which could be completed by mid-May 2017, including a successful exit from the Business Rescue process, then the Group would need to be placed into administration.

Consequently, no agreement in principle could be reached with South African bond holders and insufficient progress had been made in relation to an accelerated plan and route for funding, including a restructuring of all debt and additional equity funding. The protracted discussions with AMCU, which was terminated in early April 2017, obstructed the vital CMR programme, caused reductions in employee levels, and was the primary cause for the £1m equity fundraise to not be successfully settled.

This led to liquidity issues for the Group and the Company, which was now considered to no longer be able to continue trading as a going concern.

### 4.5 Appointment of Administrators

On 28 April 2017, the Board of the Company, having taken advice, concluded that the Group was no longer able to continue trading as a going concern and filed notice of intention to appoint Stephen Cork and Joanne Milner of Cork Gully LLP as Administrators.

On 9 May 2017, Stephen Cork and Joanne Milner were appointed Joint Administrators of the Company by the directors. Pursuant to paragraph 100 (2) of Schedule B1 to the Act, the Joint Administrators act jointly and severally so

that all functions may be exercised by either or both of the Joint Administrators.

Extracts from the Company's financial statements which show the trading performance are set out below. It should be noted that the management accounts have not been verified for accuracy and therefore may not reflect the Company's true trading position.

### 5. Management of the Administration since appointment

Following our appointment, we discharged our obligations with regard to statutory and compliance matters. We have complied with all necessary statutory notices and other requirements. Advertisements were placed in the London Gazette on 12 May 2017 regarding the Administrators' appointment and requesting that any creditors of the Company prove their debts by 14 June 2017.

The Administrators have reviewed staffing levels and, from the three employees of the Company, have retained one employee. Dismissed employees are being assisted in the submission and management of their redundancy and other claims under the Employment Rights Act.

The Administrators are seeking new investment and are in the process of marketing LDM for sale to compliment the work undertaken by the BRP.

The investment process undertaken by the BRP to date has resulted in a number of interested parties seeking additional information. Out of five bidders, only one offer was received, however, funding was unable to be secured.

BRP, together with the Administrators, have now commenced working on a business rescue plan which will cover requests for PCF from IDC and to run another public process. Since our appointment, there have been additional interested parties and this process will accommodate bidders introduced by both BRP and the Administrators.

The Administrators will be preparing a sales memorandum for release to any interested parties that are identified. Suitable advertisements will also be placed if deemed appropriate.

In addition to the above, the Administrators will be taking steps to realise all additional assets of the Company.

## DiamondCorp Report

primarily, the cash at bank, and will commence their investigations with regards to the affairs of the Company as soon as possible.

### 6. Financial position of the Companies

#### 6.1 Financial Statements

The following table shows an analysis of the Company's financial position as taken from the Company's audited financial statements:

	Year ending 31 /12/2016 (Unaudited Management Accounts)	Year ending 31 /12/2016 (Audited Management Accounts)
<b>Non Current Assets</b>		
Mining rights	217,986	237,804
Investments in subsidiaries	5,127,501	4,672,501
Loans to group companies	25,191,153	20,804,406
	<b>30,536,640</b>	<b>25,714,711</b>
<b>Current Assets</b>		
Cash and cash equivalents	37,864	1,618,259
	<b>37,864</b>	<b>1,618,259</b>
<b>Total Assets</b>	<b>30,574,504</b>	<b>27,332,970</b>
<b>Shareholdings</b>		
Share capital	8,507,084	8,439,421
Share premium	39,918,201	36,186,925
Warrant reserve	-	-
Share option reserve	572,936	561,818
Retained losses	-22,581,445	-21,781,392
	<b>26,416,776</b>	<b>23,406,772</b>
<b>Non-Current Liabilities</b>		
Financial guarantee contracts	455,000	455,000
	455,000	455,000
<b>Current Liabilities</b>		
Compound instruments – debt component	1,935,202	1,363,050
Compound instruments – derivative component	1,226,120	1,480,203
Other payables	128,157	627,945
Other current borrowings	413,249	-

	3,702,728	3,471,198
<b>Total Liabilities</b>	<b>4,157,728</b>	<b>3,926,198</b>
<b>Total Equity and Liabilities</b>	<b>30,574,504</b>	<b>27,332,970</b>

Due to the short period of time that has passed since the Administrators appointment, an estimated Statement of Affairs has been prepared by the Administrators from the records of the Company.

The estimated Statement of Affairs is attached at Appendix II, together with a list of the names and addresses of all known creditors and the amounts of their debts.

#### 6.2 Assets

- Cash at Bank**

As per the Statement of Affairs, the cash held in the Company's pre-appointment bank accounts is estimated to realise the sum of £81,306.

Immediately following the Administrators' appointment, the Company's bankers were contacted and arrangements were made for the Company's bank accounts to be closed and any residual balances to be transferred to the administration.

- Investments & Loans**

The investments in subsidiaries, and the loans to group companies, have book values of £5,127,501 and £25,191,153 respectively.

The estimated to realise value of these assets is currently uncertain and the Administrators will be undertaking further investigation into these assets to ascertain whether there is any realisable value.

- Mining Rights**

As per the Statement of Affairs, the Company holds certain mining rights which have a book value of £217,986. These are the rights that allow the Company to extract minerals from a particular piece of land.

It is currently uncertain whether this asset will generate any realisations, however, additional investigations will be carried out by the Administrators in this regard.

## DiamondCorp Report

### 6.3 Creditors

- **Secured Creditors**

There are no secured creditors in this matter.

- **Preferential Creditors**

Preferential claims ordinarily include those of employees in respect of arrears of pay (up to a maximum of £800 per employee) and accrued holiday pay in accordance with the Insolvency Act 1986. Such claims are paid out of net realisations in priority to the ordinary unsecured creditors.

It is anticipated there will be preferential claims totalling approximately £5,000.

- **The Prescribed Part**

There are provisions of the insolvency legislation that require an administrator to set aside a percentage of a company's floating charge assets for the benefit of the unsecured creditors in cases where the company gave a floating charge over its assets to a lender on or after 15 September 2003. This is known as the "prescribed part of the net property". A company's net property is that left after paying the preferential creditors, but before paying the lender who holds a floating charge. An administrator has to set aside:

- 50% of the first £10,000 of the net property; and
- 20% of the remaining net property up to a maximum of £600,000.

As there are no unsatisfied fixed or floating charges created on or after 15 September 2003, the Prescribed Part will not apply.

- **Unsecured Creditors**

- **- UK Bond Holders**

The Company had bond holders who purchased a number of bonds and earned interest based on prevailing interest rates.

As at 31 December 2016, and as detailed in the Company's estimated Statement of Affairs, the bond holders are owed a total of £2.08million, including

interest.

Details are as follows:

Bond Holder	Amount owed (£)
El Oro Limited	70,104.74
Euan Worthington	160,833.93
Loeb Aron & Co.	84,125.70
Majedie Asset Management Ltd	1,608,339.30
Paul Loudon	160,833.93
<b>Total</b>	<b>2,084,237.60</b>

- **- Guarantees**

In accordance with the Loan Agreement, LDI loaned DCH two amounts of \$3million, being a total of \$6million. Taking into consideration accrued interest on the loan of \$2.37million, this brings the total amount due to LDI to \$8.37million. These amounts have been guaranteed by the Company.

As at the date of administration, the exchange rate per £ was 1.29. As such, for statement of affairs purposes, the amount owed to LDI as per the statement of affairs is £6.48million.

The Administrators are also aware of two South African bond holders who purchased bonds in Soapstone Investments (Pty) Limited for a total of ZAR40,000,000. These bonds are guaranteed by the Company and, as at the date of administration, equate to a value of £2.27million. Interest has been earned on these bonds based on prevailing interest rates.

Details of the bond holders, excluding the amount of interest owed, are as follows:

Bond Holder	Amount owed (incl. interest) (ZAR)
Momentum Income Plus Fund	30,000,000.00
Fairtree Capital (Pty) Ltd	10,000,000.00
<b>Total</b>	<b>40,000,000.00</b>

- **- Trade & Expense Creditors**

As per the Statement of Affairs, the unsecured creditors of the Company total £342,439 and

## DiamondCorp Report

include trade creditors and HM Revenue & Customs outstanding liability for PAYE.

### 7. Administrators' Receipts and Payments Account

A summary of the Administrators' receipts and payments account for the period 9 May 2017 to 22 May 2017 is attached at Appendix III. Creditors will note that, to date, there have been no receipts or payments in respect of the Company.

### 8. Proposed future actions of the Administrators to achieve the objective of the Administration and anticipated exit

The Administrators will primarily be focussing on the realisation of the Company's assets as per the Statement of Affairs and, where necessary, liaising with the BRP to establish whether any value can be obtained for the Company's investments in its subsidiaries.

The Administrators will also be conducting a detailed statutory investigation into the affairs of the Company, prior to the appointment of Administrators, and reporting their findings to the Secretary of State as a standard part of the administration process.

In due course it is anticipated that the Administration will be ended and the Company placed into Creditors Voluntary Liquidation.

### 9. Pre-administration Remuneration & Expenses

Pursuant to Rule 3.52 of the Insolvency Rules 2016 ("the Rules"), certain costs incurred in preparing and planning for the administration may, with the requisite approval, be paid as an expense of the administration. Pre-administration costs are defined as the fees charged, and expenses incurred, by the Administrators or another person qualified to act as an *Insolvency Practitioner before a company enters into administration*, but with a view to doing so.

The Directors of the Company instructed Cork Gully LLP to assist them in placing the Company into administration on 28 April 2017. The Board agreed that Cork Gully LLP should be paid pre-appointment fees and expenses on a time cost basis with the resolution of creditors.

The pre-administration costs are based on time costs and expenses incurred in accordance with the charge out rates for Cork Gully LLP as detailed in Appendix IV. The services provided included the following:

- Advising the directors regarding the Company's financial position and the options available
- Drafting the engagement letter for the directors to appoint Cork Gully LLP, case set up and ethical checks required to be undertaken
- Completion of requisite anti-money laundering procedures in accordance with relevant legislation
- Review of the Company's financial history and assets
- Analysis of the Company's incorporation documents to ensure board meetings were correctly and compliantly convened and held
- Assisting the directors with the preparation and swearing of the notice of intention to appoint administrators and ensuring the filing of the notice in the High Court of Justice
- Serving the notice of intention to appoint administrators on the parties required under the Act
- Advice concerning the financial control of the Company up to the date that the Company entered administration, including ensuring, for the benefit of creditors, the protection of the Company's businesses and assets
- Preparing the necessary documentation for the directors to swear to place the Company into administration and ensuring the filing of thereof in the High Court of Justice
- Internal discussions and preparation of strategy of the administration and ensuring that objective (b) of administration was appropriate

Attached at Appendix IV is a schedule summarising the time spent by Cork Gully LLP in the period prior to the administration. The pre-administration time costs and expenses incurred (excluding VAT) amount to £23,208.00 and £50.00 respectively. No payment has yet been made to Cork Gully LLP.

## DiamondCorp Report

### 10. Administrators' Remuneration and Expenses

The insolvency legislation was changed in October 2015, with one or two exceptions, for insolvency appointments made from that time. The legislation now allows different fee bases to be used for different tasks within the same appointment. The fee bases, or combination of bases, set for a particular appointment is/are subject to approval, generally by a committee if one is appointed by the creditors or, failing which, the creditors in general meeting or the Court.

The alternative fee bases by which an office holder may now charge his fees for tasks within an appointment are either by reference to the time spent on attending to particular matters or, alternatively, either as a fixed fee or as a percentage of realisations. A copy of Cork Gully LLP's practice fee recovery policy is attached at Appendix VIII, which provides additional information in this regard.

Those responsible for approving the payments to an office holder or their associates should be provided with sufficient information to make an informed judgement about the reasonableness of the office holder's requests. This report is therefore written to comply with this requirement.

In accordance with Statement of Insolvency Practice 9, information which explains the ways in which a Administrator may be remunerated and sets out the information that should be made available to creditors before they are asked to consider a resolution to approve remuneration, called "A Creditor's Guide to Administrators' Fees", is available at:

[https://www.r3.org.uk/media/documents/publications/professional/Guide\\_to\\_Administrators\\_fees\\_April\\_2017.pdf](https://www.r3.org.uk/media/documents/publications/professional/Guide_to_Administrators_fees_April_2017.pdf)

Alternatively a paper copy may be requested from this office.

#### Fee Basis & Estimate

I attach a copy of my practice fee recovery policy at Appendix VIII. In this case, I am seeking to fix the basis of my remuneration on a time cost basis, i.e. by reference to time properly spent by me and my staff at our standard hourly charge out rates. This is the preferred basis, as the final amount of work required cannot be identified with enough certainty for me to seek remuneration on a fixed or percentage basis.

I am seeking a decision by written correspondence in this regard. Notice of such a decision is attached.

When I seek approval for my fees on a time cost basis, I have to provide a fee estimate. That estimate acts as a cap on my time costs in order that I cannot draw fees of more than the estimated total time costs without further approval from those who approved the fees.

My fee estimate for the total time costs to be incurred during the administration and subsequent liquidation is attached at Appendix VI, together with Cork Gully LLP's charge out rates and details of the minimum charging units. The estimate sets out the estimated total number of hours and total cost to undertake the required work, broken down by category of work to be undertaken and the grade of staff anticipated to undertake the work.

The fee estimate anticipates that my staff and I will spend a total of £103,220, representing 326 hours on matters relating to the administration at an average charge out rate of circa £317 per hour.

The fee estimate also provides an average hourly rate, otherwise known as a "blended" rate, for each category of work to be undertaken. The blended rate is higher or lower for certain categories of work depending on the level of staff required to undertake the tasks within that category.

Based on present information, the routine and case specific work to be undertaken with regard to each category of work is as follows:

#### Administration and Planning

- Preparing the documentation and dealing with the formalities of appointment
- Statutory notifications and advertising
- Maintaining physical case files and electronic case details on IPS Case Management software
- Case bordereau
- Insurance
- Securing and arranging collection of the Company's books and records

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- Arranging storage of the Company's books and records
- Case planning, to include internal strategy meetings and discussions
- Case reviews as required by regulatory best practice
- Dealing with post and all routine correspondence
- Preparing statutory reports to creditors, including notice of Administrators' appointment and report to accompany the Administrator' request for fee approval
- Opening and managing the Administrators' bank account and cashbook
- Ensuring statutory lodgement and tax lodgement obligations are met
- Travelling to and from the Company's premises

### Realisation of Assets

- Review and analysis of accounts and bank statements
- Corresponding with pre-appointment bankers to freeze the Company's accounts and realise cash at bank
- Review of property leases and associated terms
- Review of the entities' affairs and records generally to ascertain no additional assets have been omitted from the statement of affairs
- Continuing to liaise with various interested parties regarding the potential sale of the Company's assets
- Corresponding with BRP regarding the sale of the Company's assets

### Investigations

- Liasing with the Company's directors with respect to enquiries into the Company's affairs
- Review of questionnaires completed by the director and former directors
- Review of books and records to identify any transactions or actions a liquidator may take against a third party in order to recover funds for the benefit of creditors

- Statutory investigations, including any required reporting under Company Directors Disqualification Act 1986 and file notes to comply with regulatory best practice

### Creditors

- Dealing with trade and expense creditor enquiries and correspondence to include written and verbal communications
- Maintaining creditor information on IPS Case Management software
- Adjudicating creditor claims
- Paying dividends
- Statutory reporting
- Calculating and adjudicating employee claims against the Company
- Dealing with the Redundancy Payments Service with respect to employee claims.

### Shareholders

- Dealing with shareholder enquiries and correspondence to include written and verbal communications
- *Written responses to shareholder's requests for confirmation of nil value of shareholding for tax purposes*

*The fee estimate provided has been produced on information available to date. Whilst all tasks may not have a direct benefit to creditors by way of maximising realisations to the estate, we are required to carry these tasks out in accordance with statute or regulatory guidance or are necessary for the orderly conduct of the proceedings.*

It is likely that the asset realisations in the administration estate will not be sufficient to pay my time costs in full, in which case any outstanding balance will be written off by my firm. The ability to recover my time costs is therefore, in part, contingent on the aforementioned asset realisations.

In the event the known asset realisations become protracted or our work leads to further areas of investigation and/or



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the identification of potential additional asset recoveries and any associated action, such as arbitration or legal proceedings. It may be necessary to seek further creditor approval to draw fees in excess of the fees estimate.

To 22 May 2017, my staff and I have spent 67.50 hours attending to matters arising in the administration at an average charge out rate of £379.91 per hour, totalling £25,644.00. I attach a breakdown of this time at Appendix V, together with the Cork Gully LLP charge out rates and details of the minimum charging units.

The main work that has been undertaken to date is as follows:

- Post appointment notifications to creditors and dealing with creditor queries
- Submitting appointment documentation to Companies House
- Setting up internal case files
- Preparing bordereau
- Arranging for the Administrators appointment to be advertised in the London Gazette
- Collating information for the purposes of this report
- Securing books and records
- Liaising with the directors of the Company regarding information required for the purposes of this report
- Drafting the proposals and relevant appendices
- Corresponding with employees
- Circulating correspondence to employees
- Circulating initial notification to creditors regarding the Administrators appointment
- Corresponding with directors regarding ongoing duties
- Circulating relevant correspondence to directors regarding requirements going forward
- Liaising with interested parties
- Liaising with IAPL regarding the investment process

- Dealing with queries from unsecured creditors

### **Administrators Expenses**

When requesting the basis of my fee authority, I am required to confirm the anticipated expenses that are likely to be incurred in administering the estate. Such expenses are categorised as either Category 1 or Category 2.

### **Category 1 expenses**

Category 1 expenses are directly referable to an invoice from a third party which is either in the name of the estate or Cork Gully LLP; in the case of the latter the invoices makes reference to, and can therefore be directly attributed to, the estate. These disbursements are recoverable in full from the estate without the prior approval of creditors either by a direct payment from the estate or, where the firm has made payment on behalf of the estate, by a recharge of the amount invoiced by the third party. Examples of category 1 disbursements are statutory advertising, external meeting room hire, external storage, specific bond insurance and company search fees.

To date, no category 1 disbursements have been incurred.

### **Category 2 Expenses**

Category 2 expenses are incurred by the firm and recharged to the estate; they are not attributed to the estate by a third party invoice and/or they may include a profit element. These disbursements are recoverable in full from the estate, subject to the basis of the disbursement charge being approved by creditors in advance. Examples of category 2 disbursements are photocopying, internal room hire, internal storage and mileage.

Cork Gully LLP will not seek to charge or recover any category 2 disbursements incurred in respect of work undertaken on this assignment. Creditors' approval to draw category 2 disbursements is, therefore, not being sought on this occasion.

### **Further information**

In accordance with Statement of Insolvency Practice 9, information which explains the ways in which an Administrator may be remunerated and sets out the information that should be made available to creditors

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before they are asked to consider a resolution to approve remuneration, called "A Creditor's Guide to Administrators' Fees", is available at:

[http://www.icaew.com/~/media/corporate/files/technical/insolvency/creditors%20guides/2015/guide\\_to\\_administrators\\_fees\\_oct\\_2015](http://www.icaew.com/~/media/corporate/files/technical/insolvency/creditors%20guides/2015/guide_to_administrators_fees_oct_2015)

Alternatively a paper copy may be requested from this office.

Further information about creditors' rights can be obtained by visiting the creditors' information micro-site published by the Association of Business Recovery Professionals (R3) at <http://www.creditorinsolvencyguide.co.uk/>. We have also provided further details in the practice fee recovery policy for Cork Gully LLP which is attached at Appendix VIII.

### 11. Administrators' Investigations

The Administrators have a duty to consider the conduct of those who have been directors or officers of the Company at any time in the three years preceding the administration and to investigate the affairs of the Company in general in order to consider whether any civil proceedings should be taken on its behalf.

Please provide any information you have that you consider will assist in this duty. The Administrators would stress that this request for information forms part of our normal investigation procedure and should not be taken as an indication that any action ought to be, or will be, taken.

### 12. Administrators' Proposals

In order to achieve the objective set out at section 3 above, the Administrators formally propose to creditors in each individual company that:

(a) The Joint Administrators continue to manage the business, affairs and property of the Company in order to achieve the purpose of the administration. In particular, that they:

- i) pursue amounts due to the Company and, where appropriate, agree commercial settlement
- ii) sell the Company's assets at such time(s) and on such terms as considered appropriate
- iii) investigate and, if appropriate, pursue any claims that the Company may have against any person.

firm or Company whether in contract or otherwise, including any officer or former officer of the Company or any person, firm or Company which supplies or has supplied goods or services to the Company;

iv) do all such things and generally exercise all their powers as Joint Administrators as they in their discretion consider desirable or expedient in order to achieve the purpose of the administration or protect and preserve the assets of the Company or maximise the realisations of those assets, or of any purpose incidental to these proposals.

(b) The Administrators continue to investigate the circumstances of the failure of the Company and the conduct of its officers and former officers with a view to meeting their statutory duties under the Company Director Disqualification Act as well as considering whether any legal action ought properly to be brought on behalf of the Company against any party.

(c) The Administrators be at liberty to extend the term of the administration beyond its first anniversary as necessary in the event that, in their opinion, the purpose of the administration may be met following the expiry of the initial term of one year.

(d) If it appears that there will be sufficient funds to pay a dividend to the unsecured creditors, the administration will end by placing the Company into creditors' voluntary liquidation and Stephen Cork and Joanne Milner will be appointed as Joint Liquidators of the Company.

For the purpose of the winding up, any act required or authorised under any enactment to be done by the Joint Liquidators is to be done by all or any one or more of the persons for the time being holding office. Creditors may nominate a different person(s) as the proposed liquidator(s), but you must make the nomination(s) at any time after you receive these proposals, but before they are approved. Information about the approval of proposals is discussed in the report.

(e) If it appears that there will be insufficient funds to pay a distribution to unsecured creditors of the Company, the administration will end by filing a Notice of Dissolution with the Registrar of Companies. The Company will then automatically be dissolved by the Registrar of

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Companies three months after the notice is registered.

(f) The administration of the Company will end by giving notice to the Court, creditors and Registrar of Companies that the objective of the administration has been achieved

(g) Creditors consider and if thought fit appoint a creditors' committee to assist the Joint Administrators (such committee must comprise between 3 and 5 creditors).

(h) The Administrators be remunerated by reference to time properly spent by them and their staff in dealing with matters relating to the Administration of the Company, such time to be charged at the Cork Gully LLP hourly charge out rates of the grade of staff undertaking the work at the time it was undertaken. We estimate that our time costs for undertaking all work in connection with the Administration and undertaking the liquidation of the Company will be £103,220.00 plus VAT. Details of the current charge out rates for our staff and a fee estimate summary providing more information are outlined at Appendix VI.

(i) The Joint Administrators be discharged from liability under the administration in accordance with Paragraphs 98 and 99 of Schedule B1 of the Insolvency Act 1986 immediately upon the Administrators' filing of their final progress report and vacating office.

(j) The Joint Administrators be authorised to draw the outstanding pre-administration time costs and expenses of £23,208.00 and £50.00 respectively, plus VAT, as an expense of the administration.

### 13. Approval of Proposals

Given the level of asset realisations remains uncertain, it is currently unknown whether there will be sufficient funds to enable a distribution to the unsecured creditors. As such, the Administrators have included the relevant resolutions within the proposals to exit the administration via creditors' voluntary liquidation or dissolution, as deemed appropriate.

In this regard, please refer to Appendix VII where you will find the relevant information and forms in respect of the decision making process. Please be advised the completed voted form, together with a completed statement of claim

form, must be received at my offices no later than 23:59 on 8 June 2017 in order for your vote to be counted.

### 14. Further information

Should you require any further information relating to these proposals or the administration of the Company, please do not hesitate to contact Becky Withington on 020 7268 2150 or at [beckywithington@corkgully.com](mailto:beckywithington@corkgully.com).

Yours faithfully

For and on behalf of the Company



**Stephen Cork**  
**Joint Administrator**

## Appendix I - Statutory Information

<b>Company name:</b>	<b>DiamondCorp Plc (In Administration)</b>
Previous name:	N/A
Company number:	5400982
Date of incorporation:	22-Mar-05
Trading address:	N/A
Current registered office:	6 Middle Street, London, EC1A 7JA
Principal trading activity:	Holding company
Date of appointment:	09-May-17
Appointment made by:	Directors
Court name and reference:	High Court of Justice, Companies Court (Case No 3325 of 2017)
Administrators appointed:	Stephen Robert Cork and Joanne Milner of Cork Gully LLP

<b>Directors</b>	<b>Appointed</b>	<b>Resigned</b>
Christopher Ellis	01-Feb-16	To date
Paul Loudon	29-Mar-05	To date
Neil McDougall	27-Oct-16	To date
Richard Allen	29-Mar-05	01-Feb-16
John Scholes	01-Aug-13	27-Oct-16
Jcnathan Willis Richards	18-May-06	13-Dec-16
Euan Worthington	18-May-06	20-Oct-16

<b>Company secretary</b>	<b>Appointed</b>	<b>Resigned</b>
City Group Plc	01-Jun-10	To date

<b>Share Type</b>	<b>Amount</b>	<b>Value (£)</b>
Deferred	276,839,478	8,028,344.86
Ordinary	5,000,000	5,000.00
Ordinary	52,731,263	52,731.26
Ordinary	318,365,478	318,365.48
Ordinary	32,337,000	32,337.00
Ordinary	2,642,839	2,642.84
Ordinary	34,329,667	34,329.67
<b>Total</b>	<b>722,245,725</b>	<b>8,473,751.11</b>

Please note the shareholder information has been taken from the most recent Annual Return filed at Companies House

## Appendix II - Estimated Statement of Affairs

### A - Summary of Assets

	Book Value (£)	Estimated to Realise (£)
Assets subject to fixed charge		
No assets subject to fixed charge	-	-
<b>Uncharged assets:</b>		
Cash at bank	81,306	81,306
Property, plant and equipment	217,986	Uncertain
Investments in subsidiaries	5,127,501	Uncertain
Loans to group companies	25,191,153	Uncertain
<b>Estimated total assets available for preferential creditors</b>	<b>30,617,946</b>	<b>81,306</b>

### A1 - Summary of Liabilities

	Estimated to Realise (£)
<b>Estimated total assets available for preferential creditors (carried from above)</b>	<b>81,306</b>
<b>Liabilities</b>	
Preferential Creditors	
Employee Arrears of Wages and Holiday Pay	70,000
<b>Estimated deficiency/surplus as regards preferential creditors</b>	<b>71,306</b>
Estimated prescribed part of net property where applicable (to carry forward)	NIL
<b>Estimated total assets available for floating charge holders</b>	<b>71,306</b>
Debts secured by floating charge pre 15 September 2003	NIL
<b>Estimated deficiency/surplus of assets after floating charges</b>	<b>71,306</b>
Estimated prescribed part of net property where applicable (brought down)	NIL
<b>Total assets available to unsecured creditors</b>	<b>71,306</b>
Unsecured non-preferential claims (excluding any shortfall to floating charge holders)	(8,915,048)
Estimated deficiency/surplus as regards non-preferential creditors (excluding any shortfall to floating charge holders)	(8,843,742)
Shortfall to floating charge holders (brought down)	NIL
<b>Estimated deficiency/surplus as regards creditors</b>	<b>(8,843,742)</b>
Issued and called up capital	8,507,084
<b>Estimated total deficiency/surplus as regards members</b>	<b>(17,350,826)</b>

## Appendix II - Estimated Statement of Affairs

### Company Creditors

Name of Creditor	Address (with postcode)	Amount of Debt (£)	Details of any security (if any)	Date Security Given	Value of Security
El Oro Limited	41 Cheval Place, London SW7 1EW	70,104.74	N/A	N/A	N/A
Euan Worthington	Six Yards House, Stoke Charity, Winchester, Hampshire, SO21 3PF	160,833.93	N/A	N/A	N/A
Loeb Aron & Co.	c/o City Group Plc, 6 Middle Street, London, EC1A 7JA	84,125.37	N/A	N/A	N/A
Majedie Asset Management Ltd	10 Old Bailey, London, EC4M 7NG	1,606,339.30	N/A	N/A	N/A
Paul Loudon	Glendree, Feakle, County Clare, Ireland	160,833.93	N/A	N/A	N/A
Laurelton Diamonds Inc.	c/o Reed Smith, The Broadgate Tower, 20 Primrose Street, London, EC2A 2RS	6,488,372.09	N/A	N/A	N/A
City Group	6 Middle Street, London, EC1A 7JA	8,277.88	N/A	N/A	N/A
CO Services (BVI) Limited	Rodus Building, PO Box 3093, Road Town, Tortola, VG1110, BVI	1,259.69	N/A	N/A	N/A
Computershare UK DIA100	The Pavilions, Bridgwater Road, Bristol, BS13 8AE	1,119.82	N/A	N/A	N/A
Computershare SA DIA005	70 Marshall Street, Johannesburg, 2001, South Africa	3,914.16	N/A	N/A	N/A
Gowlings (UK) LLP	4 More London Riverside, London, SE1 2AU	61,002.94	N/A	N/A	N/A
Hogan Lovells	22 Fredman Drive, Sandton, Johannesburg	73,391.52	N/A	N/A	N/A
HMRC - PAYE	Room BP3202, Benton Park View, Longbenton, Newcastle-Upon-Tyne, NE98 1ZZ	4,210.65	N/A	N/A	N/A
Johannesburg Stock Exchange	One Exchange Square, Gwen Lane, Sandown, South Africa	1,893.62	N/A	N/A	N/A
London Stock Exchange	10 Paternoster Row, London, EC4M 7LS	9,000.00	N/A	N/A	N/A
Malanshofes Attorneys	East Building, 85 Central Street, Houghton, Johannesburg, 2196, South Africa	7,218.27	N/A	N/A	N/A
Monard Law	Tervurenlaan 270, Av De Tervueren, B-1150, Brussels	2,860.17	N/A	N/A	N/A
O&G Supplies	Unit 12, Latimer Road, London W10 6RQ	503.62	N/A	N/A	N/A
Panmure	One New Change, London, EC4M 9AF	59,295.55	N/A	N/A	N/A
Qinisele Resources	The Forum, Office 1301, 2 Maude Street, Sandton, 2196, South Africa	38,877.68	N/A	N/A	N/A
Rasmala	Milton Gate, 60 Chiswell Street, London, EC1Y 4SA	59,994.20	N/A	N/A	N/A
Raven Specialise Tax Solutions	1 Longueville Way, Bergvliet, Cape Town 7945, South Africa	620	N/A	N/A	N/A
Russel & Associates	42 Glenhove Road, Melrose Estate, Johannesburg, 2196, South Africa	1,137.17	N/A	N/A	N/A
Sasfin Capital	29 Scott Street, Waverley, Johannesburg, 2090, South Africa	5,735.27	N/A	N/A	N/A
Strate	9 Fricker Road, Illovo Boulevard, Illovo, Sandton, 2196, South Africa	1,762.24	N/A	N/A	N/A
Werksmans Attorneys	155 5th Street, Sandton, 2196 South Africa	364.09	N/A	N/A	N/A
<b>Total</b>		<b>6,915,047.88</b>			

## Appendix III - Administrators' Abstract of Receipts and Payments

### Administrators' Abstract of Receipts and Payments

For the Period 9 May 2017 to 22 May 2017

Statement of Affairs (£)		From 09/05/17 To 22/05/17 (£)
	<b>Asset Realisations</b>	-
81,036.00	Cash at Bank	-
Uncertain	Property, plant & equipment	-
<i>Uncertain</i>	<i>Investments in subsidiaries</i>	-
Uncertain	Loans to group companies	-
	<b>Cost of Realisations</b>	-
	<b>Balance in hand</b>	-

## Appendix IV - Pre-Administration Time Costs

### Cork Gully Time Analysis for the period to 9 May 2017

For the period to 9 May 2017

Classification of Work Function	Partner	Manager	Other Senior Professionals	Assistants & Support Staff	Total Hours	Time Cost (£)	Average Hourly Rate (£)
Administration & Planning	35.00	0.00	5.20	0.00	40.20	23,208.00	577.31
<b>Total Hours</b>	<b>35.00</b>	<b>0.00</b>	<b>5.20</b>	<b>0.00</b>	<b>40.20</b>	<b>23,208.00</b>	<b>577.31</b>

#### Cork Gully LLP charge out rates\* From 1 September 2013 (£)

Partners/Directors	495-620
Associates/Managers	350-450
Other Senior Professionals	240-290
Assistants and Support Staff	85-225

\*Time is charged at the minimum level of 6 minutes



## Appendix V - Time Costs

### Cork Gully Time Costs for the period 9 May 2017 to 22 May 2017

Classification of Work Function	For the period to 9 May 2017 to 22 May 2017				Total Hours	Time Cost (£)	Average Hourly Rate (£)
	Partner	Manager	Other Senior Professionals	Assistants & Support Staff			
<b>Administration &amp; Planning</b>							
Statutory returns, reports & meeting	3.00	0.00	30.60	0.00	33.60	10,284.00	306.07
Initial post-appointment notification letters, incl	1.00	0.00	4.40	0.00	5.40	1,815.00	336.11
Job planning & progression meetings & review	16.00	0.00	0.00	0.00	16.00	9,920.00	620.00
Collection of company records	0.00	0.00	0.60	0.00	0.60	174.00	290.00
Filing	0.00	0.00	2.50	0.00	2.50	725.00	290.00
	<b>20.00</b>	<b>0.00</b>	<b>38.10</b>	<b>0.00</b>	<b>58.10</b>	<b>22,918.00</b>	<b>394.46</b>
<b>Realisation of Assets - Floating/General</b>							
Cash/bank	0.00	0.00	0.40	0.00	0.40	116.00	290.00
	<b>0.00</b>	<b>0.00</b>	<b>0.40</b>	<b>0.00</b>	<b>0.40</b>	<b>116.00</b>	<b>290.00</b>
<b>Investigations</b>							
Directors correspondence & conduct questionnaire	0.00	0.00	2.60	0.00	2.60	754.00	290.00
	<b>0.00</b>	<b>0.00</b>	<b>2.60</b>	<b>0.00</b>	<b>2.60</b>	<b>754.00</b>	<b>290.00</b>
<b>Creditors - Employees &amp; RPO</b>							
General communications	0.00	0.00	2.50	0.00	2.50	725.00	290.00
<b>Creditors - Unsecured</b>							
General communications	0.00	0.00	3.20	0.00	3.20	928.00	290.00
Other	0.00	0.00	0.70	0.00	0.70	203.00	290.00
	<b>0.00</b>	<b>0.00</b>	<b>6.40</b>	<b>0.00</b>	<b>6.40</b>	<b>1,856.00</b>	<b>290.00</b>
<b>Total Hours</b>	<b>20.00</b>	<b>0.00</b>	<b>47.50</b>	<b>0.00</b>	<b>67.50</b>	<b>25,644.00</b>	<b>379.91</b>

#### Cork Gully LLP charge out rates\* From 1 September 2013 (£)

Partners/Directors	495-620
Associates/Managers	350-450
Other Senior Professionals	240-290
Assistants and Support Staff	85-225

\* Time charged in so much as possible

## Appendix VI Administrators' Time Costs Estimate

Classification of Work Function	Partner	Manager	Other Senior Professionals	Assistants & Support Staff	Total Hours	Time Cost (£)	Average Hourly Rate (£)
<b>Administration &amp; Planning</b>							
Statutory returns, reports & meeting	5.00	5.00	20.00	8.00	38.00	12,250.00	322.37
Initial post-appointment notification letters, incl	2.00	1.00	6.00	2.00	11.00	3,730.00	339.09
Caseworking general, including bonding	0.00	0.00	6.00	4.50	10.50	2,640.00	251.43
Job planning & progression meetings & review	5.00	2.00	6.00	4.00	17.00	6,340.00	372.94
Taxation non-trading	2.00	0.00	3.00	2.00	7.00	2,510.00	358.57
Collection of company records	0.00	1.00	2.50	0.00	3.50	1,075.00	307.14
Insurance	0.00	0.50	0.50	0.00	1.00	320.00	320.00
Filing	0.00	0.00	6.50	5.00	11.50	2,885.00	250.87
Other	0.00	5.00	10.00	5.00	20.00	6,650.00	282.50
	<b>14.00</b>	<b>14.50</b>	<b>60.50</b>	<b>30.50</b>	<b>119.50</b>	<b>37,400.00</b>	<b>312.97</b>
<b>Realisation of Assets - Floating/General</b>							
Book debts	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Other tangible assets	20.00	0.00	15.00	4.00	39.00	17,550.00	450.00
Cash/bank	1.00	0.00	5.00	0.00	6.00	2,070.00	345.00
	<b>21.00</b>	<b>0.00</b>	<b>20.00</b>	<b>4.00</b>	<b>45.00</b>	<b>19,620.00</b>	<b>436.00</b>
<b>Investigations</b>							
Recovering the books and records for the case	0.00	0.00	2.00	2.00	4.00	980.00	245.00
Preparing a report or return on the conduct of the	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Directors under CDDA	1.00	0.00	8.00	6.00	15.00	1,600.00	106.67
Reviewing the books & records for possible recoveries	1.00	0.00	8.00	6.00	15.00	1,600.00	106.67
	<b>2.00</b>	<b>0.00</b>	<b>18.00</b>	<b>14.00</b>	<b>34.00</b>	<b>4,180.00</b>	<b>122.94</b>
<b>Creditors - Employees &amp; RPO</b>							
General communications	1.00	0.00	10.00	4.00	15.00	4,320.00	288.00
Other	1.00	0.00	4.00	2.00	7.00	2,180.00	311.43
<b>Creditors - Unsecured</b>							
Reporting	8.00	4.00	15.00	8.00	35.00	12,310.00	351.71
Claims adjudication	1.00	0.00	10.00	0.00	11.00	3,520.00	320.00
General communications	1.00	3.00	5.00	5.00	14.00	4,120.00	294.29
Other	0.00	0.00	3.00	0.00	3.00	870.00	290.00
	<b>12.00</b>	<b>7.00</b>	<b>47.00</b>	<b>19.00</b>	<b>85.00</b>	<b>27,320.00</b>	<b>321.41</b>

## Appendix VI Administrators' Time Costs Estimate

Classification of Work Function	Partner	Manager	Other Senior Professionals	Assistants & Support Staff	Total Hours	Time Cost (£)	Average Hourly Rate (£)
<b>Shareholders</b>							
General communications	8.00	0.00	25.00	3.00	36.00	12,810.00	355.83
Reporting	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Shareholding adjudication	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Return of capital	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Other	1.00	0.00	3.00	2.00	6.00	1,890.00	315.00
	<b>9.00</b>	<b>0.00</b>	<b>28.00</b>	<b>5.00</b>	<b>42.00</b>	<b>14,700.00</b>	<b>350.00</b>
<b>Total Hours</b>	<b>58.00</b>	<b>21.50</b>	<b>173.50</b>	<b>72.50</b>	<b>325.50</b>	<b>103,220.00</b>	<b>317.11</b>

## Appendix VII - Notice of Decision

### NOTICE OF DECISION BY CORRESPONDENCE

**DiamondCorp Plc - In Administration**  
**Company Number: 05400982**

**In the High Court of Justice, Chancery Division,  
Companies Court,  
Court Number: 3325 of 2017**

Notice is given by Stephen Cork and Joanne Milner to the creditors of DiamondCorp Plc that set out below are decisions for your consideration under paragraph 51 of Schedule B1 of the Insolvency Act 1986.

(a) The Joint Administrators continue to manage the business, affairs and property of the Company in order to achieve the purpose of the administration.

(b) The Administrators continue to investigate the circumstances of the failure of the Company and the conduct of its officers and former officers with a view to meeting their statutory duties under the Company Director Disqualification Act as well as considering whether any legal action ought properly to be brought on behalf of the Company against any party.

(c) The Administrators be at liberty to extend the term of the administration beyond its first anniversary as necessary in the event that, in their opinion, the purpose of the administration may be met following the expiry of the initial term of one year.

(d) If it appears that there will be sufficient funds to pay a dividend to the unsecured creditors, the administration will end by placing the Company into creditors' voluntary liquidation and Stephen Cork and Joanne Milner will be appointed as Joint Liquidators of the Company.

For the purpose of the winding up, any act required or authorised under any enactment to be done by the Joint Liquidators is to be done by all or any one or more of the persons for the time being holding office. Creditors may nominate a different person(s) as the proposed liquidator(s), but you must make the nomination(s) at any time after you receive these proposals, but before they are approved. Information about the approval of proposals is discussed in the report.

(e) If it appears that there will be insufficient funds to pay

a distribution to unsecured creditors of the Company, the administration will end by filing a Notice of Dissolution with the Registrar of Companies. The Company will then automatically be dissolved by the Registrar of Companies three months after the notice is registered.

(f) The administration of the Company will end by giving notice to the Court, creditors and Registrar of Companies that the objective of the administration has been achieved

(g) Creditors consider and if thought fit appoint a creditors' committee to assist the Joint Administrators (such committee must comprise between 3 and 5 creditors).

(h) The Administrators be remunerated by reference to time properly spent by them and their staff in dealing with matters relating to the Administration of the Company, such time to be charged at the Cork Gully LLP hourly charge out rates of the grade of staff undertaking the work at the time it was undertaken. We estimate that our time costs for undertaking all work in connection with the Administration and undertaking the liquidation of the Company will be £103,220.00 plus VAT. Details of the current charge out rates for our staff and a fee estimate summary providing more information are outlined at Appendix VI.

(i) The Joint Administrators be discharged from liability under the administration in accordance with Paragraphs 98 and 99 of Schedule B1 of the Insolvency Act 1986 immediately upon the Administrators' filing of their final progress report and vacating office.

(j) The Joint Administrators be authorised to draw the outstanding pre-administration time costs and expenses of £23,208.00 and £50.00 respectively, plus VAT, as an expense of the administration.

### The final date for votes is 8 June 2017, the decision date.

1. In order for their votes to be counted creditors must submit to me their completed voting form so that it is received at Cork Gully LLP, 52 Brook Street, London, W1K 5DS by no later than 23.59 hours on 8 June 2017. It must be accompanied by proof of their debt, (if not already lodged). Failure to do so will lead to their vote(s) being disregarded.

## Appendix VII - Notice of Decision

2. Creditors must lodge proof of their debt (if not already lodged) at the offices of Cork Gully LLP, 52 Brook Street, London, W1K 5DS by no later than 23.59 on 8 June 2017, without which their vote will be invalid.

3. Creditors with claims of £1,000 or less must have lodged proof of their debt for their vote to be valid.

4. Any creditors who have previously opted out from receiving documents in respect of the insolvency proceedings are entitled to vote on the decisions provided they have lodged proof of their debt.

5. *Creditors may, within 5 business days of delivery of this notice to them, request a physical meeting of creditors be held to determine the outcome of the decisions above. Any request for a physical meeting must be accompanied by valid proof of their debt (if not already lodged). A meeting will be convened if creditors requesting a meeting represent a minimum of 10% in value or 10% in number of creditors or simply 10 creditors, where "creditors" means "all creditors."*

6. Creditors have the right to appeal the decision made by applying to Court under Rule 15.35 within 21 days of 8 June 2017, the decision date.

Please complete the voting section below indicating whether you are in favour or against these decisions and return this form, together with a statement of claim form, no later than 23:59 hours on 8 June 2017.

Should creditors require further information regarding the above, please contact Becky Withington at [beckywithington@corkgully.com](mailto:beckywithington@corkgully.com), or by telephone on 020 7268 2150.



**Stephen Cork**  
Joint Administrator

**Dated: 22 May 2017**

## Appendix VIII - Practice Fee Recovery

EFFECTIVE FROM 1 OCTOBER 2015

### Introduction

The insolvency legislation was changed in October 2015, with one or two exceptions, for insolvency appointments made from that time. This sheet explains how we intend to apply the alternative fee bases allowed by the legislation when acting as office holder in insolvency appointments. The legislation allows different fee bases to be used for different tasks within the same appointment. The fee basis, or combination of bases, set for a particular appointment is/are subject to approval, generally by a committee if one is appointed by the creditors, failing which the creditors in general meeting, or the Court.

Further information about creditors' rights can be obtained by visiting the creditors' information micro-site published by the Association of Business Recovery Professionals (RB) at <http://www.creditorinsolvencyguide.co.uk/>. Details about how an office holder's fees may be approved for each case type are available in a series of guides issued with Statement of Insolvency Practice 9 and can be accessed at <http://www.icaew.com/en/technical/insolvency/creditors-guides>. Alternatively a hard copy may be requested from our office.

Once the basis of the office holder's remuneration has been approved, a periodic report will be provided to any committee and also to each creditor. The report will provide a breakdown of the remuneration drawn. If approval has been obtained for remuneration on a time costs basis, i.e. by reference to time properly spent by members of staff of the practice at our standard charge out rates, the time incurred will also be disclosed, whether drawn or not, together with the average, or "blended" rates of such costs. Under the legislation, any such report must disclose how creditors can seek further information and challenge the basis on which the fees are calculated and the level of fees drawn in the period of the report. Once the time to challenge the office holder's remuneration for the period reported on has elapsed, then that remuneration cannot subsequently be challenged.

Under some old legislation, which still applies for insolvency appointments commenced before 6 April 2010, there is no equivalent mechanism for fees to be challenged.

### Time cost basis

When charging fees on a time costs basis we use charge out rates appropriate to the skills and experience of a member of staff and the work that they perform. This is combined with the amount of time that they work on each case, recorded in 6 minute units with supporting narrative to explain the work undertaken.

### Cork Gully LLP Charge out Rates

Grade of staff	Charge-out rate per hour, effective from 1 Sept 2013
Partners	495-620
Associate Partners/Managers	350-450
Other Senior Professionals	240-290
Assistants/Support Staff	85-225

These charge-out rates charged are reviewed on a periodic basis and are adjusted to take account of inflation and the firm's overheads.

Time spent on casework is recorded directly to the relevant case using a computerised time recording system and the nature of the work undertaken is recorded at that time. The work is generally recorded under the following categories:

- Administration and Planning;
- Investigations;
- Realisation of Assets;
- Creditors;
- Trading;
- Case specific matters.

In cases where we were appointed prior to 1 October 2015, most of our fees were recovered on a time costs basis and appropriate authority was obtained from the creditors or the committee as set down in the legislation.

The legislation changed on 1 October 2015 and we now have to set out a fees estimate whenever we seek our fee on a time cost basis. That estimate acts as a cap on our time costs so that we cannot draw fees of more than the estimated time costs without further approval from those

## Appendix VIII - Practice Fee Recovery

who approved our fees. When seeking approval for our fees, we will disclose the work that we intend to undertake, the hourly rates we intend to charge for each part of the work, and the time that we think each part of the work will take. We will summarise that information in an average or "blended" rate for all of the work being carried out within the estimate. We will also say whether we anticipate needing to seek approval to exceed the estimate and, if so, the reasons that we think that may be necessary.

The disclosure that we make should include sufficient information about the insolvency appointment to enable you to understand how the proposed fee reflects the complexity (or otherwise) of the case, any responsibility of an exceptional kind falling on the office holder, the effectiveness with which the office holder has carried out their functions, and the value and nature of the property with which the office holder has to deal.

If we subsequently need to seek authority to draw fees in excess of the estimate, we will say why we have exceeded, or are likely to exceed the estimate; any additional work undertaken, or proposed to be undertaken; the hourly rates proposed for each part of the work; and the time that the additional work is expected to take. As with the original estimate, we will say whether we anticipate needing further approval and, if so, why we think it may be necessary to seek further approval.

### **Percentage basis**

The legislation allows fees to be charged on a percentage of the value of the property with which the office holder has to deal (realisations and/or distributions). Different percentages can be used for different assets or types of assets. In cases where we were appointed prior to 1 October 2015, most of our fees were recovered on a time costs basis and appropriate authority was obtained from the creditors or the committee as set down in the legislation. The legislation changed on 1 October 2015 and we may now seek remuneration on a percentage basis more often. A report accompanying any fee request will set out the potential assets in the case, the remuneration percentage proposed for any realisations and the work covered by that remuneration, as well as the expenses that will be, or are likely to be, incurred. Expenses can be incurred without approval, but must be disclosed to help put the remuneration request into context.

The percentage approved in respect of realisations will be charged against the assets realised, and where approval is obtained on a mixture of bases, any fixed fee and time costs will then be charged against the funds remaining in the liquidation after the realisation percentage has been deducted.

The disclosure that we make should include sufficient information about the insolvency appointment to enable you to understand how the proposed fee reflects the complexity (or otherwise) of the case, any responsibility of an exceptional kind falling on the office holder, the effectiveness with which the office holder has carried out their functions, and the value and nature of the property with which the office holder has to deal.

If the basis of remuneration has been approved on a percentage basis then an increase in the amount of the percentage applied can only be approved by the committee or creditors (depending upon who approved the basis of remuneration) in cases where there has been a material and substantial change in the circumstances that were taken into account when fixing the original level of the percentage applied. If there has not been a material and substantial change in the circumstances then an increase can only be approved by the Court.

### **Fixed fee**

The legislation allows fees to be charged at a set amount. Different set amounts can be used for different tasks. In cases where we were appointed prior to 1 October 2015, most of our fees were recovered on a time costs basis and appropriate authority was obtained from the creditors or the committee as set down in the legislation. The legislation changed on 1 October 2015 and we may now seek remuneration on a fixed fee basis more often. A report accompanying any fee request will set out the set fee that we proposed to charge and the work covered by that remuneration, as well as the expenses that will be, or are likely to be, incurred. Expenses can be incurred without approval, but must be disclosed to help put the remuneration request into context.

The disclosure that we make should include sufficient information about the insolvency appointment to enable you to understand how the proposed fee reflects the complexity (or otherwise) of the case, any responsibility of an exceptional

## Appendix VIII - Practice Fee Recovery

kind falling on the office holder, the effectiveness with which the office holder has carried out their functions, and the value and nature of the property with which the office holder has to deal

If the basis of remuneration has been approved on a fixed fee basis then an increase in the amount of the fixed fee can only be approved by the committee or creditors (depending upon who approved the basis of remuneration) in cases where there has been a material and substantial change in the circumstances that were taken into account when fixing the original level of the fixed fee. If there has not been a material and substantial change in the circumstances then an increase can only be approved by the Court.

### **Members' voluntary liquidations and Voluntary Arrangements**

The legislation changes that took effect from 1 October 2015 did not apply to members' voluntary liquidations (MVL), Company Voluntary Arrangements (CVA) or Individual Voluntary Arrangements (IVA). In MVLs, the company's members set the fee basis, often as a fixed fee. In CVAs and IVAs, the fee basis is set out in the proposals and creditors approve the fee basis when they approve the arrangement.

### **All bases**

With the exception of Individual Voluntary Arrangements and Company Voluntary Arrangements, which are VAT exempt, the officeholder's remuneration invoiced to the insolvent estate will be subject to VAT at the prevailing rate.

### **Agent's Costs**

These will be charged at cost based upon the charge made by the Agent instructed, the term Agent includes:

- Solicitors/Legal Advisors
- Auctioneers/Valuers
- Accountants
- Quantity Surveyors
- Estate Agents
- Other Specialist Advisors

In new appointments made after 1 October 2015, the office

holder will provide details of expenses to be incurred, or likely to be incurred, when seeking fee approval. When reporting to the committee and creditors during the course of the insolvency appointment the actual expenses incurred will be compared with the original estimate provided.

### **Disbursements**

In accordance with SIP 9 the basis of disbursement allocation in respect of disbursements incurred by the Office Holder in connection with the administration of the estate must be fully disclosed to creditors. Disbursements are categorised as either Category 1 or Category 2.

*Category 1 expenses are directly referable to an invoice from a third party, which is either in the name of the estate or Cork Gully LLP, in the case of the latter, the invoice makes reference to, and therefore can be directly attributed to, the estate. These disbursements are recoverable in full from the estate without the prior approval of creditors either by a direct payment from the estate or, where the firm has made payment on behalf of the estate, by a recharge of the amount invoiced by the third party. Examples of category 1 disbursements are statutory advertising, external meeting room hire, external storage, specific bond insurance and company search fees.*

*Category 2 expenses are incurred by the firm and recharged to the estate, they are not attributed to the estate by a third-party invoice and/or they may include a profit element. These disbursements are recoverable in full from the estate, subject to the basis of the disbursement charge being approved by creditors in advance. Examples of category 2 disbursements are photocopying, internal room hire, internal storage and mileage.*

Cork Gully LLP disbursements policy does not seek to charge or recover any Category 2 disbursements incurred in respect of work undertaken on any of their assignments.

### **Complaints procedure**

At Cork Gully LLP we always strive to provide a professional and efficient service, however we recognise that it is in the nature of insolvency proceedings for disputes to arise from time to time. If you should have cause to complain about the way that we are acting, you should, in the first instance, put details of your complaint in writing to our complaints officer Allister Manson at 52 Brook Street, London, W1K



## Appendix VIII - Practice Fee Recovery

5DS. This will formally invoke our complaints procedure and we will endeavour to deal with your complaint under the supervision of a senior partner unconnected with the appointment.

*Most disputes can be resolved amicably either through the provision of further information or following negotiations. However, in the event that you have exhausted our complaints procedure and you are not satisfied that your complaint has been resolved or dealt with appropriately, you may complain to the regulatory body that licences the insolvency practitioner concerned. Any such complaints should be addressed to The Insolvency Service, IP Complaints, 3rd Floor, 1 City Walk, Leeds, LS11 9DA, and you can make a submission using an on-line form available at [www.gov.uk/complain-about-insolvency-practitioner](http://www.gov.uk/complain-about-insolvency-practitioner); or you can email [ip.complaints@insolvency.gsi.gov.uk](mailto:ip.complaints@insolvency.gsi.gov.uk); or you may phone 0845 602 9848 - calls are charged at between 1p and 10.5p per minute from a land line, or for mobiles, between 12p and 41p per minute if you're calling from the UK.*

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