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27/04/2018

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COMPANIES HOUSE

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1 Company details

Company number 0 0 9 0 7 5 9 3

Company name in full Monarch Airlines Limited

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

2 Administrator's name

Full forename(s) James Robert

Surname Tucker

3 Administrator's address

Building name/number 15 Canada Square

Street Canary Wharf

Post town London

County/Region

Postcode E 1 4 5 G L

Country

4 Administrator's name ①

Full forename(s) Blair Carnegie

Surname Nimmo

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

5 Administrator's address ②

Building name/number 15 Canada Square

Street Canary Wharf

Post town London

County/Region

Postcode E 1 4 5 G L

Country

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

AM10

Notice of administrator's progress report

6 Period of progress report

From date	^d 0	^d 2	^m 1	^m 0	^y 2	^y 0	^y 1	^y 7
To date	^d 0	^d 1	^m 0	^m 4	^y 2	^y 0	^y 1	^y 8

7 Progress report

I attach a copy of the progress report

8 Sign and date

Administrator's
signature

Signature

X *J. Tucker* X

Signature date

^d 2	^d 6	^m 0	^m 4	^y 2	^y 0	^y 1	^y 8
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AM10

Notice of administrator's progress report



Presenter information

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

Contact name Marie Hayden

Company name KPMG LLP

Address 15 Canada Square

Canary Wharf

Post town London

County/Region

Postcode E 1 4 5 G L

Country

DX

Telephone Tel +44 (0) 118 964 2000



Checklist

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



Important information

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



Further information

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

Continuation page

Name and address of insolvency practitioner

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

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

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

All fields are mandatory unless specified or indicated by *

1 Appointment type

Tick to show the nature of the appointment:

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

¹ You can use this continuation page with the following forms:

- VAM1, VAM2, VAM3, VAM4, VAM6, VAM7
- CVA1, CVA3, CVA4
- AM02, AM03, AM04, AM05, AM06, AM07, AM08, AM09, AM10, AM12, AM13, AM14, AM19, AM20, AM21, AM22, AM23, AM24, AM25
- REC1, REC2, REC3
- LIQ2, LIQ3, LIQ05, LIQ13, LIQ14, WU07, WU15
- COM1, COM2, COM3, COM4
- NDISC

2 Insolvency practitioner's name

Full forename(s)	Michael Robert
Surname	Pink

3 Insolvency practitioner's address

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



Joint
Administrators'
progress
report for the
period 2
October 2017
to 1 April 2018

Monarch Airlines Limited - in
Administration

26 April 2018



Notice to creditors

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

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

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

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

A glossary of the abbreviations used throughout this document is attached (Appendix 6).

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

Please also note that an important legal notice about this progress report is attached (Appendix 7).

Contents

1	Executive summary	2
2	Progress to date	4
3	Dividend prospects	10
4	Joint Administrators' remuneration, disbursements and pre-administration costs	10
5	Future strategy	12
Appendix 1	Statutory information	14
Appendix 2	Joint Administrators' receipts and payments account	15
Appendix 3	Schedule of expenses	18
Appendix 4	Joint Administrators' revised fees estimate	20
Appendix 5	Joint Administrators' charging and disbursements policy	23
Appendix 6	Glossary	31
Appendix 7	Notice: About this report	33

1 Executive summary

- The Directors made an application to Court for the Company to be placed into administration. An Administration Order was made on 2 October 2017 and we were duly appointed.
- This progress report covers the period from the date of our appointment to 1 April 2018. There are three reports to creditors related to the concurrent administrations of the Monarch group companies; one for Monarch Airlines, one for Monarch Holidays sub-group and one for the Monarch Holdings sub-group. This report is for Monarch Airlines.
- We delivered our statement of Proposals ("Proposals") to all known creditors on 24 November 2017. They were deemed approved without modification on 6 December 2017.
- Our immediate priorities on appointment were to secure the Company's funds held at its various banks, assist the CAA with the repatriation of Monarch Airlines' customers overseas on appointment, addressing the employees, arranging the return of the aircraft fleet, securing the Company's IT infrastructure and contacting the Group's key counterparties. Our main focus since our Proposals has been to continue to realise the Company's assets.
- The Groups key realisable assets are:
 - Slots. The rights to operate these slots are owned by Monarch Airlines. Having won our well-publicised appeal to the UK Appeal Court on 22 November 2017, we completed the sale of Monarch Airline's Gatwick slots to IAG and Luton slots to Wizz Air, realising £54 million. Proceeds have been received in full as set out in our receipts and payments account.
 - Group cash at bank at our appointment of £27.8 million, with realisations to date in Monarch Airlines of £20.7 million and £3 million at Monarch Holidays.
 - The Group's engineering business, MAEL, which is not in any insolvency process and continues to trade normally under the control of its directors. The shares in MAEL are owned by Monarch 2011. In due course, this investment will be realised for maximum achievable value.

We continue to realise the Company's other assets, the most significant being the Luton head office building (Section 2 – Progress to date).

- The Group had total secured debt at the date of our appointment of circa £164 million. The senior secured creditor is PJL, owed circa £95 million at the date of our appointment. The second ranking secured creditor is the PPF, owed £7.5 million. The third ranking secured creditor is WJL, owed approximately £62 million (the amount of WJL secured debt varies across each of the Companies). There are other secured creditors around the group with specific security over certain assets, such as aircraft and leasehold property. Whilst the engineering business is yet to be realised, in our view value is likely to break in the secured debt (Section 3 - Dividend prospects).
- We anticipate that the preferential creditors will receive a dividend of 100p in the £. (Section 3 - Dividend prospects).

- There will be no return to unsecured creditors. (Section 3 - Dividend prospects).
- Please note: you should read this progress report in conjunction with our Proposals which were issued to the Company's creditors and can be found at <http://www.insolvency-kpmg.co.uk/monarch>. Unless stated otherwise, all amounts in this progress report and appendices are stated net of VAT.



Jim Tucker
Joint Administrator

2 Progress to date

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

2.1 Strategy and progress to date

Strategy

As set out in our Proposals, our key initial strategy was focussed on;

- Communicating with all key stakeholders, in particular the Group's employees and customers affected by the administration;
- Assisting the CAA with the repatriation exercise;
- Returning leased aircraft to minimise related claims;
- Stabilising the IT infrastructure to preserve systems to support the CAA;
- Retaining key employees with a view to securing the Company's assets, in particular retaining relevant employees to support the process to protect and realise the Slot assets;
- Support MAEL, a debtor of the Company, by migrating IT infrastructure to become a standalone business;
- Selling the long-leasehold property as well as the building next to head office and vacating and surrendering onerous leasehold airport properties in as efficient a manner as possible.

Since the Proposals, our key strategy has been securing and realising the Company assets and an orderly wind down of the operations of the business.

Services and Funding Agreement (SFA)

As stated in our Proposals, certain services provided by the Company to the CAA at the outset of the administration in respect of the repatriation of Monarch's customers overseas at the time of the administration appointment would not normally have been undertaken in an administration situation. We therefore agreed with the CAA that it would pay the cost of these services, including the time spent by us and our staff, so that the estate was not disadvantaged by assisting the repatriation exercise.

As previously advised, at the commencement of the administration, we agreed an SFA with the CAA which summarised the services to be provided and the terms of reimbursement to the Company. That agreement was signed upon appointment in order that repatriation could commence immediately. With repatriation activities having been completed in the initial weeks of the administration, our work on behalf of the CAA has since largely focused on providing the necessary infrastructure to support the CAA's administration of customer claims under passenger compensation schemes. Funding received from the CAA does not represent an asset of the Company; the funding ensures there is no gain or detriment to creditors as a result of work undertaken on behalf of the CAA.

Employees

As at the date of our Proposals, there were 49 employees who continued to be retained in the administration to support the CAA, the remaining asset protection and realisation process as well as bringing the Company's books and records up to date. Over the period since our Proposals, the number of retained employees has reduced on a monthly basis, with seven remaining employees as at 1 April 2018.

We currently anticipate that activities supporting the CAA will be wound up by the end of May 2018 at which point the remaining employees will likely be made redundant.

Aircraft lease and return process

We confirmed in our Proposals that all 35 aircraft had been returned to their lessors, who in turn moved them to alternative locations.

Since then all boxes of records (around 3,000 in total) containing documentation in respect of the aircraft have been returned to the respective lessors, although we continue to liaise with various lessors on ancillary issues relating to the aircraft/leases.

We have notified each lessor that they are required to account for security deposits and maintenance reserves that were held by them in relation to each aircraft. Most lessors have submitted significant indicative counter-claims in the administration which exceed the deposits and reserves held. We are seeking legal advice to clarify the position on the lessors' rights to set-off.

The options the Company held to purchase a number of Boeing 737 Max aircraft have all been terminated and we continue to pursue potential realisations in respect of deposit monies that were paid by the Company in relation to these arrangements.

Merchant (credit card) Acquirers

We engaged with the merchant acquirers early in the administration to understand, and where possible assist with, their strategies for claims processing. This was both to protect the administration estate's interest in the cash collateral held by the card acquirers and to try to minimise delays that customers might face in obtaining a refund from their card issuer.

Of the eight merchant acquirers, only one held collateral that is likely to exceed their exposure to unflown revenue and guarantees. We continue to work with that merchant acquirer to realise the net restricted cash collateral. For the others, we remain in correspondence and have asked them to account fully for the use of the Company's collateral.

Cash held on appointment is discussed further below (see Section 2.2).

Leasehold property

We commenced the marketing process for the long-leasehold property, being the Group's former head office adjacent to Luton Airport, in January 2018. We set a deadline for initial bids of 28 February 2018 and following consultation with our agents and the key bidders we proceeded to agree heads of terms with the highest bidder. Completion is expected to take place in early May 2018. The property is subject to a first fixed charge in favour of PNC, in respect of the Company's guarantee of PNC's facilities provided to MAEL, and it is also subject to a second fixed charge under the terms of the debenture held by PJJ, PPF and WJL.

The Company also occupied leases of crew rooms and ticket desks at the various airports from which it operated. The leases on the ticket desks had no net realisable value or benefit and were handed back to landlords on appointment. The crew rooms were retained for various periods post-appointment, at the expense of MAEL, which required them in certain locations as part of their ongoing IT migration. All leases have now been offered for surrender back to the landlords.

Financial instruments

Monarch Airlines had entered into a number of financial instruments prior to our appointment relating to fuel and foreign exchange positions. Some of these may result in a balance due to Monarch Airlines on close out, which we are seeking to recover.

Prepayments

There are a number of deposits and prepaid amounts with fuel and other suppliers and we are pursuing those not yet realised.

Intellectual property, brand and intangible assets

In our Proposals, we referred to potential IP at Monarch Airlines. Following investigation into the ownership of the intellectual property rights of the Group, it was ascertained that ownership of all Group rights were held by Monarch Holdings. Those assets have now been sold and are dealt with in that report.

2.2 Asset realisations

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

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

Airport take-off and landing slots

As described in our Proposals, we undertook substantial work in the early months of the administration to realise the Slots, which represented a significant asset of the Company. The realisation process was not straightforward and involved an application to Court and a subsequent Appeal Court hearing which found in our favour.

The successful outcome allowed us to conclude the transactions with the acquirers of the Company's slots and complete the previously-agreed contracts.

We have realised a total of £54 million; £50 million from slot exchange transactions with IAG (the owner of British Airways) at Gatwick and £4 million from Wizz Air relating to Luton Airport.

These realisations, net of related costs, will be subject to tax and we are presently investigating the position in order to complete the necessary tax returns.

Cash at Bank

There were unrestricted credit balances totalling circa £22.6 million held between the Company's bankers at the date of appointment. Approximately £10 million of this was held with its main bank. There was also circa £2.2 million of restricted cash held with that same bank which was used as cash collateral for guarantees issued on behalf of the Company.

We contacted all banks immediately following our appointment with a request to place the accounts on stop, whilst accepting any credits, and to transfer the balances on account to us.

We have been in detailed discussions with all banks since appointment and have secured recovery of approximately £20.7 million to date (plus £3 million at Monarch Holidays), including £16.4 million held in sterling accounts and approximately £4.3 million in other currency equivalent amounts. There is a remaining balance of approximately £2 million to be recovered.

Debtors and pipeline monies (credit card receipts)

Recoveries to date are £1.3 million including credit card receipts from pre appointment sales and various sundry refunds.

We have clarified the debtor balance owing for services (flights) provided before Monarch Airlines ceased operations. Flight debtors were approximately £0.2 million of which £0.1 million has been recovered to date. We continue to pursue settlement of the remaining balances.

The majority of other sundry refunds have been received or are due to be realised soon. There are a small number of deposits that are highly contingent and may have claims to set off but we are continuing to pursue these.

Included in the above recoveries total is a £0.3 million settlement in respect of fees previously charged by a merchant acquirer.

Investigations

We are reviewing the affairs of the Company to find out if there are any actions which can be taken against third parties to increase recoveries for creditors.

We have complied with the relevant statutory requirements by submitting the online director conduct assessment to the Department for Business, Energy and Industrial Strategy. The contents of our submission are confidential.

2.3 Costs

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

Summaries of the most significant payments made during the period are provided below. Certain costs have been recharged to MAEL and the CAA.

Wages and salaries

Monarch Airlines has paid approximately £2.7 million (including PAYE/NIC) to employees in the period to 1 April 2018.

Legal fees

We have paid approximately £2.5 million in legal fees to date. Of this, £2.2 million has been paid to Freshfields for their work advising the Administrators on all aspects of the Company's insolvency and includes the legal costs relating to the successful appeal in respect of the Slots sale. The Administrators review the quantum and appropriateness of the legal fees on a regular basis.

A payment of £0.15 million by way of security for costs in respect of the Slots appeal hearing reported previously has since been refunded to the Company.

IT costs

As previously reported, a number of the Companies' IT systems were retained following appointment to support the administration process and assist with the CAA's repatriation exercise.

Approximately 15 commitments have been provided to IT suppliers to ensure the IT infrastructure has remained in place. We continue to review the ongoing IT requirements and commitments, together with the assistance of retained employees, and have begun the process of decommissioning certain IT services which are no longer required by the Companies and/or the CAA.

During the period, we made payments totalling £1.2 million to IT suppliers for ongoing service of the Company's IT infrastructure.

Under the TSA with MAEL, the Company has agreed to provide ongoing IT support. The Company has been paid £0.5 million by MAEL to cover costs. £0.1 million of this recharge is in relation to IT costs.

Call centre costs

We set up a dedicated call centre immediately on appointment to ensure provision of regular information and communication to the Company's customers, creditors and other stakeholders. We have paid costs of approximately £0.4 million during the period, relating to the set up and maintenance of the call centre.

Rent, rates, insurance and other property expenses

We have paid approximately £0.3 million in respect of rent and rates liabilities, insurance and other property related expenses arising in the post-administration period, primarily relating to the ongoing occupation of the Company's head office buildings.

Cost recharged under the SFA

Under the agreed terms of the SFA, we have issued the CAA with interim invoices from Monarch Airlines totalling £2.05 million in the period to 1 April 2018. We have received £1.9 million to date.

These invoices comprise: the cost of Company staff retained to assist with the repatriation process; IT and infrastructure costs incurred whilst supporting the CAA; and an on-account charge for the time-costs incurred by us and our staff in assisting the CAA (the final time-cost recharge will be made once the basis of our fees has been agreed with the relevant creditors). These costs are included under the appropriate subheadings in the receipts and payments account at Appendix 2, with the subsequent recharge of costs to the CAA also shown. Other than any final true-up of our time-cost recharge, further recharges to the CAA are unlikely to be material. As mentioned above, these recharges do not represent the realisation of an asset of the Company; they are cost reimbursements.

Costs recharged to MAEL

MAEL has paid £0.5 million to Monarch Airlines as a payment on account for expenses incurred on their behalf under the Transitional Services Agreement.

As at 1 April 2018 expenditure incurred by the Company on behalf of MAEL is circa £0.3 million, with a further £0.2 million anticipated for accrued property expenses for which we have not yet received an invoice from landlords and other service providers.

As above, these costs are included under the appropriate subheadings in the receipts and payments account at Appendix 2. Again, these recharges do not represent the realisation of an asset of the Company, they are cost reimbursements.

2.4 Schedule of expenses

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

Summaries of the most significant expenses which have been incurred in the period but have not yet been paid are provided below.

IT costs

Unpaid IT costs incurred in the period total some £250,000. As explained above, these relate to IT costs for retaining the systems needed to support the administration process and assist with the CAA's repatriation exercise.

Legal fees

Freshfields have outstanding legal costs of approximately £184,000, which relate primarily to general adhoc advice on various aspects of the Company's insolvency.

Rent and rates and other property expenses

Monarch Airlines continues to occupy the long-leasehold property in Luton to facilitate the assistance we are providing the CAA as well as assist with asset realisations. Costs incurred but not yet paid total some £252,000.

3 Dividend prospects

3.1 Secured creditors

A summary of the material security position for the Company together with a summary of the security provided to merchant acquirers over the Company's bank accounts was set out in our Proposals. As noted in the Executive summary, value is likely to break in the secured debt. Our review of the Group's security position remains ongoing. No distributions have been made to the secured creditors to date.

3.2 Preferential creditors

The directors' Statement of Affairs estimates the amount of preferential claims at £2.5 million. Preferential claims will largely be outstanding holiday pay. There were limited arrears of salary as employees were paid for Sunday 1 October 2017, the day prior to our appointment as Administrators.

Based on current estimates, we anticipate that preferential creditors should receive a dividend of 100p in the £. The timing and amount of any dividend is dependent upon the realisations and associated costs of the administration.

3.3 Unsecured creditors

During the period we obtained an order from the Court that the prescribed part, being funds ordinarily set aside for unsecured creditors up to a maximum of £0.6 million, shall not apply on the grounds that the cost of making a distribution to the unsecured creditors would be disproportionate to the benefits. Accordingly, there will be no return to unsecured creditors.

A copy of the court order in relation to the disapplication of the prescribed part is available on our website: www.kpmg.co.uk/monarch.

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

4.1 Joint Administrators' remuneration and disbursements

It is for the secured and preferential creditors to approve our remuneration in this administration.

The Joint Administrators are finalising their fee position with the senior secured creditor. Once we have agreed an indicative position with the senior secured creditor we will seek the required approval from the other secured creditors and the preferential creditors. We will provide a further update in our next progress report.

Time costs

From the date of our appointment to 1 April 2018, we have incurred time costs of £6.01 million. These represent 12,894 hours at an average rate of £466 per hour. This is based on our standard charge out rates. None of these costs have been paid.

Disbursements

During the period, we have incurred disbursements of £145,640. None of these have yet been paid.

Additional information

We have attached a revised time costs/fees estimate at Appendix 4. Our time costs have increased by approximately £1 million based on the following:

- Increased time costs arising from the court process in respect of realising the value in the Slots (as part of asset realisations);
- A higher than anticipated amount of time spent dealing with tax issues, particularly those arising from the sale of the Slots;
- Higher than anticipated time costs realising the value in the property assets;
- Higher than anticipated costs in respect of handling employee issues and claims arising out of the insolvency.

We have attached at Appendix 4 an analysis of the time spent, the charge-out rates for each grade of staff and the expenses paid directly by KPMG for the period from our appointment to 1 April 2018. We have also attached our charging and disbursements policy.

Under the SFA, the CAA has agreed to meet costs which would not have been incurred but for the work they required in relation to the repatriation exercise. These costs will include a recharge from the Company for the Administrators' time costs and expenses in relation to our work under the SFA.

In agreeing these costs, the CAA is an independent body which is not connected with the Group, the Joint Administrators or KPMG.

4.2 Pre-administration costs

We disclosed the following pre-administration costs, which were unpaid at the date of our appointment, in our Proposals:

Pre-administration costs				
	Disclosed unpaid costs (£)	Approved (£)	Paid in the period (£)	Outstanding (£)
Freshfields' fees	12,568	0.00	0.00	12,568
Freshfields' disbursements	6,159	0.00	0.00	6,159
Total	18,727	0.00	0.00	18,727

To date we have not taken steps to obtain approval for these pre-administration costs. We will seek approval for these from the applicable secured creditors and preferential creditors at the same time as we seek approval for our remuneration. We will provide an update in our next progress report.

5 Future strategy

5.1 Future conduct of the administration

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

- Realisation of the Company's remaining assets including completing the sale of the long-leasehold property, realising remaining cash at bank and debtor monies owed;
- Concluding the position regarding deposits and reserves held by lessors of the Aircraft fleet, merchant acquirers, financial instruments held and prepayments;
- Concluding all matters on site at the Company's former head office, including completing the assistance we are providing to the CAA and the redundancy of retained employees;
- Determining the final position regarding recharges to the CAA and MAEL;
- Complying with ongoing tax and VAT requirements and determining the tax position arising following the sale of the Slots;
- Making distributions to secured creditors;
- Agreeing the preferential claims and distribution of a preferential dividend;
- Paying the costs of the administration, including our remuneration once this has been approved;
- Seeking approval from the secured and preferential creditors to an extension of the period of the administration as the ongoing matters, set out above, cannot be concluded prior to the present expiry of the administration;

- Complying with ongoing statutory and reporting obligations.

5.2 Future reporting

We will provide a further progress report within one month of 1 October 2018 or earlier if the administration has been completed prior to that time.

Appendix 1 Statutory information

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

Administration information	
Administration appointment	The administration appointment granted in High Court of Justice, 007261 of 2017
Appointor	Court following application by the Directors
Date of appointment	2 October 2017
Joint Administrators' details	Jim Tucker, Blair Nimmo and Mike Pink
Estimated values of the Net Property and Prescribed Part	Estimated Net Property is £57 million (low case estimate). The Prescribed Part is capped at the statutory maximum of £600,000. In view of the Court order to disapply the Prescribed Part, it has not been taken into account when determining the dividend prospects for unsecured creditors (Section 3 3).
Prescribed Part distribution	The Joint Administrators have obtained an order from the Court that the Prescribed Part shall not apply on the grounds that the cost of making a distribution to the unsecured creditors would be disproportionate to the benefits.
Functions	The functions of the Joint Administrators are being exercised by them individually or together in accordance with Paragraph 100(2)
Current administration expiry date	1 October 2018

Appendix 2 Joint Administrators' receipts and payments account

Abstract of receipts & payments							Cumulative GBP
Statement of affairs (£)		From 02/10/2017	From 02/10/2017	From 02/10/2017	From 02/10/2017	From 02/10/2017	From 02/10/2017
		To 01/04/2018 (£)	To 01/04/2018 (Euro)	To 01/04/2018 (SEK)	To 01/04/2018 (CAD)	To 01/04/2018 (US\$)	To 01/04/2018 (£)
	FIXED CHARGE ASSETS						
2,262,748.00	Cash collateral held	NIL	NIL	NIL	NIL	NIL	NIL
6,043,387 00	Cash collateral - Merchant acquirers	NIL	NIL	NIL	NIL	NIL	NIL
121,372 00	Cash collateral - Merchant acquirer	NIL	NIL	NIL	NIL	NIL	NIL
		NIL	NIL	NIL	NIL	NIL	NIL
	FIXED CHARGE COSTS						
	Agents'/Valuers' fees (2)	(2,109 00)	NIL	NIL	NIL	NIL	(2,109.00)
		(2,109 00)	NIL	NIL	NIL	NIL	(2,109 00)
	FIXED CHARGE CREDITORS						
(7,500,000.00)	Fixed charge creditor	NIL	NIL	NIL	NIL	NIL	NIL
(94,685,897 00)	Fixed charge creditor (2)	NIL	NIL	NIL	NIL	NIL	NIL
(6,043,387 00)	Fixed charge creditor (3)	NIL	NIL	NIL	NIL	NIL	NIL
(121,372 00)	Fixed charge creditor (4)	NIL	NIL	NIL	NIL	NIL	NIL
(2,262,748 00)	Fixed charge creditor (5)	NIL	NIL	NIL	NIL	NIL	NIL
		NIL	NIL	NIL	NIL	NIL	NIL
	GENERAL SECURED GROUP						
(25,596,000.00)	Fixed charge creditor	NIL	NIL	NIL	NIL	NIL	NIL
		NIL	NIL	NIL	NIL	NIL	NIL
	ASSET REALISATIONS						
268,100.00	Tangible assets	1,349.17	NIL	NIL	NIL	NIL	1,349 17
	Pre appt sales - credit card receipts	521,087.80	111,455 81	5,565.51	NIL	47,827 70	652,996 90
4,786,826 00	Book debts	289,909.10	20,000.00	NIL	NIL	8,085.74	313,141.44
700,000.00	Investment in subsidiary	NIL	NIL	NIL	NIL	NIL	NIL
	Slot exchange proceeds	54,000,000.00	NIL	NIL	NIL	NIL	54,000,000 00
22,342,930 00	Cash at bank	16,426,300.59	3,914,962 43	36,952 53	63,574 83	1,149,961.63	20,704,488 43
	Credit Card settlement	305,332.82	NIL	NIL	NIL	NIL	305,332.82
	Stock	NIL	NIL	NIL	NIL	50,000.00	35,561 00
		71,543,979.48	4,046,418 24	42,518 04	63,574 83	1,255,875.07	76,012,869 76
	OTHER REALISATIONS						
	Bank interest, gross	19,151 35	NIL	NIL	NIL	758 00	19,690 45
	Aviva refunds	118,565.65	NIL	NIL	NIL	NIL	118,565 65
	Overpayments refunds	30,324 42	NIL	NIL	NIL	NIL	30,324 42

	Refunds from Unum	115,269.92	NIL	NIL	NIL	NIL	115,269.92
	Fuel prepayments	NIL	NIL	NIL	NIL	511,874.08	364,055.08
	Close out fuel swaps positions	NIL	NIL	NIL	NIL	525,185.59	373,522.50
	Sundry refunds	29,754.62	NIL	NIL	NIL	NIL	29,754.62
	Rates refunds	32,511.76	NIL	NIL	NIL	NIL	32,511.76
	Third party funds received	10,568.58	NIL	NIL	NIL	NIL	10,568.58
		356,146.30	NIL	NIL	NIL	1,037,817.67	1,094,262.98
	COST OF REALISATIONS						
	IT Costs	(805,479.58)	(1,000.00)	NIL	NIL	(518,421.51)	(1,175,065.41)
	Irrecoverable VAT	(295.99)	NIL	NIL	NIL	NIL	(295.99)
	Agents'/Valuers' fees	(34,788.31)	NIL	NIL	NIL	NIL	(34,788.31)
	ERA solution costs	(59,720.89)	NIL	NIL	NIL	NIL	(59,720.89)
	Legal fees	(2,513,895.29)	NIL	NIL	NIL	NIL	(2,513,895.29)
	Refund of legal fees	186,009.38	NIL	NIL	NIL	NIL	186,009.38
	Payroll processing costs	(36,977.36)	NIL	NIL	NIL	NIL	(36,977.36)
	Costs recharged under the SFA	1,907,791.48	NIL	NIL	NIL	NIL	1,907,791.48
	Other overheads	(16,945.58)	NIL	NIL	NIL	NIL	(16,945.58)
	Health & Safety	(1,884.71)	NIL	NIL	NIL	NIL	(1,884.71)
	Call centre costs	(371,273.32)	NIL	NIL	NIL	NIL	(371,273.32)
	Stationery & postage	(902.25)	NIL	NIL	NIL	NIL	(902.25)
	Heat & light	(30,997.59)	NIL	NIL	NIL	NIL	(30,997.59)
	Storage costs	(2,361.26)	NIL	NIL	NIL	NIL	(2,361.26)
	Re-direction of mail	(204.00)	NIL	NIL	NIL	NIL	(204.00)
	Statutory advertising	(69.00)	NIL	NIL	NIL	NIL	(69.00)
	Sundry expenses	(11,396.06)	NIL	NIL	NIL	NIL	(11,396.06)
	Vehicle running costs	(4,779.97)	NIL	NIL	NIL	NIL	(4,779.97)
	Rent	(26,098.00)	NIL	NIL	NIL	NIL	(26,098.00)
	Rates	(149,354.57)	NIL	NIL	NIL	NIL	(149,354.57)
	Other property expenses	(58,559.43)	NIL	NIL	NIL	NIL	(58,559.43)
	Insurance of assets	(32,649.54)	NIL	NIL	NIL	NIL	(32,649.54)
	Wages & salaries	(1,816,357.43)	NIL	NIL	NIL	NIL	(1,816,357.43)
	PAYE & NIC	(856,404.53)	NIL	NIL	NIL	NIL	(856,404.53)
	Bank charges	(2,162.62)	(43.02)	(411.81)	NIL	(96.76)	(2,303.95)
	Third party funds paid	(1,682.06)	NIL	NIL	NIL	NIL	(1,682.06)
	Merchant acquirer cost contribution	15,453.00	NIL	NIL	NIL	NIL	15,453.00
	Costs recharged to MAEL	500,000.00	NIL	NIL	NIL	NIL	500,000.00
		(4,225,985.48)	(1,043.02)	(411.81)	NIL	(518,518.27)	(4,595,712.64)
	PREFERENTIAL CREDITORS						
(2,451,524.00)	Employees	NIL	NIL	NIL	NIL	NIL	NIL
		NIL	NIL	NIL	NIL	NIL	NIL
	FLOATING CHARGE CREDITORS						
(15,380,000.00)	Floating charge	NIL	NIL	NIL	NIL	NIL	NIL

		NIL	NIL	NIL	NIL	NIL	NIL
	UNSECURED CREDITORS						
(335,587,333.00)	Trade, Intercompany, Other	NIL	NIL	NIL	NIL	NIL	NIL
(35,398,647.00)	Employees	NIL	NIL	NIL	NIL	NIL	NIL
(95,431,351.00)	Pre-paid consumer creditors	NIL	NIL	NIL	NIL	NIL	NIL
		NIL	NIL	NIL	NIL	NIL	NIL
	DISTRIBUTIONS						
(188,054,870.00)	Ordinary shareholders	NIL	NIL	NIL	NIL	NIL	NIL
		NIL	NIL	NIL	NIL	NIL	NIL
-771,987,766.00		67,672,031.30	4,045,375.22	42,106.23	63,574.83	1,775,174.47	72,509,311.11
	REPRESENTED BY						
	Floating ch. VAT rec'able	793,784.72					793,784.72
	Floating charge current	67,105,330.54	3,535,981.57	3,569.35	35,189.30	1,262,539.59	71,942,610.35
	Fixed charge VAT rec'able	421.80					421.80
	Floating ch. VAT payable	(483,233.62)					(483,233.62)
	Floating ch. VAT control	255,727.86					255,727.86
		67,672,031.30					72,509,311.11

Appendix 3 Schedule of expenses

Schedule of expenses (2 October 2017 to 1 April 2018)	Incurred and paid in the period	Incurred in the period and not yet paid	Total
Expenses	(£)	(£)	(£)
Costs recharged under the SFA	1,907,791.48	0.00	1,907,791.48
Costs recharged to MAEL	500,000.00	0.00	500,000.00
IT Costs	(805,479.58)	(250,410.38)	(1,055,889.96)
Irrecoverable VAT	(295.99)	0.00	(295.99)
Agents'/Valuers' fees	(34,788.31)	(40,000.00)	(74,788.31)
ERA solution costs	(59,720.89)	(2,750.00)	(62,470.89)
Legal fees	(2,513,895.29)	(184,392.51)	(2,698,287.80)
Joint Administrators' time costs	0.00	(6,008,157.40)	(6,008,157.40)
Payroll processing costs	(36,977.36)	0.00	(36,977.36)
Other overheads	(16,945.58)	0.00	(16,945.58)
Health & Safety	(1,884.71)	0.00	(1,884.71)
Call centre costs	(371,273.32)	0.00	(371,273.32)
Stationery & postage	(902.25)	0.00	(902.25)
Heat & light	(30,997.59)	(10,000.00)	(40,997.59)
Storage costs	(2,361.26)	0.00	(2,361.26)
Re-direction of mail	(204.00)	0.00	(204.00)
Statutory advertising	(69.00)	0.00	(69.00)
Sundry expenses	(11,396.06)	0.00	(11,396.06)
Vehicle running costs	(4,779.97)	0.00	(4,779.97)
Rent	(26,098.00)	(121,969.65)	(148,067.65)
Rates	(149,354.57)	(50,000.00)	(199,354.57)
Other property expenses	(58,559.43)	(30,000.00)	(88,559.43)
Insurance of assets	(32,649.54)	(10,000.00)	(42,649.54)
Wages & salaries	(1,816,357.43)	0.00	(1,816,357.43)
PAYE & NIC	(856,404.53)	0.00	(856,404.53)
Bank charges	(2,162.62)	0.00	(2,162.62)
Third party funds paid	(1,682.06)	0.00	(1,682.06)
Total	(4,427,447.86)	(6,707,679.94)	(11,135,127.80)

The Joint Administrators are entitled to receive remuneration for their services; pending agreement of the basis of the Joint Administrators' remuneration, it has been accrued on a time cost basis. Where appropriate, this will be adjusted once creditors have approved the basis.

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

Creditors' requests for further information

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

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

Creditors' right to challenge our remuneration and expenses

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

Applications by unsecured creditors must be made with concurrence of at least 10% in value of unsecured creditors (including the unsecured creditor making the challenge) or with the permission of the Court.

The full text of the relevant rules can be provided on request by writing to the Joint Administrators at 15 Canada Square, Canary Wharf, London E14 5GL.

Appendix 4 Joint Administrators' revised fees estimate

Additional work to be undertaken (See notes below)	Estimated time costs for the engagement disclosed in our Proposals 24 November 2017			Additional estimated time costs for the engagement			Total
	Estimated Total hours	Estimated Time cost (£)	Estimated Average hourly rate (£)	Additional Estimated Total hours	Additional Estimated Time cost (£)	Average hourly rate (£)	Total (£)
Administration & Planning							
Cashiering - procession of receipts & payments and bank reconciliations (1)	214	83,840	391.77	153	60,143	393	143,983
General - books & records, fees and work in progress (2)	49	20,679	422.22	186	79,298	425	99,977
Engagement management - administration strategy and case oversight (3)	710	395,308	556.77	(5)	(61,391)	473	333,917
Preparation for court hearings - compiling information and preparing for court hearings (4)	120	83,232	693.60	(73)	(73,734)	201	9,498
Statutory and compliance - appointment & related formalities, bonding checklist & reviews, reports to creditors, advertising (5)	275	102,525	372.82	474	229,446	443	331,971
Reports to secured creditors - preparing & issuing reports to secured creditors (6)	65	49,326	758.86	151	95,888	672	145,214
Tax - VAT & corporation tax, initial reviews, pre and post appointment tax (7)	153	91,456	597.75	516	259,104	524	350,560
Creditors							
Employees - employee meetings, claims and correspondence (8)	2,045	762,918	373.07	892	65,982	282	828,900
Creditors and claims - customers - correspondence and claims from customers of the company (9)	2,474	986,180	398.61	(402)	(394,450)	286	591,730
Creditors and claims - other - correspondence and claims from other creditors of the company (10)	1,472	810,187	550.40	1,096	436,448	485	1,246,635
Press and stakeholder management - communication with key stakeholders and press (11)	53	39,674	748.57	86	10,525	360	50,199
IT related - matters specifically relating to IT creditors and suppliers (12)	174	94,564	543.47	19	(6,514)	456	88,050
Investigation							
Directors - correspondence, Statement of Affairs, questionnaires (13)	70	33,439	477.69	130	44,969	391	78,408
Investigations - director conduct and affairs of the company (13)	69	35,754	518.17	5	(730)	474	35,025
Realisation of assets							
Asset realisation - realisation of the company's assets (14)	2,144	1,124,932	524.69	628	318,201	521	1,443,133
Other							
Operating expenses - purchases, overheads, cashflows and fund management (15)	958	484,250	505.48	170	(57,879)	378	426,371
Totals	11,045	5,198,264	470.64	4,118	1,005,305	409	6,203,569

The revised estimated time cost reflects an update based on actual time, grade mix and process codes to which time has been charged. This therefore leads to variances by process codes compared with estimates in the November proposals. Below is further details in relation to the revised fees estimate and of work to be undertaken for this engagement.

Note 1 - Cashiering

The majority of cashiering costs relate to the processing of receipts and payments, monthly bank reconciliations of all accounts along with day to day administration of the bank accounts and fund management. We forecast an increase in these costs primarily as a result of ongoing payments being made from the estate.

Note 2 - General

We will incur additional time in dealing with the Company's books and records and maintaining our files.

Note 3 – Engagement management

We envisage that the costs of setting and reviewing the strategy for the administration and undertaking progress reviews, alongside other matters connected with progress of this administration will be lower than initially forecast.

Note 4 – Preparation for Court hearings

We forecast time required to prepare for Court hearings, including meetings with our lawyers and legal Counsel, will be lower than forecast. See also notes 9, 10 and 14 as time to these aspects of our work will include preparation for Court hearings.

Note 5 – Statutory and compliance

Statutory and compliance work includes notifying the Registrar of Companies and other relevant parties of our appointment and subsequent reports and documents, arranging bonding and ensuring compliance with all statutory obligations such as reporting to creditors. Our work in this regard will remain ongoing throughout the administration.

Note 6 – Reports to secured creditors

We will continue to provide the secured creditors with updates on the progress of the administration and the potential outcome for them, where applicable. To date this has included liaising with the relevant secured creditors in relation to the Slots strategy and realisation process, the long-leasehold property in Luton and the return of the Company's leased aircraft.

Note 7 – Tax

In addition to reviewing the Company's tax and VAT affairs on appointment and submitting post-administration tax and VAT returns, as required, we are investigating the tax position following the Slots realisations along with other aspects of the Group's tax affairs.

Note 8 - Employees

In addition to the work set out in our Proposals, we have incurred higher than envisaged costs in dealing with employee issues and claims arising out of the insolvency.

Note 9 – Creditors and claims - customers

As explained in our Proposals and this report, as part of the administration, we agreed with the CAA to provide certain assistance to its repatriation exercise for customers who were overseas in the initial two weeks of the administration. We expect a proportion of these costs will be recharged to the CAA to reflect work undertaken which is outside of our statutory duties.

We have adjusted our forecast fees estimate for this aspect of our work following the Court Order we obtained to disapply the prescribed part.

Our ongoing costs in this regard primarily relate to responding to queries from customers.

Note 10 – Creditors and claims - other

Monarch Airlines' other creditors primarily comprise aircraft related lessors, landlords, trade suppliers, agents and card booking processors. We have liaised extensively with these parties from the outset of the administration onwards to ensure information is provided regarding ongoing requirements for goods and services, answering creditors' enquiries regarding their position and the administration generally.

We continue to receive enquiries from these creditors and as set out in this report we continue to liaise with a number of these parties, including aircraft lessors, prepayment debtors, fuel suppliers to ascertain the financial position for them and the estate.

Note 11 – Press and stakeholder management

Our ongoing work in this regard includes responding to enquiries from members of the press in relation to the administration and dealing with other stakeholders.

Note 12 – IT related

Our costs for securing the ongoing provision of services from critical IT suppliers, and ensuring the security and backups of all data held on systems are estimated to be lower than initially envisaged.

Note 13 – Directors and Investigations

Whilst largely complete, our work in this regard involved correspondence with directors, liaising with them in relation to completion of the Statement of Affairs and questionnaires, as well as the subsequent review of these documents.

Note 14 – Asset realisation

Monarch Airlines' assets comprise Slots, cash at bank, trade debtors, long-leasehold and other property as well as other sundry receivables. We continue to realise the Company's remaining assets and have revised our fee estimate for this aspect of our work accordingly.

Note 15 – Operating expenses

Time incurred on operating expenses, which is expected to be lower than initially forecast, includes liaising with suppliers, landlords and utility providers to maintain the ongoing provision of services during the administration.

Appendix 5 Joint Administrators' charging and disbursements policy

Joint Administrators' charging policy

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

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

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

<https://www.r3.org.uk/what-we-do/publications/professional/fees/administrators-fees>

If you are unable to access this guide and would like a copy, please contact the Joint Administrators at 15 Canada Square, Canary Wharf, London E14 5GL.

Hourly rates

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

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

Charge-out rates (£) for: Restructuring

Grade	From 01 Nov 2016 £/hr
Partner	835
Director	740
Senior Manager	645
Manager	515
Senior Administrator	375
Administrator	285
Support	142

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

Policy for the recovery of disbursements

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

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

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

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

Mileage claims fall into three categories:

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

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

We have incurred the following disbursements from the date of our appointment to 1 April 2018.

Disbursements	Category 1		Category 2		Totals (£)
	Paid (£)	Unpaid (£)	Paid (£)	Unpaid (£)	
Accommodation	61,079.28		NIL		61,079.28
Courier & delivery costs	420.95		NIL		420.95
External printing	372.26		NIL		372.26
Meals	14,663.49		NIL		14,663.49
Mileage	NIL		7,422.10		7,422.10
Media costs	22,504.58		NIL		22,504.58
Bonding	475.00		NIL		475.00
Postage	5,073.73		NIL		5,073.73
Rates	29.00		NIL		29.00
Stationery	113.75		NIL		113.75
Sundry	3,919.04		NIL		3,919.04
Telecommunications	55.41		NIL		55.41
Travel	29,511.47		NIL		29,511.47
Total	138,217.96		7,422.10		145,640.06

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

The Category 2 disbursements have not been approved.

Narrative of work carried out for the period 2 October 2017 to 1 April 2018

The key areas of work have been:

Statutory and compliance	<ul style="list-style-type: none"> ■ collating initial information to enable us to carry out our statutory duties, including creditor information, details of assets and information relating to the licences, ■ providing initial statutory notifications of our appointment to the Registrar of Companies, creditors and other stakeholders, and advertising our appointment, ■ issuing regular press releases and posting information on a dedicated web page; ■ preparing statutory receipts and payments accounts; ■ arranging bonding and complying with statutory requirements, ■ ensuring compliance with all statutory obligations within the relevant timescales
Strategy documents, Checklist and reviews	<ul style="list-style-type: none"> ■ formulating, monitoring and reviewing the administration strategy and meetings with internal and external parties to agree the same, ■ briefing of our staff on the administration strategy and matters in relation to various work-streams, ■ regular case management and reviewing of progress, including regular team update meetings and calls; ■ meeting with management to review and update strategy and monitor progress; ■ reviewing and authorising junior staff correspondence and other work, ■ dealing with queries arising during the appointment, ■ reviewing matters affecting the outcome of the administration; ■ allocating and managing staff/case resourcing and budgeting exercises and reviews; ■ liaising with legal advisors regarding the various instructions, including agreeing content of engagement letters; ■ complying with internal filing and information recording practices, including documenting strategy decisions.
Assistance to CAA	<ul style="list-style-type: none"> ■ entering into a Services and Funding Agreement with the CAA; ■ working closely with the CAA and ensuring all relevant customers are directed to them, ■ providing all relevant support connected with the repatriation exercise; ■ ensuring Company employees were retained to assist the CAA, ■ liaising with hoteliers to assist the CAA and affected customers, ■ ensuring all requisite IT systems and information was available to support the repatriation process; ■ liaising regularly with the CAA in relation to the above
Reports to debenture holders	<ul style="list-style-type: none"> ■ providing written and oral updates to representatives of the secured creditors regarding the progress of the administration and case strategy.
Cashiering	<ul style="list-style-type: none"> ■ setting up administration bank accounts and dealing with the Company's pre-appointment accounts; ■ preparing and processing vouchers for the payment of post-appointment invoices, ■ creating remittances and sending payments to settle post-appointment invoices, ■ preparing payroll payments for retained staff, dealing with salary related queries and confirming payments with the employee's banks, ■ reviewing and processing employee expense requests; ■ reconciling post-appointment bank accounts to internal systems, ■ ensuring compliance with appropriate risk management procedures in respect of receipts and payments
Tax	<ul style="list-style-type: none"> ■ gathering initial information from the Company's records in relation to the taxation position of the Company, ■ submitting relevant initial notifications to HM Revenue and Customs; ■ reviewing the Company's pre-appointment corporation tax and VAT position, ■ analysing and considering the tax effects of various sale options, tax planning for efficient use of tax assets and to maximise realisations, particularly in relation to Stot sales; ■ working initially on tax returns relating to the periods affected by the administration, ■ analysing VAT related transactions; ■ dealing with post appointment tax compliance
Shareholders	<ul style="list-style-type: none"> ■ providing notification of our appointment; ■ responding to enquiries from shareholders regarding the administration, ■ providing copies of statutory reports to the shareholders
General	<ul style="list-style-type: none"> ■ reviewing time costs data and producing analysis of time incurred which is compliant with

	<p>Statement of Insolvency Practice 9;</p> <ul style="list-style-type: none"> ■ locating relevant Company books and records, arranging for their collection and dealing with the ongoing storage
Asset realisations	<ul style="list-style-type: none"> ■ collating information from the Company's records regarding the assets; ■ negotiating the sale of airport take-off and landing slots with interested parties and dealing with all legal matters, including the application to Court and the subsequent Appeal hearing, in this regard, ■ liaising with finance companies in respect of assets subject to finance agreements, to include meeting obligations under the terms of aircraft and engine leases (see below); ■ liaising with agents regarding the sale of assets, to include intellectual property and intangibles; ■ corresponding with financial institutions in relation to cash at bank on appointment and providing such information as they require, ■ corresponding with merchant acquirers and credit card providers and providing such information as they require, ■ reviewing outstanding debtors and management of debt collection strategy, ■ liaising with Company credit control staff and communicating with debtors; ■ seeking legal advice in relation to book debt collections, ■ reviewing the inter-company debtor position between the Company and other group companies.
Property matters	<ul style="list-style-type: none"> ■ reviewing the Company's leasehold properties, including review of leases, ■ marketing the long-leasehold property, reviewing bids received, agreeing heads of terms with highest bidder and making arrangements regarding completion of the sale; ■ communicating with landlords regarding rent, property occupation and other issues; ■ performing land registry searches
Aircraft leases	<ul style="list-style-type: none"> ■ communicating with lessors of the Company's aircraft fleet, spare engines and other sundry equipment in relation to the appointment and thereafter; ■ dealing with lessors in relation to the termination of leases and the return of aircraft; ■ working with lessors in relation to situations where leased aircraft included engines or other parts which were owned by third parties; ■ working with MAEL and the third party logistics provider to facilitate the return of aircraft records to lessors; ■ dealing with airports, other authorities and lessors in respect of requests for the Joint Administrators to give leave for parties to exercise liens in relation to aircraft in the fleet.
Health and safety	<ul style="list-style-type: none"> ■ liaising with health and safety specialists in order to manage all health and safety issues and environmental issues, including ensuring that legal and licensing obligations are complied with; ■ liaising with the Health and Safety Executive regarding the administration and ongoing health and safety compliance.
Insurance	<ul style="list-style-type: none"> ■ arranging ongoing insurance cover for the Company's business and assets, ■ liaising with the post-appointment insurance brokers to provide information, assess risks and ensure appropriate cover in place; ■ assessing the level of insurance premiums.
Employees	<ul style="list-style-type: none"> ■ dealing with queries from employees regarding various matters relating to the administration and their employment; ■ dealing with statutory employment related matters, including statutory notices to employees and making statutory submissions to the relevant government departments; ■ holding employee briefing meetings to update employees on progress in the administration and our strategy; ■ administering the Company's payroll, including associated taxation and other deductions, and preparing PAYE and NIC returns, ■ communicating and corresponding with HM Revenue and Customs; ■ dealing with issues arising from employee redundancies, including statutory notifications and liaising with the Redundancy Payments Office; ■ meeting Union representatives; ■ facilitating outplacement of former pilots, crew and office staff, including Job Fairs and CV writing sessions, ■ issuing detailed FAQs in response to enquiries by redundant and retained employees, ■ commencing a formal consultation process with retained employees in accordance with the Employee Rights Regulations; ■ managing claims from employees; ■ ensuring security of assets held by employees.
Pensions	<ul style="list-style-type: none"> ■ collating information and reviewing the Company's pension schemes, ■ calculating employee pension contributions and review of pre-appointment unpaid contributions; ■ ensuring compliance with our duties to issue statutory notices, ■ liaising with the trustees of the defined benefit pension scheme, the Pensions Regulator and the Pensions Protection Fund concerning the changes caused to the pension scheme as a result of our appointment;

	<ul style="list-style-type: none"> ■ ensuring death-in-service cover for employees remains in place; ■ communicating with employees representatives concerning the effect of the administration on pensions and dealing with employee queries
Creditors and claims	<ul style="list-style-type: none"> ■ drafting and circulating our Proposals, ■ obtaining the details of the unsecured creditors, ■ setting up a call centre and specific email address for enquiries from creditors; ■ responding to enquiries from creditors regarding the administration and submission of their claims; ■ dealing with suppliers, ■ preparing and submitting an application to Court seeking an order to disapply the prescribed part, ■ drafting our progress report
Investigations/ directors	<ul style="list-style-type: none"> ■ reviewing Company and directorship searches and advising the directors of the effect of the administration; ■ liaising with management to produce the Statement of Affairs and filing this document with the Registrar of Companies, ■ arranging for the redirection of the Company's mail; ■ reviewing the questionnaires submitted by the Directors of the Company; ■ reviewing pre-appointment transactions, ■ submitting the online director conduct assessment to the relevant authority.

Time costs

Time costs analysis (02/10/2017 to 01/04/2018)

	Hours	Time Cost (£)	Average Hourly Rate (£)
Administration & planning			
Notifying shareholders			
General correspondence	9.10	2,639.00	290.00
Notification of appointment	7.80	3,830.00	491.03
Cashiering			
Fund management	40.00	15,000.00	375.00
General (Cashiering)	119.65	49,102.25	410.38
Reconciliations (& IPS accounting reviews)	27.20	12,503.00	459.67
General			
Books and records	168.20	57,091.00	339.42
Fees and WIP	52.60	27,915.00	530.70
Mail redirection	16.70	7,243.50	433.74
Statutory and compliance			
Appointment and related formalities	182.75	72,571.75	397.11
Bonding & Cover Schedule	5.90	2,240.50	379.75
Budgets & Estimated outcome statements	182.60	84,460.00	462.54
Checklist & reviews	215.05	79,223.75	368.40
Closure and related formalities	0.75	213.75	285.00
Court hearings and preparation	46.10	33,525.00	727.22
Engagement management	362.90	224,796.25	619.44
Pre-administration checks	7.20	4,583.00	636.53
Reports to debenture holders	104.90	78,937.00	752.50

Time costs analysis (02/10/2017 to 01/04/2018)

	Hours	Time Cost (£)	Average Hourly Rate (£)
Statutory advertising	0.20	103.00	515.00
Strategy documents	438.65	279,786.25	637.83
Tax			
Initial reviews - CT and VAT	28.10	16,009.00	569.72
Post appointment corporation tax	332.50	191,535.00	576.05
Post appointment overseas tax	1.20	618.00	515.00
Post appointment VAT	100.95	45,594.25	451.65
Creditors			
Creditors and claims			
Agreement of claims	25.10	10,909.00	434.62
Agreement of unsecured claims	12.10	6,782.50	560.54
General correspondence	575.25	212,048.00	368.62
Legal claims	105.80	44,646.00	421.98
Notification of appointment	37.20	22,502.00	604.89
Pre-appointment VAT / PAYE / CT	0.30	193.50	645.00
Creditors and Claims			
Prescribed Part	39.00	25,491.00	653.62
Creditors and claims			
ROT Claims	15.20	5,700.00	375.00
Secured creditors	91.35	53,264.25	583.08
Statutory reports	327.70	196,385.00	599.28
Employees			
Agreeing employee claims	0.30	222.00	740.00
Correspondence	1,274.90	477,825.00	374.79
DTI redundancy payments service	0.20	75.00	375.00
Pension funds	2.10	1,327.50	632.14
Pensions reviews	42.70	24,197.50	566.69
General analysis			
Creditors and claims			
Customer claims and queries	825.87	276,097.95	334.31
Dealing with aircraft leases and airports	652.95	374,927.75	574.21
Dealing with merchant acquirers and claims	147.40	99,080.00	672.18
Repatriation - Customers and queries	6.20	4,333.00	698.87
Repatriation - Flights / Titan	20.20	14,465.50	716.11
Supplier claims – other	166.90	57,267.00	343.12
Unflown customers and claims	809.47	325,653.45	402.30
Employees			

Time costs analysis (02/10/2017 to 01/04/2018)

	Hours	Time Cost (£)	Average Hourly Rate (£)
Employees - week 1 meetings etc	1,292.05	433,788.75	335.74
General			
Dealing with IT suppliers	53.30	30,733.50	576.61
IT, Systems, Cut off and information	85.40	45,592.50	533.87
Realisation of assets			
Dealings with MAEL	325.05	123,682.25	380.50
TSA - MAEL matters	34.50	20,203.00	585.59
Statutory and Compliance			
Press and other external stakeholder communication	133.45	92,061.25	689.86
Investigation			
Directors			
D form drafting and submission	121.05	42,791.75	353.50
Director correspondence	52.45	22,601.25	430.91
Statement of affairs	35.85	15,694.75	437.79
Correspondence re investigations	5.00	2,012.00	402.40
Review of pre-appt transactions	4.00	2,627.50	656.88
Realisation of assets			
Asset Realisation			
Cash and investments	203.40	111,854.50	549.92
Debtors	320.55	147,990.75	461.68
Freehold property	33.85	17,997.25	531.68
Goodwill	41.10	18,652.50	453.83
Health & safety	14.20	4,956.00	349.01
Insurance	25.70	13,189.00	513.19
Intellectual Property	69.10	43,674.50	632.05
Leasehold property	206.05	94,027.25	456.33
Office equipment, fixtures & fittings	58.35	24,354.25	417.38
Other assets	942.90	566,401.50	600.70
Plant and machinery	25.00	15,855.00	634.20
Pre-appointment tax & VAT refunds	2.40	1,236.00	515.00
Sale of business	65.70	40,007.00	608.93
Stock and WIP	150.60	89,793.00	596.24
Vehicles	14.90	5,023.50	337.15
Other			
Cash & profit projections & strategy	135.40	61,818.00	456.56
Employee Matters / PAYE	548.40	287,281.00	523.85
Negotiations with suppliers / landlords	5.00	1,815.00	363.00

Time costs analysis (02/10/2017 to 01/04/2018)

	Hours	Time Cost (£)	Average Hourly Rate (£)
Purchases and operating costs	259.75	107,529.75	413.97
Total in period	12,893.64	6,008,157.40	465.98
Brought forward time (appointment date to SIP 9 period start date)	0.00	0.00	
SIP 9 period time (SIP 9 period start date to SIP 9 period end date)	12,893.64	6,008,157.40	
Carry forward time (appointment date to SIP 9 period end date)	12,893.64	6,008,157.40	

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

All time shown in the above analysis is charged in units of six minutes.

Appendix 6 Glossary

Avro	Avro Limited
Avro Aviation	Avro Aviation Limited
CAA	Civil Aviation Authority
the Company	Monarch Airlines Limited - in Administration
CMS	CMS Cameron McKenna Nabarro Olswang LLP
First Aviation	First Aviation Limited
Freshfields	Freshfields Bruckhaus Deringer LLP
Group/the Companies	Avro Limited, Avro Aviation Limited, First Aviation Limited, MH Aviation Transport Limited, Monarch 2011 Limited, Monarch Airlines Limited, Monarch Holdings Limited, Monarch Holidays Limited, Monarch Travel Group Limited, somewhere2stay Limited (all in administration) and, as appropriate, MAEL and other group companies
IP	Intellectual Property
IT	Information Technology
Joint Administrators/we/our/us	Jim Tucker, Blair Nimmo and Mike Pink
KPMG	KPMG LLP
MAEL	Monarch Aircraft Engineering Limited

Monarch 2011	Monarch 2011 Limited
MH Aviation Transport	MH Aviation Transport Limited
Monarch Airlines	Monarch Airlines Limited
Monarch Holdings	Monarch Holdings Limited
Monarch Holidays	Monarch Holidays Limited
Monarch Travel Group	Monarch Travel Group Limited
PJL	Petrol Jersey Limited
PNC	PNC Business Credit (a trading name of PNC Financial Services UK Ltd)
PPF	Pension Protection Fund
RPS	Redundancy Payments Service
Senior secured creditor	PJL
Slots	Take off and landing slots at UK airports
somewhere2stay	somewhere2stay Limited
WJL	Windsor Jersey Limited

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

Appendix 7 Notice: About this report

This report has been prepared by Jim Tucker, Blair Nimmo and Mike Pink, the Joint Administrators of Monarch Airlines Limited – in Administration (the ‘Company’), solely to comply with their statutory duty to report to creditors under the Insolvency Rules (England and Wales) 2016 on the progress of the administration, and for no other purpose. It is not suitable to be relied upon by any other person, or for any other purpose, or in any other context.

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

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

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

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

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

We are bound by the Insolvency Code of Ethics.

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

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