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# Progress Report to Creditors

13 May 2022

## Business Loan Network Limited (In Administration)

Joint Administrators' Progress Report for the period from 15 October 2021  
to 14 April 2022

Kroll Advisory Ltd.  
The Shard  
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## 1. Introduction

The Joint Administrators were appointed on 15 April 2021 by the Court, following an application by the Directors of the Company.

The order was made by the High Court of Justice, Business and Property Courts of England and Wales, Insolvency and Companies List (Chd), Companies Court, Number 000680 of 2021.

This progress report provides an update on the Administration of the Company. It should be read in conjunction with the Previous Report.

The Joint Administrators have also explained their future strategy for the Administration and how likely it is that they will be able to pay each class of creditor.

You will find other important information in this Progress Report such as the costs the Joint Administrators have incurred.

A glossary of the abbreviations and definitions used throughout this document is attached at Appendix 8.

Please also note that an important legal notice about this progress report to creditors is attached at Appendix 9.

## 2. Creditor Summary

This Progress Report covers the period from 15 October 2021 to 14 April 2022.

### 2.1 Summary of Proposals

#### Summary of Proposals

The Joint Administrators are pursuing the second hierarchical objective, namely achieving a better result for the Company's creditors as a whole than would be likely if the Company were wound up without first being in Administration. The Joint Administrators consider that there is a real prospect that this is achievable for the reasons set out in the Report (paragraphs 117-125) and the Proposals, namely:

- a) There is a real prospect of higher net Loan Recoveries and BLN Fees and Costs being achieved in Administration as compared with Liquidation;
- b) That the making of an Administration Order will potentially reduce the extent of enquiries made which will significantly reduce costs to the benefit of the creditors of the Company; and
- c) Overall, the costs of the Administration are likely to be less than the costs of Liquidation.

The Joint Administrators' Proposals for achieving the purpose of the Administration were approved without modification by creditors via deemed consent on 23 June 2021.

## 2.2 Progress to Date

### Loans

As at the Appointment Date, there were 163 outstanding loans to 73 Borrowers. The outstanding principal loan value was c.£49.5m.

During the Reporting Period, a further 22 loans have redeemed.

In conjunction with ESF (the Joint Administrators' Loan Book Servicer), estimated Loan Recoveries have been revised to c.£20.2m (excluding accruing interest) and before deduction of BLN Fees and Costs.

### Client Estate

As at the end of the Reporting Period and from Loan Recoveries, the Joint Administrators report that:

- £7,197,654 of Client Assets have been collected and allocated to Lenders' accounts;
- £417,773 has been received and allocated to the Company's client account and is subject to the outcome of the ongoing legal review into the uncertainty of the priority of distribution between certain loan syndicates as mentioned at the section titled "Client Money", and;
- £1,099,648 has been received and allocated to the Company's client account, the overriding majority of which will shortly be allocated to Lenders' accounts.

The Joint Administrators have paid Lender Withdrawal requests from Client Assets totaling £4,236,081.

The Joint Administrators have paid Lender Withdrawal requests from the CMP totaling £1,770,976.

The Joint Administrators continue to process and pay Lender Withdrawal requests weekly.

The Joint Administrators request all Lenders submit Lender Withdrawal requests by logging onto the Platform and submitting same where they have uninvested client monies held in their account.

### Insolvency Estate

Based on these revised estimates, it is now estimated that BLN Fees and Costs are likely to be slightly lower than the previous estimate of c.£1.7m. This is an estimate and is subject to change.

### Investigations

The Joint Administrators have filed their confidential report with the BEIS regarding the conduct of the Directors of the Company, as detailed in the Previous Reports.

## 2.3 Outcome for Creditors

The Company has no secured or preferential creditors, and therefore no update is required in this regard.

Claims received from non-preferential unsecured creditors since the appointment date total £5,310,896. There have been no additional claims made during the appointment period.

Creditors should note that the Joint Administrators have not yet adjudicated on the merits of these claims and will not do so until it is known whether there will be sufficient funds to enable a distribution to non-preferential unsecured creditors.

Based on the current information available to the Joint Administrators, it remains uncertain whether there will be sufficient asset realisations to enable a distribution to non-preferential unsecured creditors of the Company.

Please note, this Progress Report provides Creditors with an account of the progress of the Administration of the Company in the period. The Previous Reports are available to view at [www.IPS-docs.com](http://www.IPS-docs.com) and paper copies can be provided free of charge by writing to Tom Marston, Kroll Advisory Ltd, The Shard, 32 London Bridge Street, London, SE1 9SG.

Unless otherwise stated, all amounts in this Progress Report and appendices are stated net of VAT.

### **3. Progress of the Administration**

This section provides an update on the Joint Administrators' strategy for the Administration and progress to date.

#### **3.1 Strategy and Progress to Date**

As advised in the Proposals, the purpose of an Administration is to achieve one of the following hierarchical objectives:

- Rescuing the Company as a going concern; or
- Achieving a better result for the Company's creditors as a whole than would be likely if the Company were wound up (without first being in Administration); or
- Realising property in order to make a distribution to one or more secured or preferential creditors.

The first objective will not be achievable as there are insufficient funds and assets available to enable the Company to be rescued as a going concern.

The Joint Administrators are pursuing the second objective, namely achieving a better result for the Company's creditors as a whole than would be likely if the Company were wound up without first being in Administration. The Joint Administrators consider that there is a real prospect that this is achievable for the reasons set out in the Report (paragraphs 117 -125) and the Previous Report and Proposals, namely:

- a) There is a real prospect of higher net Loan Recoveries and BLN Fees and Costs being achieved in Administration as compared with Liquidation;
- b) That the making of an Administration Order will potentially reduce the extent of enquiries made which will significantly reduce costs to the benefit of the creditors of Company; and

- c) Overall, the costs of the Administration are likely to be less than the costs of Liquidation.

The Joint Administrators' Proposals for achieving the purpose of the Administration were approved without modification by creditors via deemed consent on 23 June 2021.

### **3.2 Strategy of the Administration**

The Joint Administrators' strategy remains as follows, being to:

- Continue with the wind-down of the remaining Loans during the Administration process for the benefit of Lenders and the Company;
- Distribute Client Money to Lenders; and
- Realise the Company Assets for the benefit of the Company's creditors.

Pursuant to the permissions granted by the Court to utilise Client Assets, the Joint Administrators' current methodology is to retain 25% of Client Assets, being the 25% Retention, retained following the Joint Administrators' appointment, and the 75% balance to which Lenders are entitled will be allocated to relevant Lenders' accounts and made available for distribution, subject to appropriate Anti Money Laundering and Know Your Client checks being completed. The 25% Retention is and will be utilised by the Joint Administrators to meet the necessary costs of dealing with Client Assets.

As previously reported, it is anticipated that once Loans and Company Assets have been recovered to the extent possible and the costs and expenses of the Administration and dealing with Client Assets are known with more certainty, a costs allocation plan will be formulated whereby the costs of dealing with the Client Assets will be fairly allocated across Lenders and to the extent applicable, any funds then remaining will be distributed amongst Lenders.

There will be consultation with the Creditors' Committee (see below for further information) regarding the cost allocation plan and, if considered necessary, possibly an application to the Court for approval prior to implementation. In addition, the FCA will be kept informed throughout.

It is possible that the cost allocation plan may affect the value of any unsecured claims which Lenders may have against the Company.

### **3.3 Loans**

As at the Appointment Date, there were 163 outstanding loans to 73 Borrowers. The outstanding principal loan value was c.£49m.

The Joint Administrators' Previous Report advised that, in conjunction with ESF (the Joint Administrators' Loan Book Servicer), estimated Loan Recoveries were projected to be c.£22m (excluding accruing interest) before deduction of BLN Fees and Costs.

During the Reporting Period, the Joint Administrators have continued to work closely with ESF and legal advisors in managing and progressing the loan book.

A full review of the remaining Loans has also been carried out throughout Q1 2022 to assess which Loans will be collectable prior to January 2023, if the loans and property strategies continue as they are. This exercise was carried out as a number of small loans had been identified with projected recovery dates into 2024 and 2025. On an initial review the costs of realising the Loans may outweigh the benefit to the estate and as a result, the Joint Administrators and ESF are reviewing the most cost-efficient way to deal with these Loans.

Based on current estimates, Loan Recoveries are projected to total c£20.2m. The reason for the reduction of previous projections has been largely due to property values not reaching the anticipated levels and extra prudence on the remaining ERVs.

As before, it should also be noted that the current estimate (and previous estimates referred to above) does not include the recovery of accrued interest, which is likely to be material in certain cases, potential recoveries from some personal and corporate guarantees and other avenues of recovery. Accordingly, the Joint Administrators wish to make clear that this estimate is likely to change.

Further, in the Reporting Period 22 Loans were redeemed. Further information is detailed below within the Client Asset section of this report where the Joint Administrators set out the amounts allocated to Lenders' accounts as a result. At the end of the Reporting period, there are 129 loans left with outstanding principal balances of £40,122,008.

Lenders will continue to receive syndicate updates on active Loans for which they are invested by email in the usual way, and it is recommended Lenders continue to review these when received for further information. Since the Joint Administrators' appointment, approximately 262 syndicate updates have been sent to Lenders across 51 active loans.

ESF, in conjunction with the Joint Administrators' oversight, continue to liaise with Borrowers with the aim of securing Loan Recoveries.

The next sections provide an update regarding Loan Recoveries and the collection of BLN Fees and Costs for the Client Estate and Insolvency Estate respectively.

### **3.4 Client Estate**

This section deals with assets which are subject to the proprietary rights of Lenders, predominately being Client Money and Client Assets as well as other associated matters.

Assets within the Client Estate do not form part of the Insolvency Estate but are included here for reference given the close relationship between them.

#### **Client Assets**

Client Assets are amounts from Loan Recoveries from Loans received after the Joint Administrators' appointment to which Lenders are entitled. Client Assets are held by the Company in a client account specifically for this purpose.

As at the end of the Reporting Period and from Loan Recoveries, the Joint Administrators report that:

- £7,197,654 of Client Assets have been collected and allocated to Lenders' accounts, an increase of £3,573,871 as compared to the figure stated in the Previous Report;
- £414,773 has been received and allocated to the Company's client account (an increase of £184,152 as compared to the figure stated in the Previous Report) and is subject to the outcome of the ongoing legal review into the uncertainty of the priority of distribution between certain loan syndicates as mentioned at the section titled "Client Money", and;
- £1,099,648 has been received and allocated to the Company's client account, the overriding majority of which will shortly be allocated to Lenders' accounts. This is an increase from the figure stated in the Previous Report of £911,570.

An update concerning Lender Withdrawals from Client Assets is detailed below.

As noted above, the 25% Retention will be retained by the Joint Administrators as a provision to meet the necessary costs of dealing with Client Assets as ordered by the Court and summarised at Section 3.2 above. As at the end of the Reporting Period, £1,782,814 of Client Assets had been collected and allocated to the 25% Retention account to meet approved costs, an increase of £886,544 as stated in the Joint Administrators' Previous Report. Approved paid costs as at the end of the Reporting Period total £1,695,003 (incl. VAT), an increase of £969,649 as stated in the Joint Administrators' Previous Report. Further information regarding approved costs incurred and paid from the 25% Retention is included at Section 6.2 below.

### **Client Money**

In accordance with the FCA's Client Assets Sourcebook (CASS), Client Money held by the Company at the time of the Joint Administrators' appointment (i.e. monies held in Lenders' accounts with the Company), are to be reconciled and notionally pooled, forming a Client Money Pool ("CMP").

The CMP totals £2,799,793. Of this and upon the appointment of the Joint Administrators, £725,277 has been allocated into the client account but had not yet been allocated to Lenders. However, during the Reporting Period, £4,034 was able to be allocated to relevant Lenders' accounts. Additionally, £30,573 was retained for legal costs in respect of certain Loans with £690,670 relating to recovery proceeds received where legal uncertainty exists as to the priority of distribution between loan syndicates.

At the end of the Reporting Period, £30,573 is currently being held to cover future costs relevant to particular Loans.

In respect of the £690,670, the Joint Administrators' Previous Report advised that, following the Joint Administrators' extensive financial and legal review in conjunction with Gunnercooke, Counsel advice was being sought. During the Reporting Period, the Joint Administrators and gunnercooke worked with Counsel to identify a cost-effective efficient solution to enable the Loan Recoveries to be allocated and distributed to the appropriate Lenders. The Joint Administrators are able to advise in conjunction with gunnercooke that they believe a solution has been identified which, although required more complex and detailed review, potentially avoids the need to make an application to Court. The Joint Administrators hope that the relevant Lenders will be contacted during the next reporting period with details of same to enable this matter to be progressed.

An update concerning Lender Withdrawals from the CMP from client monies allocated to Lenders' accounts is detailed below.

### **AML / KYC and Lender Withdrawals**

By way of reminder, the Joint Administrators are required to ensure that appropriate Anti Money Laundering and Know Your Client checks have been performed prior to permitting Lender withdrawals ("AML & KYC").

This applies to Lender withdrawals from both the CMP and Client Assets.

During the Reporting Period, the Joint Administrators have continued to process and pay Lender withdrawals on a weekly basis. As at the end of the Reporting Period, the Joint Administrators have paid the following amounts to Lenders:

- CMP £1,770,976, an increase of £246,311 as compared to the figure stated in the Previous Report;
- Client Assets £4,236,081 an increase of £2,275,290 as compared to the figure stated in the Previous Report;

Further, as at the end of the Reporting period, the following amounts were held in BLN's client accounts:

- CMP £1,025,609
- Client Assets £2,785,757

Of the Client Assets of £2,785,757, £417,773 relates to recovery proceeds received where legal uncertainty exists as to the priority of distribution between loan syndicates (please see above for further information), £1,009,648 will shortly be allocated to Lenders' accounts with the balance held in Lenders' accounts on the platform and available for withdrawal, subject to satisfactory AML/KYC checks.

Additionally, during the Reporting Period, the Joint Administrators have worked with ESF to issue communications, to include written letters, in an attempt to encourage Lenders to submit necessary AML/KYC information so that Lender withdrawal requests can be processed.

The Joint Administrators will continue to process and pay Lender withdrawal requests weekly or as appropriate.

### **Request to Lenders to submit Lender Withdrawal Requests**

As previously advised, the Joint Administrators, together with their appointed servicer, ESF, wish to pay to Lenders all their uninvested client monies allocated to their accounts at the earliest opportunity.

In this regard, please can Lenders review their account with the Company by logging onto the Platform at <https://www.businessloannetwork.co.uk/> to check whether they hold uninvested client monies. If Lenders

do hold uninvested client monies in their accounts, the Joint Administrators ask Lenders to submit a Lender Withdrawal Request as soon as reasonably practicable to request withdrawal of funds.

### **3.5 Insolvency Estate**

This section deals with Company Assets which belong to the Company or to which it's entitled.

Company Assets are assets included with the insolvency estate and are available for distribution to creditors after the costs and expenses of the Administration have been deducted.

Realisations during the Reporting Period are set out in the Joint Administrators' Receipts and Payments Account at Appendix 3.

Company Assets already realised in full and which were disclosed in earlier reports are not re-stated below.

#### **BLN Fees and Costs**

The Company derives its income from fees charged to Borrowers included within Loan Recoveries from Loans for the Company's own account as well as reimbursement of other costs it has incurred on behalf of Lenders, being defined as BLN Fees and Costs.

As previously reported:

- The majority of BLN Fees and Costs are due in the future but £762,609 had accrued and was owing to the Company as at Appointment Date based on the data from Company's records. These accrued but unpaid amounts relate to non-performing loans.
- The Report, which was based on estimates provided by the Company prior to the Administration, estimated that BLN Fees and Costs could be c.£1.9m but was subject to change.

In the Reporting Period, the Joint Administrators have collected, as shown on the Receipts and Payments Account at Appendix 3, £375,021 of BLN Fees and Costs, bringing total realisations in this regard to £459,218.

The Joint Administrators' Previous Report advised that BLN Fees and Costs could be c£1.7m. Given the review of the remaining Loans mentioned above at Section 3.3, which estimates a slight reduction in the projected total Loan recoveries, it's likely that BLN Fees and Costs might be slightly less than the previous estimate of c£1.7m. The Joint Administrators will provide further updates in their future progress reports.

#### **Buy Back Loans**

The Company bought certain loan parts relating to the Gould Loans from Lenders prior to the Appointment Date. Any Loan Recoveries in respect of those loan parts will be for the Insolvency Estate.

Prior to the Appointment Date, the Company had commenced recovery proceedings against a professional adviser and had issued a Letter of Claim on 23 July 2020 seeking damages of £610k.

During the Reporting Period, further analysis was undertaken by the Joint Administrators. The Joint Administrators confirm that the parties remain in ongoing dialogue.

The Joint Administrators are unable to disclose further details at this time so not to prejudice any potential future recovery actions and updates will be provided to creditors in the Joint Administrators' progress reports to creditors, as appropriate.

### **Intellectual Property**

As previously reported, the Company previously traded as ThinCats and was the registered owner of the trademark "ThinCats", up to October 2020. Following receipt of an independent valuation, the Company sold the registered trademark and any other intellectual property associated with the ThinCats brand to ESF in October 2020, prior to the appointment of Administrators.

The Joint Administrators review of whether appropriate consideration was received for the transferred asset remains ongoing. The Joint Administrators will provide a further update in their next report to creditors.

### **Investments**

The Company owns 25.48% of ordinary shares in TAL.

It is understood that the Company entered into a Joint Venture arrangement agreement with TAL to provide software and a licence for the use of certain intellectual property in exchange for the issue of ordinary shares in. The Company has ascribed no monetary value to the investment in TAL and has not received any dividend or other income from TAL.

During the Reporting Period, the Joint Administrators have been in dialogue with TAL, to include TAL providing the Joint Administrators with requested information. The Joint Administrators are currently exploring realising the Company's shares in TAL.

The Joint Administrators will provide a further update in their next report to creditors.

### **Bank Interest**

During the Reporting Period, the Joint Administrators received £57 into the Administration estate in respect of bank interest, bringing total bank interest received to £129.

### **3.6 Investigations**

The Joint Administrators reviewed the affairs of the Company to ascertain if there were any actions which could be taken against third parties to increase recoveries for Creditors. This review included a detailed analysis of the Company's bank statements, financial records, minutes of board meetings, other company records as well as engaging with parties formally engaged by the Company.

The Joint Administrators' Previous Report advised that the Joint Administrators have been engaging with the Directors to understand the nature of certain transactions and the rationale behind certain decisions made in the period prior to the Administration. This has included seeking the completion of questionnaires from each of the directors in office within the three-year period prior to the Administration.

During the Reporting Period, the Joint Administrators review of the abovementioned matters remains ongoing, to include the sale of the intellectual mentioned at Section 3.5 above. The Joint Administrators reiterate that, at this stage, no claims have been identified and that the ongoing investigations might conclude that no further work be undertaken.

The Joint Administrators have complied with their statutory obligation to file a report with BEIS concerning the conduct of all directors of the Company that served in the three years prior to the Joint Administrators appointment. Please note this report is confidential.

#### **4. Outcome for Creditors**

##### **4.1 Secured Creditors**

The Company has no secured creditors.

##### **4.2 Preferential Creditors**

The Company has no preferential creditors.

##### **4.3 Unsecured Creditors**

As noted in the Proposals, according to the SOA there are non-preferential unsecured creditors of the Company with claims of £783,251 as at the Appointment Date, summarised as follows:

Creditor	£
HMRC	-
Trade and Expense Creditors	2,601
Employees (unsecured element)	-
ESF	382,710
Lenders (see below note)	388,929
Other non-preferential unsecured creditors	9,011
<b>Total</b>	<b>783,251</b>

As previously advised, it is important to note that the amount owed to lenders in the table above and as per the SOA relates solely to the principal liabilities owed to those Lenders specifically in relation to the complaint upheld by the Company on 22 January 2021 as detailed in the Proposals.

The SOA also does not quantify the amounts potentially owed to other Lenders, including upheld FOS determinations - see below for further information.

The figures provided in the above table and in the SOA do not affect creditors' rights to submit a claim and for a different amount.

Claims received from non-preferential unsecured creditors (including all contingent lender creditors) during the Cumulative Period total £5,310,896. The majority of the non-preferential unsecured creditor claims received are from Lenders and contingent.

Creditors should note that the Joint Administrators have not yet adjudicated on the merits of unsecured claims and will not do so until it is known whether there will be sufficient funds available to enable a distribution to non-preferential unsecured creditors.

Based on the current information available to the Joint Administrators, it remains uncertain whether there will be sufficient asset realisations to enable a distribution to be paid to the non-preferential unsecured creditors of the Company. A further update in this regard will be provided to creditors in the Joint Administrators' next report to creditors.

#### **4.4 Lenders**

As noted in the Previous Report and the Proposals, the essence of a P2P platform is that the proceeds of loans the Company facilitates are not its property. The Lenders to those loans are those who chose, via the Company's platform, to invest in them. Any shortfall suffered by Lenders on any particular loan, does not in itself give rise to a claim against the Company.

In the circumstances of this matter, for the purposes of the approval process of the Proposals and the establishment of a Creditors' Committee, the Joint Administrators have decided to treat all Lenders as contingent creditors in this regard. In doing so, the Joint Administrators are not admitting any Lender's claim as to validity or value.

##### Lenders who have complained to FOS

The Company continues to be regulated by the FCA and relevant regulatory provisions still apply. The Joint Administrators are continuing to discuss this with their legal advisers but are aware that by s.228(5) of the Financial Services and Markets Act 2000 (which provides "If the complainant notifies the ombudsman that he accepts the determination, it is binding on the respondent and the complainant and final").

Absent any grounds on which to challenge the determination as being one which no reasonable authority could have made, the Joint Administrators appear to be bound to accept any such award as an unsecured liability of the Company.

The Joint Administrators are also aware of the provisions of DISP 1.3.2(AG) which provides that the results of an Ombudsman's finding should be "effectively applied in future complaint handling" and "where appropriate upheld".

These and other relevant provisions will be taken into account should the Joint Administrators be in a position to adjudicate the Lender's claims against the Company.

### How to Submit a claim in the Administration

If not already done so, Lenders who wish to claim as creditors and ordinary creditors (all other non-Lender creditors) of the Company should ensure that they have submitted details of their claim via the Creditors' Portal which can be accessed at [www.ips-docs.com](http://www.ips-docs.com) (see earlier communications in the Administration regarding how to access same).

#### **4.5 Prescribed Part**

The Company is not subject to any floating charges and, therefore, the Prescribed Part provisions do not apply.

### **5. Other Matters**

#### **5.1 Creditors' Committee**

##### **Establishment of the Creditors' Committee**

The Joint Administrators' previous communications to creditors and Lenders have stated that the Joint Administrators believe that this is an appropriate matter for a Creditors' Committee to be formed, provided sufficient nominations are received.

Accordingly, following the sending of the Proposals and as previously advised, a Creditors' Committee was established on 6 August 2021, consisting of five members as follows:

- Kevin Singleton
- Andrew Selkirk
- Grays of Norwich Limited
- Windsor Estates Finance Limited
- Glencar Investments XII Designated Activity Company

Each member of the Creditors' Committee has signed a Non-Disclosure Agreement. Consequently, each of the Creditors' Committee are privy to confidential information but are required to keep this information and other dealings in respect of the Creditors' Committee confidential. They are not permitted to share any information with creditors or Lenders.

##### **Role of a Creditors' Committee**

A Creditors' Committee represents the interest of the creditors as a whole, rather than the interests of individual creditors.

The main function of the Creditors' Committee is to assist the Joint Administrators in discharging their duties as well as approve the Joint Administrators remuneration. This may include assisting the Joint Administrators in key decisions, representing the main body of unsecured creditors, or providing information relating to the Company, its business and affairs.

Further information is contained with the Proposals which remain available on the Joint Administrators' IPS Creditors' Portal which can be accessed at [www.ips-docs.com](http://www.ips-docs.com) (see earlier communications in the Administration regarding how to access same).

### **Creditors' Committee Meetings**

The first meeting of the Creditors' Committee took place on 8 September 2021 and lasted approximately four hours. The Joint Administrators provided a comprehensive update on the progress of the Insolvency Estate as well as the Client Estate, to include ongoing strategy and next steps.

During the Reporting Period, a further Creditors' Committee meeting took place on 13 December 2021 where a further detailed update was provided.

The Creditors' Committee engaged with the Joint Administrators both in terms of providing their opinions on the information and update provided as well as by providing information to assist with the conduct of the Administration.

The Joint Administrators will shortly be convening the third meeting of the Creditors Committee where a further detailed update will be provided.

### **How to Communicate with the Creditors' Committee**

The Creditors' Committee have set up a dedicated email address should any Lenders wish to contact them about matters concerning the Administration of BLN. Their email address is [blncreditors@gmail.com](mailto:blncreditors@gmail.com).

Please note and as mentioned above, each member of the Creditors' Committee has signed a Non-Disclosure Agreement and consequently is prevented from divulging the content of Creditors' Committee meetings or information received in their capacity as a member of the Creditors' Committee to other Lenders or any other parties outside of the Creditors' Committee. This measure is important and is ultimately designed to protect the best interests of the Company and its creditors.

## **5.2 Joint Administrators' Receipts and Payments account**

A detailed receipts and payments account for the Cumulative Period and Reporting Period is shown in Appendix 3 together with a cumulative account for the whole of the Administration.

## **5.3 Creditors' Rights**

Further information regarding the remuneration and expenses of the Joint Administrators, including Creditors' rights to challenge such costs is provided at Appendix 7, Statement of Creditors' Rights.

# **6. Fees, Expenses and Pre-Administration Costs**

## **6.1 Insolvency Estate**

This section deals with the Joint Administrators' remuneration and the costs and expenses of the Administration in accordance with the Act and Rules, as appropriate.

## **Basis of the Joint Administrators' Remuneration**

The basis of the Joint Administrators' remuneration was approved by the Creditors Committee on 21 September 2021 and is fixed by reference to the time properly incurred by the Joint Administrators in attending to matters arising during the Administration in accordance with the Fee Estimate provided in the Proposals and Kroll's usual charge-out rates for work of this nature.

The Fee Estimate approved by the Creditors Committee totals £1,532,880 and effectively acts as a cap on the remuneration that can be drawn by the Joint Administrators, subject to there being sufficient funds in the Administration estate.

As noted in the Proposals, the Fee Estimate quantifies the total amount of time and therefore cost anticipated to be spent over the duration of the insolvency process (currently estimated to be up to 5 years) was based on the information contained in the Report (together with the supplemental Estimated Outcome Statement dated 14 April 2021) which was included in the evidence provided to the Court in support of the Administration application. These are available on the Company's website as previously noted.

The Joint Administrators acknowledged in the Proposals that the Fee Estimate is an estimate, and is based on a number of assumptions, some of which will be accurate and some of which may not be, thereby resulting in future costs incurred differing from the estimate.

Accordingly, and as previously communicated, the Joint Administrators will regularly update the Creditors' Committee who is best placed to consider progress and quantum of the Joint Administrators' remuneration.

## **Joint Administrators' Time Costs**

The Joint Administrators' total time costs incurred for the Reporting Period total £139,147, which represents 380 hours at an average hourly rate of £366. Time has been charged in six-minute units.

A breakdown of the Joint Administrators' time costs can be found at Appendix 5.

Also attached at Appendix 6 is the Fees Narrative, a summary of key issues, to assist Creditors in understanding the strategy of the Joint Administrators, the associated costs and expenses of the related activities and the financial benefit to Creditors.

These costs are within the approved Fee Estimate provided in the Proposals.

The Joint Administrators' total time costs incurred for the Cumulative Period total £608,323.50, which represents 1,410.35 hours at an average hourly rate of £431.33. Time has been charged in six-minute units. A breakdown of the Joint Administrators' time costs can also be found at Appendix 5.

## **Joint Administrators' Remuneration**

During the Reporting Period, the Joint Administrators have drawn remuneration of £200,000 (excl. VAT), which is shown on the Receipts and Payments account at Appendix 3.

Total remuneration drawn by the Joint Administrators during the Cumulative Period totals £200,000 (excl. VAT).

### **Joint Administrators' Expenses**

Expenses are any payments from the Administration which are neither an Administrator's remuneration nor a distribution to a creditor or member. Expenses also include disbursements. Disbursements are payments which are first met by the Administrator and then reimbursed to the Administrator from the Administration.

Expenses are divided into those that do not need approval before they are charged to the Administration estate (Category 1 Expenses) and those that do (Category 2 Expenses).

Category 1 Expenses are payments to persons providing the service to which the expense relates who are not an associate of the Joint Administrators.

Category 2 Expenses are payments to associates or which have an element of shared costs and require approval from creditors in the same manner as the Joint Administrators' remuneration, whether paid directly from the estate or as a disbursement.

The Joint Administrators provided an estimate of expenses for the Administration in their Proposals, totaling £166,374. This was for information purposes only and could possibly change over the course of the Administration.

Appendix 4 details the expenses incurred and paid during the Reporting Period, together with the Joint Administrators' estimate of expenses to be incurred for the whole of the Administration, including a comparison to that provided in the Proposals.

In the Reporting Period, Category 1 Expenses of £11,698 were incurred, of which £6,767 were paid. There have been no Category 2 Expenses incurred during the Reporting Period.

As above, the Creditors' Committee has approved that the Joint Administrators be authorised to draw Category 2 Expenses (to the extent they are incurred) from the assets of the Administration estate.

### **Additional Information**

Details of how to obtain further information relating to the fees and expenses of the Joint Administrators are set out in Appendix 7.

### **Pre-Administration Costs**

Pre-Administration costs are fees, charges and expenses incurred by the Joint Administrators or their firm, or another person qualified to act as an insolvency practitioner, before the Company entered Administration but with a view to it doing so.

On 21 September 2021, shortly after the first meeting of the Creditors' Committee, approval was received from the Creditors' Committee that the unpaid pre-Administration costs were to be paid out of the assets of the Administration estate.

The Joint Administrators' Previous Report and Proposals provided details of the Joint Administrators' pre-administration costs, to include gunnercooke, the contents of which have not been repeated in this report.

During the Reporting Period, the Joint Administrators paid £63,537 to gunnercooke and £124,559 to Kroll, details of which are shown in the Joint Administrators' Receipts and Payments account at Appendix 3. A table summarizing the position is shown below:

Pre-Administration Costs	Paid (£)	Unpaid (£)	Total (£)
gunnercooke LLP	118,010	0	118,010
Kroll	366,559	0	366,559
<b>Total</b>	<b>484,569</b>	<b>0</b>	<b>484,569</b>

As shown above, Pre-Administration Costs totaled £484,569, of which £54,473 and £242,000 respectively were paid to gunnercooke and Kroll prior to the Appointment Date as previously reported. Please also note that following a review, it was identified that Kroll's costs were overreported in the Proposals and Previous Report by £1,448. This explains why the amounts paid to Kroll in total as shown above are slightly less than those reported previously.

## 6.2 Client Estate and Client Money Pool

This section deals with the Joint Administrators' remuneration and the costs and expenses in relation to the Client Estate and Client Money Pool.

As mentioned earlier in this report, the application to Court was made because in the circumstances permissions of the Court were required to assist the Joint Administrators in carrying out their functions, to include retaining 25% of Client Assets to meet costs. A copy of the sealed Court Order together with the Report has been made available to Lenders via the Company's website.

The Court Order stipulates that the Joint Administrators be permitted to pay for the following categories of work from the Client Estate:

- (1) The post-Administration costs and expenses incurred by the Company, acting by the Joint Administrators, engaging ESF to provide future Loan Book Servicing (or of such alternative service provider should the Joint Administrators so determine);
- (2) The remuneration of the Joint Administrators for:
  - a. The Loan Book Servicing supervision tasks;
  - b. Dealing with Lender related matters, in particular dealing with enquiries from Lenders;
  - c. Dealing with issues concerning the Financial Conduct Authority;
  - d. Court applications relating to Client Assets, CMP and/or Lender matters;
  - e. Collecting BLN Fees and Costs payable from the Client Assets to the Company;

- (3) Legal costs incurred by the Joint Administrators dealing with Client Assets and the CMP; and
- (4) One-half of the costs incurred (including the remuneration of the Joint Administrators) in establishing and conducting the affairs of the creditors' committee.

The Court directed that, If the remuneration for work done by the Joint Administrators in respect of the Client Estate and Client Money Pool, exceeds the £950,000 estimate as detailed in the Report as considered by the Court, then the Joint Administrators are obliged to notify the Lenders who shall have liberty to apply to the Court within 28 days of such notification for the determination as to whether the remuneration that exceeds the estimates or any part thereof that exceeds the estimates should be paid out of the monies comprising Client Estate.

### **Joint Administrators' Remuneration**

The Joint Administrators' time costs incurred in respect of the Client Estate for the Reporting Period total £245,053, which represents 483 hours at an average hourly rate of £506. Time has been charged in six-minute units.

The Joint Administrators' total time costs incurred in respect of the Client Estate from the Appointment Date to 15 April 2022 at standard hourly rates are £914,028, representing 1,736 hours at an average hourly rate of £526. Time is charged in six-minute units.

A breakdown of those time costs and summary of the tasks undertaken can be found at Appendices 5 and 6.

During the Reporting Period, the Joint Administrators were paid £415,000 (excl. VAT) from the Client Estate, bringing total amounts paid to the Joint Administrators from the Client Estate to £565,000 (excl. VAT).

The Joint Administrators' time costs are approaching the £950,000 estimate as provided to Court via the Report. This is principally due to additional time spent:

- understanding the Loans, some of which are complex, and the future recovery strategies being deployed for each;
- time spent setting up systems to ensure the efficient running of the Client Estate moving forward, such as the platform software updates and reporting systems, and;
- Additional time spent dealing with AML/KYC, banking matters and certain legal matters.

During the Reporting Period, the Joint Administrators believe that cost efficiencies have been experienced in dealing with the Client Estate with less time being spent dealing with routine administrative and operational matters. Time however continues to be incurred dealing with the Loans as shown in the detailed breakdown at Appendix 5. The principal reasons for this are that Loans are more complex and challenging to administer and collect than originally forecast.

The Joint Administrators have prepared an estimate of the additional time costs that are likely to be incurred above the £950,000 estimate as detailed in the Report considered by the Court. This estimate,

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together with other matters, will be provided to the Creditors' Committee for comment prior to it being provided to all Lenders.

The Joint Administrators will update Lenders separately in due course.

## **ESF**

As previously report and after exploring other possible options, the Joint Administrators decided to retain ESF to carry out Loan Book Servicing and related matters regarding the Client Estate. The terms of the engagement with ESF provide for ESF to be paid in part on a variable time incurred basis, and in part based on the quantum of actual Loan Recoveries. The Report estimated that based on the Company's and ESF's assumptions around the expected loan book recoveries and timings (i.e. over a period of up to 5 years) that the estimated cost of ESF acting as Loan Book Servicer would be approximately £2.6m.

Given that the Joint Administrators in conjunction with ESF believe that the majority of Loans should be collected by June 2023, it is anticipated that the agreement with ESF would not be required for the full 5 years as budgeted. The Joint Administrators have been in discussion with ESF regarding the ongoing engagement with ESF, both in terms of duration and amendment to reflect the currently and future requirements of the administration of the Client Estate which will hopefully reduce costs.

As at the end of the Reporting Period, the Joint Administrators have received invoices from ESF pursuant to the loan book / Client Estate arrangements totaling £1,118,790 (excl. VAT). These invoices relate to the work undertaken during the Cumulative Period.

During the Reporting Period, the Joint Administrators have paid £351,474 (excl. VAT) to ESF in this regard. Taking total costs paid to ESF during the Cumulative Period to £780,316.

## **Legal Costs**

The Joint Administrators have retained gunnercooke to assist them deal with matters relating to the Client Estate. gunnercooke's fee arrangement is on a time cost basis.

As at the end of the Reporting Period, the Joint Administrators had received invoices totaling £85,132 (excl. VAT), primarily being in relation to the following matters:

- Conducting reviews of documentation held in relation to various loans;
- Liaising with the Joint Administrators to discuss the realisation strategy in respect of the loans;
- Reviewing complex syndicate updates prepared by the Joint Administrators;
- Preparing a summary of loan guarantees to assist with the realisation strategy; and
- Reviewing ongoing legal claim paperwork and strategy.

During the Cumulative Period, the Joint Administrators have paid £67,181.20 (excl. VAT) to gunnercooke for services rendered in relation to the Client Estate, of which £41,567.80 (excl. VAT) was paid during the Reporting Period.

## **Other**

In addition and as previously noted, the Joint Administrators instructed Kroll Associates UK Ltd's compliance risk & diligence team, being an associate of the Joint Administrators as the firm is part of the

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Kroll group of companies, to conduct up-to-date politically exposed person and sanction checks on all Lenders with all other Anti Money Laundering and Know Your Client checks being conducted by ESF.

Total costs of Kroll Associated UK Ltd totaled £23,190 as previously reported.

## **7. Future Strategy**

### **7.1 Future conduct of the Administration**

The Joint Administrators 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:

- Finalising the recovery of Loans and BLN Costs and Fees and associated matters;
- Collect in the assets of the Insolvent Estate as detailed in this report;
- Conclude ongoing investigations;
- Continue to oversee the Client Estate, to include distributing funds to Lenders;
- Paying outstanding costs of the Administration, and;
- Dealing with other statutory matters and duties of the Insolvent Estate including accounting for VAT and completing corporation tax returns.

### **7.2 Extension of the Administration**

An Administration automatically comes to an end after one year, unless an extension is granted by the Court or with the Creditors' consent.

The Joint Administrators considered it necessary to extend the Administration for a period of 12 months. Consent of the Company's creditors was sought for the extension by the way of approval from the unsecured creditors for the following reasons:

#### General Insolvency Estate

- Monitor and realise BLN fees and costs due to the Company from the managed wind-down of the loan book;
- Liaise with legal advisors to progress legal claims for the benefit of the Company;
- Pay the outstanding costs of the Administration; and
- Deal with other statutory matters and duties, including accounting for VAT and completing corporation tax returns.

#### Client Estate

- Monitor and conclude the recovery of the loan book for the benefit of the lender syndicates;
- Pursue personal guarantees relating to specific borrowers, where commercially viable.
- Facilitating lender withdrawals from the client-money pool (CMP);
- Distribute funds to lenders in relation to post-pooling event (PPE) funds;

A notice of the extension has been circulated and is available for viewing and downloading from the Creditors' Portal <https://www.ips-docs.com/>. You will need to input the following details to access the Creditors' Portal.

Case Code: 297132

Unique password: (As previously detailed to each creditor)

The term of the Administration has been extended to 14 April 2023.

A hard copy is available on request. If you would prefer to be sent a paper copy, please contact Tom Marston of this office.

### **7.3 Future Reporting**

The Joint Administrators will provide a further progress report within one month of 15 October 2022 or earlier if the Administration has been completed prior to that time.

If you require further information or assistance, please do not hesitate to contact the case team on [BLN@Kroll.com](mailto:BLN@Kroll.com).

Yours faithfully

For and on behalf of

Business Loan Network Limited



**Geoffrey Bouchier**

Joint Administrator

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The affairs, business and property of the Company are being managed by the Joint Administrators, Geoffrey Bouchier and Robert Armstrong, who act as agents for the Company and without personal liability. Both are licensed by the Insolvency Practitioners Association.

## Appendix 1 – Statutory Information

### Company information

<b>Company and trading name</b>	Business Loan Network Limited	
<b>Date of incorporation</b>	10 May 2010	
<b>Registered Number</b>	07248014	
<b>Company Director(s)</b>	Jill Sandford, Peter Brown, Kevin Caley, Quentin Baer	
<b>Shareholders</b>	ESF Capital Limited Thomas Francis Moore Stuart Le Cornu Rupert Cottrell Anthony Taylor Peter Brown Kevin Caley	
<b>Trading address</b>	2-3 Charter Point Way, Ashby-De-La-Zouch, Leicestershire, England, LE65 1NF	
<b>Registered office</b>	<b>Current:</b> Kroll The Shard 32 London Bridge Street London	<b>Former:</b> 2-3 Charter Point Way, Ashby-De-La-Zouch, Leicestershire, England, LE65 1NF

### Administration information

<b>Administration Appointment</b>	The Administration appointment granted in High Court of Justice, Business and Property Courts of England and Wales, Insolvency and Companies List (Chd), Companies Court, number 000680 of 2021.
<b>Appointor</b>	Court Order
<b>Date of Appointment</b>	15 April 2021
<b>Joint Administrators</b>	Geoffrey Bouchier and Robert Armstrong
<b>Original purpose</b>	Achieve a better result for the Companies' creditors as a whole than may be achieved than if the Company were wound up without first being in Administration

## Administration information

<b>Functions</b>	The functions of the Joint Administrators are being exercised by them individually or together in accordance with Paragraph 100(2) of Schedule B1
<b>Current Administration expiry date</b>	14 April 2023
<b>Prescribed part</b>	The Prescribed Part is not applicable in this case.
<b>Application of EC Regulations</b>	These proceedings have been defined as the Main Proceedings under Article 3 of the EC Regulations

## Appendix 2 – Summary of Approved Proposals

The following proposals were approved by creditors on 23 June 2021 at 23.59hrs:

1. That the Joint Administrators may continue to deal with such outstanding matters in relation to the Company as the Joint Administrators consider necessary until such time as the Administration ceases to have effect.
2. That the Joint Administrators may do all such other things and generally exercise all of their powers as contained in Schedule 1 of the Act, as they, in their sole and absolute discretion, consider desirable or expedient to achieve the purpose of the Administration.
3. That the Joint Administrators may investigate and, if appropriate, pursue any claims the Company may have for the benefit of the Company's Creditors.
4. That the Joint Administrators may seek an extension to the Administration period if considered necessary.
5. That the Joint Administrators may make distributions to the preferential creditors (if any) where funds allow.
6. That the Joint Administrators may make distributions to the non-preferential unsecured creditors from the Prescribed Part, where applicable.
7. That the Joint Administrators may make further distributions to the non-preferential unsecured creditors over and above the prescribed part, if funds become available and apply to court for authority to do so, where applicable.
8. That the Joint Administrators might apply to Court for the Administration Order to cease to have effect from a specified time and for the return of control to the Directors.
9. That the Joint Administrators might place the Company into Creditors' Voluntary Liquidation if deemed appropriate. It is proposed that the Joint Administrators, currently Geoffrey Wayne Bouchier and Robert John Armstrong of Kroll (a trading name of Duff & Phelps Ltd.) would act as Joint Liquidators, should the Company be placed into Creditors' Voluntary Liquidation. The Creditors may nominate a different person as the proposed Liquidator, provided the nomination is received at this office prior to the approval of these Proposals. Any action 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 them.
10. That the Joint Administrators might petition the Court for a winding-up order placing the Company into Compulsory Liquidation if deemed appropriate. It is proposed that the Joint Administrators, currently Geoffrey Wayne Bouchier and Robert John Armstrong of Kroll (a trading name of Duff & Phelps Ltd.) would act as Joint Liquidators should the Company be placed into Compulsory Liquidation without further recourse to Creditors. Any action 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 them.

11. That the Joint Administrators might take the necessary steps to give notice of move from Administration to dissolution with the Registrar of Companies if the Joint Administrators consider that Liquidation is not appropriate because (1) the Company has no remaining property which might permit a distribution to its Creditors, and (2) all outstanding matters have been satisfactorily completed.
12. Alternatively, the Joint Administrators may allow the Administration to end automatically.
13. That a creditors' committee will be established if there are sufficient creditors are willing to act as members of the committee.

## Appendix 3 – Receipts and Payments Account

## Business Loan Network Limited (In Administration)

### Joint Administrators' Receipts and Payments Account for the Reporting and Cumulative Period

Statement of Affairs Estimated to Realise Values	The Reporting Period from 15 October 2021 to 14 April 2022	The Cumulative Period from 15 April 2021 to 14 April 2022
(£)	(£)	(£)
<b>Asset Realisations</b>		
	57.28	129.31
188,946.00	-	189,170.12
1,546,387.00	327,635.64	411,832.92
	(9,877.31)	(10,318.68)
381,305.00	63,768.20	199,882.74
3,214.00	-	13,000.00
	-	2,039.33
	-	33,380.53
248.00	-	-
400,000.00	-	-
	<b>381,583.81</b>	<b>839,116.27</b>
<b>Cost of Realisations</b>		
	-	(2,000.00)
	(116.00)	(622.84)
	(921.81)	(921.81)
	(225.00)	(225.00)
	(200,000.00)	(200,000.00)
	(30.00)	(30.00)
	(95.00)	(415.78)
	(5,720.00)	(62,062.00)
	(124,559.00)	(124,559.00)
	(63,536.80)	(63,536.80)
	-	(1,050.00)
	-	(99.45)
	-	(357.85)
	<b>(395,203.61)</b>	<b>(455,880.53)</b>
<b>Balance</b>	<b>(13,619.80)</b>	<b>383,235.74</b>
<b>Represented By</b>		
		365,041.83
		8,436.88
		9,757.03
		<b>383,235.74</b>

1\*) Third-Party Costs are due to be reimbursed to the Company from future loan recoveries.

## Appendix 4 – Analysis of Expenses Incurred

**Business Loan Network Limited (In Administration)**

**Joint Administrators' Expenses for the Administration**

Notes	Company	Type of Expense	Activity	Fee Basis	Reporting Period		Cumulative Period		Anticipated Total Cost (£)	Original Estimate	Variance
					Amount Paid (£)	Amount Incurred (£)	Amount Paid (£)	Amount Incurred (£)			
1	<b>Category 1 Expenses</b>										
2	<b>Professional Advisors</b>										
3	gunnercooke LLP	Legal Fees	Legal advice in relation to asset realisations and ad hoc legal advice	Time costs and disbursements	5,720.00	11,094.00	53,382.78	64,476.78	100,000.00	100,000.00	-
4	Actons Solicitors	Legal Fees and Disbursements	Legal advice in relation to specific legal recoveries	Time costs and disbursements	95.00	95.00	9,095.00	9,095.00	55,000.00	55,000.00	-
5	Hilco Appraisal Ltd	Agents Fees	Valuation of the Company's office and IT equipment	Time costs	-	-	2,000.00	2,000.00	2,000.00	-	(2,000.00)
6	LB Group	Accountants	Preparation of corporation tax returns and ad-hoc accountancy	Time costs	-	-	-	-	5,000.00	5,000.00	-
7	Marsh Limited	Insurance Agents	Provision of Open Cover Insurance premium and policies	Fixed Fee	921.81	0.00	921.81	921.81	921.81	1,000.00	78.19
8	Spreckley Partners Limited	Public Relations Consultants	Dealing with the media and issuing a press release	As incurred	-	0.00	1,050.00	1,050.00	1,050.00	1,050.00	-
9	<b>Other Costs</b>										
10	Courts Advertising	Statutory	Statutory Advertising of the appointment in the London Gazette	As incurred	-	-	99.45	99.45	99.45	99.45	-
11	Total Data Management	Statutory	Collection and storage of the Company's books and records	As incurred	-	0.00	357.85	357.85	3,000.00	3,000.00	-
12	Accurate Mailing	Mailing	Stationary and Postage	As incurred	-	0.00	-	0.00	1,000.00	1,000.00	-
13	AON UK Ltd	Statutory Compliance	Bordereau	Fixed Fee	-	0.00	225.00	225.00	225.00	225.00	-
14	Registers of Scotland Direct	Land Registry Fees	Registered title property searches	Fixed Fee	30.00	30.00	30.00	30.00	30.00	-	(30.00)
<b>Total Category 1 Expenses</b>					<b>6,766.81</b>	<b>11,219.00</b>	<b>67,161.89</b>	<b>78,255.89</b>	<b>168,326.26</b>	<b>166,374.45</b>	<b>(1,951.81)</b>
15	<b>Category 2 Expenses</b>										
16	Travel				-	478.95	-	478.95	478.95	-	(478.95)
<b>Total Category 2 Expenses</b>					<b>-</b>	<b>478.95</b>	<b>-</b>	<b>478.95</b>	<b>478.95</b>	<b>-</b>	<b>(478.95)</b>
<b>Total Expenses</b>					<b>6,766.81</b>	<b>11,697.95</b>	<b>67,161.89</b>	<b>78,734.84</b>	<b>168,805.21</b>	<b>166,374.45</b>	<b>(2,430.76)</b>

**Notes to Expenses Schedule**

- 1 Category 1 Expenses are payments to independent third parties where there is specific expenditure directly referable to the Administration.
- 2 The Joint Administrators' choice of professional advisors is based on their perception of the experience and ability of the respective firms / individuals to perform the work, the complexity and nature of the assignment and the basis of their fee.
- 3 Legal advice and disbursements for the provision of legal advice anticipated to be in relation to claims from lenders, specific asset recoveries and the interaction between the Client Estate and the Insolvency Estate.
- 4 Legal advice in relation to recoveries from the Company's owned "Buy-Back" loans. NB Actons were legal advisers to the Company prior to the Administration and have detailed knowledge of certain matters.
- 5 The Joint Administrators instructed Hilco Appraisal Ltd to conduct a professional desktop valuation of the Company's office and IT equipment on both an in-situ and ex-situ basis.
- 6 The Joint Administrators have instructed LB Group to perform corporation tax services.
- 7 The Joint Administrators instructed specialist insurance brokers, Marsh Limited, to provide open cover insurance over the business and assets during the Administration.
- 8 The Joint Administrators instructed public relations consultants to assist with communications to the media, including issuing press releases.
- 9 Category 1 Expenses are payments to independent third parties where there is specific expenditure directly referable to the Administration.
- 10 Statutory advertising of the Notice of Appointment in the London Gazette as required under insolvency legislation.
- 11 The Joint Administrators are required to store the Company's books and records for 12 months after the end of the Administration. The Joint Administrators working papers must be stored for 6 years after the end of the Administration.
- 12 It is usually more cost effective to employ an external agent to print and mail circulars to creditors and members, as required by statute.
- 13 It is a statutory requirement for insolvency practitioners to have a bond on each case to which they are appointed. The cost is based on the value of the assets.
- 14 The Joint Administrators incurred costs relating to registered title searches conducted by the the Scottish Land Registry.
- 15 Category 2 Expenses are costs that are directly referable to the Joint Administrators, or are a payment to an associate. All Category 2 Expenses need approval before payment from the Administration estate.
- 16 These are travel expenses that the Joint Administrators anticipate incurring in dealing with the Administration.
- N.B. An associate is where a reasonable and informed third party might consider there would be an association, payments should be treated as if they are being made to an associate.

## Appendix 5 – Analysis of Time Charged

## Business Loan Network Limited (In Administration)

### Analysis of the Joint Administrators' time costs for the Reporting Period in relation to the Insolvent Estate

Classification of Work Function	Hours				Total Hours	Time Cost (£)	Avg Hourly Rate (£)
	Managing Director	Manager	Senior	Assistant			
<b>Administration and Planning</b>							
Case Review & Case Diary Management	0.40	4.90	0.00	5.30	10.60	3,848.50	363.07
Cashiering & Accounting	0.00	56.40	2.20	91.20	149.80	47,187.00	315.00
IPS Set up & Maintenance	0.00	0.00	0.00	1.90	1.90	380.00	200.00
Insurance	0.00	3.10	0.00	0.00	3.10	1,908.50	615.65
Statutory Matters (Meetings, Reports & Notices)	2.50	40.40	1.30	26.85	71.05	27,831.00	391.71
Strategy, Planning & Control	1.30	20.20	0.00	39.50	61.00	19,192.50	314.63
Tax Compliance / Planning	0.00	1.60	0.00	19.10	20.70	4,582.00	221.35
<b>Creditors</b>							
Creditors Committee	6.90	32.60	0.00	0.10	39.60	23,387.00	590.58
Dealings with Creditors & Employees	0.00	2.50	0.00	3.90	6.40	2,117.00	330.78
Non Pref Creditor Claims Adjudication & Distribution	0.00	0.60	0.00	0.00	0.60	289.00	481.67
Non Pref Creditors / Employee Claims Handling	0.00	1.10	0.00	0.10	1.20	505.50	421.25
<b>Realisation of Assets</b>							
Book Debts	0.00	6.50	0.00	0.20	6.70	4,362.50	651.12
Other Intangible Assets	0.00	0.30	0.00	0.00	0.30	199.50	665.00
Other Tangible Assets	0.00	1.10	0.00	0.00	1.10	731.50	665.00
Accounting - BLN Fees	0.00	5.90	0.00	0.00	5.90	2,625.50	445.00
<b>Total Hours:</b>	<b>11.10</b>	<b>177.20</b>	<b>3.50</b>	<b>188.15</b>	<b>379.95</b>		<b>366.22</b>
<b>Total Fees Claimed (£):</b>	<b>8,325.00</b>	<b>93,152.00</b>	<b>1,330.00</b>	<b>36,340.00</b>		<b>139,147.00</b>	

## Business Loan Network Limited (In Administration)

### Analysis of the Joint Administrators' time costs for the Cumulative Period in relation to the Insolvent Estate

Classification of Work Function	Hours				Total Hours	Time Cost (£)	Avg Hourly Rate (£)
	Managing Director	Manager	Senior	Assistant			
<b>Administration and Planning</b>							
Case Review & Case Diary Management	1.10	20.70	1.40	16.90	40.10	16,126.50	402.16
Cashiering & Accounting	0.00	135.50	2.20	162.40	300.10	100,394.50	334.54
Dealings with Directors and Management	3.90	2.70	0.00	4.50	11.10	5,136.50	462.75
IPS Set up & Maintenance	0.00	0.80	0.00	12.60	13.40	2,826.00	210.90
Insurance	0.00	18.30	0.00	1.10	19.40	11,026.50	568.38
Statement of Affairs	0.00	5.10	0.00	1.50	6.60	2,833.50	429.32
Statutory Matters (Meetings, Reports & Notices)	19.40	151.90	21.30	63.05	255.65	113,115.50	442.46
Strategy, Planning & Control	5.40	183.40	6.70	65.10	260.60	117,106.50	449.37
Tax Compliance / Planning	0.00	10.20	0.00	29.90	40.10	11,361.00	283.32
<b>Creditors</b>							
Creditors Committee	14.60	170.90	3.60	3.60	192.70	104,951.50	544.64
Dealings with Creditors & Employees	12.70	37.70	2.40	30.50	83.30	38,118.00	457.60
Non Pref Creditor Claims Adjudication & Distribution	0.00	0.60	0.00	0.00	0.60	289.00	481.67
Non Pref Creditors / Employee Claims Handling	0.00	2.00	0.60	0.10	2.70	1,178.00	436.30
<b>Investigations</b>							
CDDA & Reports & Communication	0.00	22.40	10.30	21.60	54.30	19,060.00	351.01
Financial Review and Investigations (S238/239 etc)	3.80	14.90	3.00	3.30	25.00	11,692.50	467.70
<b>Realisation of Assets</b>							
Book Debts	0.00	25.70	0.00	1.50	27.20	16,334.50	600.53
Freehold and Leasehold Property	0.00	5.60	0.00	1.30	6.90	3,758.00	544.64
Other Intangible Assets	0.00	7.40	0.00	0.00	7.40	3,535.00	477.70
Other Tangible Assets	0.00	15.90	0.00	2.50	18.40	9,335.50	507.36
Accounting - BLN Fees	0.00	44.80	0.00	0.00	44.80	20,145.00	449.67
<b>Total Hours:</b>	<b>60.90</b>	<b>876.50</b>	<b>51.50</b>	<b>421.45</b>	<b>1,410.35</b>		<b>431.33</b>
<b>Total Fees Claimed (£):</b>	<b>45,675.00</b>	<b>460,492.50</b>	<b>19,360.00</b>	<b>82,796.00</b>		<b>608,323.50</b>	

## Business Loan Network Limited (In Administration)

### Analysis of the Joint Administrators' time costs for the Reporting Period in relation to the Client Estate

Classification of Work Function	Hours				Total Hours	Time Cost (£)	Avg Hourly Rate (£)
	Managing Director	Manager	Senior	Assistant			
<b>Client Money Pool</b>							
Competing Claims re CMP	0.50	1.60	0.00	0.00	2.10	1,087.00	517.62
Distribution / Payments	0.00	5.00	6.80	19.00	30.80	8,767.00	284.64
<b>Client Assets</b>							
AML / KYC Review	0.00	1.40	0.00	0.00	1.40	799.00	570.71
CASS - Review and Future Operations	0.00	46.20	0.00	0.30	46.50	22,232.00	478.11
Competing Claims over CASS Monies	0.00	0.90	0.00	0.00	0.90	466.50	518.33
Dealing with Unclaimed CASS Monies / Distributing Client Monies	0.00	2.50	0.00	29.80	32.30	7,094.50	219.64
Issuing Syndicate Updates / Communications (Monitoring)	0.00	24.00	0.00	0.00	24.00	15,155.00	631.46
Lender Servicing - Variable Costs	1.30	5.20	0.00	0.50	7.00	4,138.00	591.14
Loan Book Servicing - Oversight and Monitoring	53.55	207.60	0.00	27.20	288.35	166,617.00	577.83
Retail Lender - Inbound Queries (Phone, Email and Post)	0.20	1.80	4.50	22.20	28.70	7,236.00	252.13
Retail Lender - Outbound Queries (Website Updates, FAQs)	0.00	4.00	0.00	0.40	4.40	2,740.00	622.73
Updating and Reporting to FCA	1.40	12.20	0.00	3.80	17.40	8,721.00	501.21
<b>Total Hours:</b>	<b>56.95</b>	<b>312.40</b>	<b>11.30</b>	<b>103.20</b>	<b>483.85</b>		<b>506.46</b>
<b>Total Fees Claimed (£):</b>	<b>39,387.50</b>	<b>180,819.50</b>	<b>4,294.00</b>	<b>20,552.00</b>		<b>245,053.00</b>	

## Business Loan Network Limited (In Administration)

### Analysis of the Joint Administrators' time costs for the Cumulative Period in relation to the Client Estate

Classification of Work Function	Hours				Total Hours	Time Cost (£)	Avg Hourly Rate (£)
	Managing Director	Manager	Senior	Assistant			
<b>Client Money Pool</b>							
Competing Claims re CMP	4.10	40.90	0.00	0.00	45.00	22,177.50	492.83
Distribution / Payments	3.10	28.70	19.00	28.20	79.00	29,186.50	369.45
KYC / AML	0.40	8.30	0.00	0.00	8.70	3,993.50	459.02
Reconciliation	0.70	34.20	0.00	0.40	35.30	18,178.00	514.96
<b>Client Assets</b>							
AML / KYC Review	5.50	97.60	0.00	0.00	103.10	50,137.50	486.30
CASS - Review and Future Operations	4.50	197.80	0.00	0.30	202.60	102,793.00	507.37
Competing Claims over CASS Monies	0.00	40.20	0.00	0.00	40.20	21,610.00	537.56
Competing Claims over CASS Monies - Court Directions	0.00	1.00	0.00	0.00	1.00	445.00	445.00
Dealing with Unclaimed CASS Monies / Distributing Client Monies	0.00	47.10	0.00	34.80	81.90	31,263.50	381.73
Fixed Costs	0.60	12.90	5.00	0.80	19.30	10,738.50	556.40
Issuing Syndicate Updates / Communications (Monitoring)	6.90	85.30	0.00	0.00	92.20	57,178.50	620.16
Lender Servicing - Variable Costs	9.90	26.00	0.00	0.50	36.40	22,522.00	618.74
Loan Book Servicing - Oversight and Monitoring	99.45	619.70	0.00	36.40	755.55	438,266.50	580.06
Retail Lender - Inbound Queries (Phone, Email and Post)	5.30	30.90	47.00	54.30	137.50	47,365.50	344.48
Retail Lender - Outbound Queries (Website Updates, FAQs)	3.90	35.20	0.00	3.00	42.10	24,271.00	576.51
Updating and Reporting to FCA	8.50	44.30	0.00	3.80	56.60	33,901.50	598.97
<b>Total Hours:</b>	<b>152.85</b>	<b>1,350.10</b>	<b>71.00</b>	<b>162.50</b>	<b>1,736.45</b>		<b>526.38</b>
<b>Total Fees Claimed (£):</b>	<b>111,312.50</b>	<b>742,937.50</b>	<b>26,630.00</b>	<b>33,148.00</b>		<b>914,028.00</b>	

## Appendix 6 – Narrative of Work Carried Out

## **Narrative of Work Carried out during the Reporting Period and Anticipated Future Works**

Geoffrey Bouchier and Robert Armstrong were appointed Joint Administrators on 15 April 2021.

### **Introduction**

This summary should be read in conjunction with the content of this report, together with Appendix 5.

The Joint Administrators' time costs incurred in the Reporting Period total £139,147, which represents 380 hours at an average hourly rate of £366.

The Fee Estimate agreed by the Company's creditors totals £1,532,880 which has not been exceeded by the Joint Administrators.

The Joint Administrators provide the following supporting narrative in relation to the time costs incurred in the Reporting Period:

### **Strategy**

#### Administration and Planning

During the Reporting Period, the Joint Administrators incurred £104,930 in respect of Administration and Planning, representing 318 hours at an average charge out rate of £330.

Time costs incurred in relation to Administration and Planning have included, but are not limited to, the following tasks:

- Monitoring and reviewing Administration strategy, including completing case reviews at week one, three months and six-months;
- Companies House and Court filings;
- Reviewing insolvency practitioners' bond;
- Administration of bank accounts;
- Undertaking treasury functions in respect of receipts and payments of the Administration;
- Preparation of this report and the Previous Report;
- Dealing with the interaction and co-ordination as between the Client Estate and the Insolvency Estate;
- Completing internal compliance reviews and checklists;
- Discussions with management and legal advisors following Administration Order;
- Liaising with Company directors and management regarding statutory duties;
- Review insurance policies and engage specialist broker to consider on-going insurance requirements;
- Review and analyse insurance policies regarding claims made prior to the Administration and whether policy would respond to further claims post Administration;
- Preparing updates to the Financial Conduct Authority ("FCA") on the status of the Administration;
- Meetings and telephone attendance with FCA representatives;
- Internal discussions and meetings regarding strategy and planning;
- Preparing and filing HMRC statutory notifications.

The Joint Administrators' time costs to date do not exceed the agreed Fee Estimate in this regard but it is acknowledged that costs in relation to Administration and Planning have exceeded the agreed Fee Estimate in this regard.

This is largely because of the complexities that have been encountered which has resulted in more time being spent by more senior staff than originally anticipated, for example with the preparation of the Proposals and other statutory paperwork.

Future work will likely include the following tasks:

- Internal strategic discussions and meetings and completing case reviews at regular intervals;
- General case oversight by senior team members over key issues, including statutory matters;
- Ongoing interaction and co-ordination as between the Client Estate and the Insolvency Estate,
- Filing notices with Companies House as required;
- Dealing with tax compliance and corporation tax returns;
- Preparing and issuing the Joint Administrators' six-monthly Progress Reports to Creditors;
- Dealing with cashiering matters including making payments and preparing VAT returns as required;
- Regularly reconciling the Administration bank accounts;
- Dealing with queries arising during the appointment;
- Reviewing matters affecting the outcome of the Administration; and
- Complying with internal filing and information recording practices, including documenting strategy decisions.

These time costs, and the expenses of Marsh, Accurate Mailing, Courts Advertising, Total Data Management, Spreckley Partners, as detailed at Appendix 4, do not provide a direct benefit to creditors, but are required by statute, in accordance with insolvency legislation, or are necessary to ensure compliance with best practice and to ensure the case is dealt with efficiently.

### Creditors

Time costs incurred in relation to creditors during the Reporting Period total £26,299 representing 48 hours at an average charge out rate of £550. Time costs incurred in relation to Creditors have included, but not limited to, the following tasks:

- Updating the non-preferential unsecured creditor and Lenders details on our internal systems;
- Considering and dealing with Lenders as creditors/contingent creditors;
- Preparing and sending communications creditors/contingent creditors;
- Preparation for and holding of Creditors' Committee meetings as well as communications to same,

The time costs incurred to date in this regard do not exceed the agreed Fee Estimate and it is not currently anticipated that this will be exceeded. Total time costs in relation to creditors are still expected to total £788,150, and are likely to comprise the following:

- Continuing to deal with creditor claims and queries from creditors and Lenders (up to c.1700 creditors/contingent creditors);
- Continue to deal with Lenders as creditors/contingent creditors;

- Prepare and issue further FAQ documents to creditors/contingent creditors;
- Provide regular updates and reports to Creditors' Committee;
- Convene and hold Creditors' Committee meetings;
- Providing updates to creditors and Lenders, as necessary; and
- Adjudicating and agreeing creditor claims if there are sufficient funds to enable a dividend to be paid to creditors.

Time costs in this category do not have a direct benefit for creditors except where they relate to dealing with distributions, however these time costs are necessary to keep creditors informed about the Administration and deal with their queries.

#### Investigations

There have been no time costs incurred in relation to creditors during the Reporting Period.

Time costs in this category do not have a direct financial benefit for creditors unless net recoveries are achieved. The statutory reporting requirements to the Secretary of State are incurred in accordance with statutory requirements.

#### Realisation of Assets

Time costs incurred in relation to creditors total £7,919 during the Reporting Period, representing 14 hours at an average charge out rate of £566. Time costs incurred in relation to Creditors have included, but not limited to, the following tasks:

- Time dealing with recovering BLN's Fees and Costs;
- Collating information from the Company's records regarding assets;
- Liaise with legal advisors regarding the potential legal recovery in relation ongoing legal matters;
- Review recovery strategy and consider recovery estimates for BLN owned loans ("the Buy-Back loans).

The time costs incurred to date in this regard do not exceed the agreed Fee Estimate and it is not currently anticipated that this will be exceeded. Total time costs are still expected to total £392,000, and are likely to include the following:

- Completing the review into the Company's debtor ledger, and monitor collection simultaneously with the loan book collection;
- Liaise with legal advisors to progress legal claims for the benefit of the Company;
- Monitor and recover BLN Fees and Costs due to the Company from the managed wind-down of the loan book and ensure that this is recovered for the benefit of the Administration estate; and
- Monitor enforcement strategies and collect proceeds of security from the Buy-Back loans.

The work to be conducted in this regard, and the expenses of Hilco Appraisal, gunnercooke and Actons Solicitors as detailed at Appendix 4, will be of direct benefit to the creditors of the Company as it will result in improved asset recoveries to the Administration estate which may result in a distribution to creditors.

## Client Estate

Narrative of Work Carried out during the Reporting Period in relation to the Client Estate	
Client Money Pool	<ul style="list-style-type: none"> <li>• Review and reconcile client monies held at appointment</li> <li>• Review lender balances and determine entitlement to client monies held at appointment</li> <li>• Review and consider lender entitlement at appointment of Lenders' investment in DLP and TLC loans</li> <li>• Review of balances held at appointment not yet allocated to specific Lenders</li> <li>• Communication and liaise with FCA regarding the reconciliation of the Client Money Pool</li> <li>• Review and consider legal priority issues surrounding the distribution of proceeds received that are subject to competing claims by syndicates</li> <li>• Review of Company records to identify Lenders impacted by competing claims over proceeds of security</li> <li>• Prepare brief for solicitors to obtain advice as to the specific allocation and distribution of amounts held that are subject to competing interest</li> <li>• Review and consider AML / KYC compliance and consider further documentary requirements for Lenders with Client Money Pool balances</li> <li>• Facilitate communication with Lenders requesting the provision of further documents in accordance with AML regulations</li> <li>• The raising, processing and payment of Lender Withdrawals from the Client Money Pool.</li> </ul>
Retail Lender - Inbound Queries (Phone and Email)	<ul style="list-style-type: none"> <li>• Monitoring the Kroll inbox and responding to any incoming queries from Lenders.</li> <li>• Taking telephone calls from lenders and arranging calls with any lenders seeking further information, including the strategy regarding the wind-down of the loan book.</li> <li>• Engaging with ESF to understand the nature of the enquiries being received from lenders and how these are being responded to with a view to ensuring consistency in responses</li> <li>• Correspondence with lenders on more contentious loans</li> </ul>
Retail Lender - Outbound Queries (Website Updates)	<ul style="list-style-type: none"> <li>• Preparing several Notices to Lenders</li> <li>• Monitoring the Frequently Asked Questions document, updating and issuing the same, as and when appropriate</li> <li>• Ensuring that the Company's website is kept up to date and provides lenders with copies of documents relevant to the Administration, including the general lender updates</li> </ul>
AML / KYC Review	<ul style="list-style-type: none"> <li>• Review KYC and AML documentation held for Lenders</li> <li>• Consider and review regulatory compliance with legislation</li> </ul>

	<ul style="list-style-type: none"> <li>• Review and determine risk profiles for lenders and determine further documentation requirements</li> <li>• Liaise with ESF staff to ensure compliance with legislation and CASS rules prior to distributing any lender funds</li> <li>• Requesting further supporting documentation from lenders</li> <li>• Facilitate PEP and sanction screening for lenders in accordance with legislation prior to distributing lender funds</li> <li>• Production of reports evidencing compliance with legislation.</li> </ul>
CASS – Review and Future Operations	<ul style="list-style-type: none"> <li>• Review existing procedures for dealing with client funds</li> <li>• Establish controls and procedures surrounding daily account reconciliations</li> <li>• Liaise with RBSI and Barclays regarding the continued operation of client monies accounts</li> <li>• Liaise with FCA and Barclays regarding the establishment of a new client monies account</li> <li>• Review of daily reconciliations</li> <li>• Instructions to banks regarding transfer of monies</li> <li>• Review, consider and implement changes required to platform to account and deal with the return of CMP, Client Assets and the 25% retention.</li> <li>• Development and implementation of reporting and oversight procedures.</li> <li>• Review of weekly and cumulative reconciliations</li> </ul>
Fixed Costs	<ul style="list-style-type: none"> <li>• Review and approve account payments for BLN fees and third-party costs</li> </ul>
Issuing Syndicate/Lender Updates / Communications	<ul style="list-style-type: none"> <li>• Review and approve Lender updates and communications to Lenders. Working with site team on updates</li> <li>• Checking consistency with previous updates</li> <li>• Ensuring level of detail is provided</li> <li>• Ensuring all enforcement options have been considered, including updated statement of means to ensure recoveries are expediated where possible</li> </ul>
Lender Servicing - Variable Costs	<ul style="list-style-type: none"> <li>• Variety of tasks associated with Lender queries and servicing</li> <li>• The raising, processing and payment of Lender Withdrawals from the Client Assets</li> <li>• Dealing with Lender tax statements</li> </ul>
Loan Book Servicing - Oversight and Monitoring	<ul style="list-style-type: none"> <li>• Initial review of all loans, estimated to realise value, timescales for realisations, potential enforcement options</li> <li>• Bi-weekly discussions with ESF and Joint Administrators' staff re strategy and background</li> <li>• Detailed monthly provision reviews – ERV and recovery dates</li> <li>• Review of TLCs and arranging better reporting going forward</li> </ul>

	<ul style="list-style-type: none"> <li>• Proactive monitoring of PG action – including a review of Assets and Liabilities statements alongside Income and Expenditure accounts to ensure no further assets or recovery action is available</li> <li>• Reviewing loans which have been extended to ensure appropriate interest has been applied</li> <li>• Working alongside ESF staff to ensure any loan extensions are in lenders best interests</li> <li>• Reviewing of information packs for detail to ensure loan security and loan priority status are correctly reported</li> <li>• Working alongside ESF and legal professionals to reconcile any uncertainties within the Loans</li> <li>• Review of previous Lender Updates for historic detail,</li> <li>• Liaising with respective officeholders of Borrowers where formal appointments have been made</li> <li>• Reviewing proposals / progress reports on Administrations and progress reports and periodic updates from trustee in bankruptcies and LPA Receivers respectively</li> <li>• Maintenance of records</li> </ul>
<p>Updating and Reporting to the FCA</p>	<ul style="list-style-type: none"> <li>• Telephone calls and emails with the FCA</li> <li>• Preparation of information</li> </ul>
<p>Competing Claims over CASS Monies and Dealing with Unclaimed CASS Monies / Distributing Client Monies</p>	<ul style="list-style-type: none"> <li>• Review of financial and non-financial information regarding Loan proceeds where there is legal uncertainty as to the priority of distribution between loan syndicates</li> <li>• Conduct detailed analysis of financial and non-financial information</li> <li>• Preparation and instruction of gunnercooke to conduct legal review</li> <li>• Telephone calls and emails concerning same</li> </ul>

## **Appendix 7 – Statement of Creditors' Rights**

Rule numbers refer to *Insolvency (England & Wales) Rules 2016* (as amended)

Section or paragraph numbers refer to *Insolvency Act 1986*

If you require a copy of any relevant rule or section, please contact Tom Marston at [Tom.Marston@kroll.com](mailto:Tom.Marston@kroll.com).

### **Information for Creditors on remuneration and expenses of Administrators**

Information regarding the fees and expenses of Administrators, including details of the expenses policy and hourly charge out rates for each grade of staff that may undertake work on this case, is in a document called "Administration: A Creditor's Guide to Insolvency Practitioner Fees". This can be viewed and downloaded from Kroll's website at:

<https://www.kroll.co.uk/services/disputes-and-investigations/restructuring/corporate-restructuring/creditor-guides-and-employee-fact-sheets>.

Should you require a copy, please contact this office.

### **Creditors' Requests for Further Information**

If you would like to request more information about the Joint Administrators' 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 the Joint Administrators' 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 are by unsecured creditors (including the unsecured creditors 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 Tom Marston at Kroll Advisory Ltd., The Shard, 32 London Bridge Street, London, SE1 9SG or at [BLN@kroll.com](mailto:BLN@kroll.com).

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## Appendix 8 – Definitions

Word or Phrase	Definition
the Act	The Insolvency Act 1986 (as amended)
the Appointment Date	15 April 2021 being the date of appointment of the Joint Administrators
Barclays	Barclays Bank plc, 15 Colmore Road, Birmingham, B3 2BH, with whom the Company banked
BLN Fees and Costs	Amounts payable to the Company derived from its entitlement from Loan Recoveries to the extent that Lenders have agreed to the deduction by the Company from any part of those proceeds.
BEIS	Department for Business, Energy & Industrial Strategy
Borrowers	Those entities which borrowed monies from Lenders facilitated by the Company.
Category 1 Expenses	The Joint Administrators' expenses, in dealing with the Administration, to persons providing the service to which the expense relates and who are not an associate of the Administrator. These expenses can be paid without prior approval
Category 2 Expenses	The Joint Administrators' expenses, in dealing with the Administration, to associates or where there is an element of shared costs. Such expenses require approval by creditors before payment
CASS	FCA's Client Assets Sourcebook
Client Money	Monies held in Lenders' accounts with the Company upon the appointment of the Joint Administrators
Client Assets	Loan Recoveries received after the Administrators' appointment which include amounts to which Lenders are entitled
25% Retention	Being 25% of Client Assets
Client Estate	Matters and assets that relate to the proprietary rights of Lenders, being Client Money and Client Assets, and the associated costs and expenses, and specifically excluding the Insolvency Estate.
the Company	Business Loan Network Limited (In Administration) (Company Number: 07248014)
Company Assets	Assets which belong to the Company or to which its entitled, to include BLN Fees and Costs

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<b>Word or Phrase</b>	<b>Definition</b>
COVID-19	Coronavirus Pandemic
Cumulative Period	The period from 15 April 2021 14 April 2022
the Directors	Jill Sandford, Peter Brown, Kevin Caley and Quentin Baer, the directors of the Company
EC Regulation	EC Regulation on Insolvency Proceedings 2000
ESF	ESF Capital Limited, 2nd Floor Newlands House, 40 Berners Street, London, United Kingdom, W1T 3NA, the Company's parent company
the FCA	Financial Conduct Authority, 12 Endeavour Square, London, E20 1JN
FOS	Financial Ombudsman Service, being s service that settles complaints between consumers and businesses that provide financial services
gunnercooke	gunnercooke LLP, 1 Cornhill, London, EC3V 3ND, a limited liability partnership (registered number OC355375)
HMRC	HM Revenue and Customs
Insolvency Estate	Matters in relation to the Administration of the Company, to include Company Assets and the associated costs and expenses, and specifically excluding Client Estate.
Institutional Investors	Being financial organisations or investment institutions who predominately make the decisions to invest into Loans on behalf of their members or shareholders.
the Joint Administrators	Geoffrey Wayne Bouchier and Robert John Armstrong of Kroll Advisory Ltd, The Shard,32 London Bridge Street, London SE1 9SG,
Lenders	Includes both Retail Investors and Institutional Investors
the Lender Client Accounts	In accordance with the CASS Rules, Client Monies must be held in designated client accounts
Loans	Loans made to Borrowers facilitated by the Company.
Loan Recoveries	Proceeds of loans collected or recovered from Borrowers.
Loan Book Servicing	The tasks which are inherent in working out the Loans (borrower redemptions, analysis and assessing options on default, negotiations or legal recovery action) and distributing Client Assets to the relevant Lenders.

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P2P Peer-to-Peer

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**Word or Phrase**

**Definition**

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Preferential Creditor/s A creditor with a claim that ranks in priority to other unsecured creditors, to floating charge holders and the prescribed part. Preferential debts are either 'ordinary', such as certain employee claims, or 'secondary', such as HMRC's claims for VAT and PAYE income tax, which will rank for payment after the ordinary preferential claims are paid in full.

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the Prescribed Part Pursuant to Section 176A of the Act where a floating charge is created after 15 September 2003 a designated amount of the Company's net property (floating charge assets less costs of realisation) shall be made available to Unsecured Creditors

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the Previous Report The Joint Administrators' Progress Report dated 11 November 2021

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the Proposals The Joint Administrators' Report to Creditors and Statement of Proposals issued on 8 June 2021

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RBSI Royal Bank of Scotland International, 280 Bishopsgate, London, EC2M 4RB, with whom the Company banked.

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the Reporting Period The period from 15 October 2021 to 14 April 2022

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Retail Investors Being individuals who predominately make the decisions to invest into Loans on their own behalf.

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the Report Report of Proposed Administrators dated 9 April 2021, which was submitted to Court with the proposed application to place the Company into Administration and which has been made available to Lenders on the Company's website.

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the Rules The Insolvency (England & Wales) Rules 2016 (as amended)

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the Secured Creditor The holder of a fixed and floating charge over the Company's assets. The Company has no secured creditors.

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SIP 9 Statement of Insolvency Practice 9 – Industry best practice for Insolvency Practitioners in relation to disclosure of remuneration and expenses

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SOA Statement of Affairs, documentation [to be] supplied by the Director outlining the Company's financial position as at the Appointment Date

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Sponsors or Introducers Being those who introduced Loans to the P2P platform

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TAL	ThinCats Australia Group Holding Pty Limited, a company incorporated in Australia of which the Company owns 25.48%
Terms & Conditions	Being the Terms & Conditions published on the Company's website and available to Lenders.
TLSL	ThinCats Loan Syndicates Limited, acting as agents of the Lenders and perform roles described as "Lender Agent", Facility Agent" and "Security Trustee"
TPL	ThinCats Participations Limited, acting as agents of the Lenders and perform roles described as "Lender Agent", Facility Agent" and "Security Trustee"
TUPE	The Transfer of Undertaking (Protection of Employment) Regulations 2006

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## **Appendix 9 – Notice about this Report**

This report has been prepared by Geoffrey Bouchier and Robert Armstrong, the Joint Administrators of the Company, solely to comply with their statutory duty to report to Creditors under the Insolvency (England and Wales) Rules 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 purposes, 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 any financial interest in the Company or any other company in the same 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 (England and Wales) Rules 2016 does so at their own risk. To the fullest extent permitted by law, the Joint Administrators do not assume any responsibility and will not accept any liability in respect of this report to any such person.

Geoffrey Wayne Bouchier and Robert John Armstrong are authorised to act as insolvency practitioners by the Insolvency Practitioners Association.

The Joint Administrators 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, Kroll Advisory Ltd does not assume any responsibility and will not accept any liability to any person in respect of this Progress Report or the conduct of the Administration.