

Our ref:           GWB/RA/RWG/TC/TM/297132/3

**TO ALL KNOWN CREDITORS AND MEMBERS**

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BLN Case Team

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8 June 2021

Dear Sirs

**Business Loan Network Limited (In Administration) (“the Company”)**  
**Company Registration Number: 07248014**  
**Court: High Court of Justice, Business and Property Courts of England and Wales,**  
**Insolvency and Companies List (Chd), Companies**  
**Court Number: 000680 of 2021**

I refer to my appointment as Joint Administrator of the Company, together with my colleague Robert Armstrong on 15 April 2021.

**Statement of Proposals**

The Joint Administrators’ Statement of Proposals (“Proposals Report”) is now available to view and download from the Portal which can be accessed at [www.ips-docs.com](http://www.ips-docs.com) (see earlier communications regarding how to access same). You may request a hard copy of the Proposals Report, in writing at the address below, or by contacting the mailbox [BLN@Kroll.com](mailto:BLN@Kroll.com). The Proposals Report will be sent to you at no charge.

The Proposals Report is the statutory statement of proposals of the Joint Administrators. It sets out the circumstances leading up to their appointment and their strategy for achieving the purpose of the Administration.

The Joint Administrators are seeking the approval of relevant proposals as detailed in the Proposals Report via a deemed consent procedure, notice of which is enclosed with the Proposals Report. In the absence of any objections, details of which are contained within the Proposal Report, the relevant proposals will be approved at 23.59 hours on 23 June 2021.

**Invitation to Form a 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.

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.

In addition and in accordance with Rule 3.38(4) of The Insolvency (England & Wales) Rules 2016 (as amended), the Joint Administrators are required to invite nominations for membership of a Creditors' Committee any time they seek a decision from creditors (if a Creditors' Committee has not already been formed).

It is envisaged that a creditors committee will be established comprising ordinary creditors as well as Lenders representing both institutional and retail investors (on the basis that Lenders may be regarded, for the moment, as contingent creditors).

The Joint Administrators are currently seeking nominations for Lenders and Creditors who wish to participate.

Attached at Appendix 7 of the Proposals Report is:

- Notice of invitation to Form a Creditors' Committee ("Notice of Committee"); and
- Nomination for Membership of the Creditors Committee and Consent to Act Form ("Nomination Form").

If you wish to be a member of the Creditors Committee, please complete the Nomination Form at Appendix 7 of the Proposals Report and return the completed Nomination Form to the Joint Administrators as instructed in the Notice of Committee by 23 June 2021.

Further information concerning the formation, role and eligibility criteria for those wishing to become members of the Creditors Committee is contained at Section 11.3 of the Proposals Report.

Should you have any queries, please do not hesitate to contact my office on the contact details above. The Joint Administrators request that, if possible, you communicate by email.

Yours faithfully  
For and on behalf of  
Business Loan Network Limited



**Geoffrey Bouchier**  
Joint Administrator

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.

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# **Statement of Proposals**

## **Business Loan Network Limited**

### **(In Administration)**

8 June 2021

Joint Administrators' Report to Creditors and Statement of Proposals for the period from 15 April 2021 to 8 June 2021

## **Contents**

1. Introduction
2. Creditor Summary
3. Background
4. Events Leading up to the Administration
5. Strategy and Progress of the Administration to Date
6. Statement of Affairs
7. Investigations
8. Joint Administrators' Fees and Expenses and Pre-Administration Costs
9. Dividend Prospects
10. End of Administration
11. Joint Administrators' Proposals

## **Appendices**

- Appendix 1 - Statutory Information
- Appendix 2 - The Joint Administrators' Receipts and Payments Account
- Appendix 3 - Statement of Affairs
- Appendix 4 - Analysis of Time Charged Incurred for the Insolvent Estate
- Appendix 5 - Fee and Expenses Estimate and Supporting Narrative for the Insolvent Estate
- Appendix 6 - Analysis of Time Charged and Supporting Narrative for the Client Estate
- Appendix 7 - Creditors Committee Nomination Form
- Appendix 8 - Statement of Creditors' Rights
- Appendix 9 - Notice of seeking Decision by Deemed Consent of the Proposals
- Appendix 10 - Definitions
- Appendix 11 - Notice about this Statement of Proposals

## 1. Introduction

The Joint Administrators were appointed on the Appointment Date by the Court, following an application by the Directors.

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 report is the Joint Administrators' statutory Statement of Proposals. It sets out the circumstances leading up to their appointment and their strategy for achieving the purpose of the Administration.

You will find other important information in this report such as the proposed basis of the Joint Administrators' remuneration.

A glossary of the abbreviations and definitions used throughout this document is attached at Appendix 10.

Please also note that an important legal notice about this statement of Proposals is attached at Appendix 11.

These Proposals are being delivered via the Joint Administrators' Portal ([www.ips-docs.com](http://www.ips-docs.com)) and are deemed delivered the day they are first uploaded to the Portal, being 8 June 2021.

## 2. Creditor Summary

### Background

The Company was incorporated on 10 May 2010 and operates an electronic P2P lending platform with Lenders investing in Loans.

Loans were predominately made to small and medium-sized enterprises situated in the UK and were introduced to the P2P platform by associated parties or by third parties known as Sponsors or Introducers.

In December 2019, the Company took the decision to close to new business and commence a managed run off plan in relation to loan recovery and distribution to Lenders. The Company discussed this strategy with the FCA prior to it being implemented.

### Events leading up to Administration

On 22 January 2021, following a board meeting, the board determined that a lender complaint be upheld and that, in the spirit of treating customers fairly, all lenders in the syndicate would be entitled to financial restitution. The directors having considered the position arrived at the conclusion that the Company had insufficient cash resources to meet this liability and other potential liabilities.

### Appointment

The Joint Administrators were appointed on the Appointment Date by the Court, following an application by the Directors.

## Assets

The principal asset of the Company's Insolvency Estate is its contractual entitlement to BLN Fees and Costs from Loan Recoveries. The principal assets of the Client Estate are the Loans made to Borrowers.

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

The Report, which was prepared based on information and estimates provided by the Company prior to the Administration, detailed that Loans Recoveries were estimated to be c.£25.9m (excluding accruing interest) but before deduction of BLN Fees and Costs and that it could take up to five years for all loans to be recovered. Please note that this information is estimated and is subject to amendment.

The Report detailed that based on that information, BLN's future Fees and Costs could realise up to c.£1.9m.

## Investigations

Detailed investigations into the Company's affairs will be undertaken to assess whether there are causes of action which could be taken by the Joint Administrators to generate potential recoveries for creditors.

## Remuneration and expenses

The basis of the Joint Administrators' remuneration and expenses will be subject to the approval by the duly appointed Creditors' Committee (or creditors generally, if a creditors committee cannot be constituted) and do not form part of the Proposals.

## Dividend Prospects

The Company has no secured or preferential creditors.

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

## Anticipated exit from Administration

You will note from the Proposals at Section 11 below that the Joint Administrators have left the choice of exit route from Administration open so that the most appropriate route may be pursued.

This will largely depend on whether there may be sufficient funds available to enable a distribution to unsecured creditors in which case CVL would likely be pursued or an extension of the Administration for that purpose, or alternatively if there are not sufficient funds available then the most appropriate exit route may be dissolution.

## Approval of Proposals

The Joint Administrators are seeking approval to these Proposals via a decision procedure via deemed consent.

This document in its entirety is our Statement of Proposals.

Unless otherwise stated, all amounts in these Proposals are stated net of VAT.

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### 3. Background

Statutory information on the Company is included at Appendix 1.

The Company was incorporated and commenced business in 2010 trading as "ThinCats".

The Company's business has been operating an electronic P2P platform enabling Lenders to lend direct to Borrowers. Loans to Borrowers are not assets of the Company but rather assets of the Lenders themselves.

Loans were predominately made to small and medium-sized enterprises situated in the UK and were introduced to the P2P platform by associated parties or by third parties known as Sponsors or Introducers.

ESF acquired a majority shareholding in the Company in December 2015 and began introducing Institutional Investors to the P2P in 2016. ESF is an alternative finance provider to businesses and is backed by institutional investors.

Lenders who wished to participate in any particular loan may have comprised of Retail Investors or a mixture of Retail Investors and Institutional Investors who opted to be treated as Retail Investors.

Monies advanced by Lenders and held by the Company prior to drawdown of loans by Borrowers, and Loan Recoveries payable to Lenders comprise Client Money and must be held in accordance with the CASS rules in a designated Client Account. The Company is authorised and regulated by the FCA for these purposes (Firm Reference Number 724062) since 8 August 2017. Prior to that, the Company was licensed by the Office of Fair Trading.

Retail Investors' relationships are governed by the relevant version of the P2P platform's Terms & Conditions of use in force at the relevant time. Institutional Investors and Retail Investors using ISAs are also governed by separate agreements which are supplemental to the Terms & Conditions.

While the principal responsibility of the Company is to provide and maintain the P2P platform, Loans were either made by TPL or TLSL to borrowers.

TPL and TLSL act as agents of the Lenders and perform roles described as "Lender Agent", Facility Agent" and "Security Trustee". Broadly speaking, their roles are as follows:

- Lenders' Agent - to negotiate and sign the loan agreements and instruct the security trustee;
- Facility Agent - to conduct the day to day administration and management of the loans; and
- Security Trustee - to hold security over borrowers' assets and exercise the rights of Lenders under the security documents.

The distinction between these two agency entities is that TPL acts for those loans where Institutional Investors have invested alongside Retail Investors and TLSL acts where the investment is 100% Retail Investors.

The relationship between TPL and TLSL (as agents for relevant Lenders in performing the roles described above) and borrowers is governed by the loan agreements and security agreements with Borrowers.

TPL and TLSL however have no assets or liabilities and are described as dormant on an accounting basis for the purposes of statutory filings at Companies House. They have no employees or physical presence. In practice, the Company performed the roles associated with TPL and TLSL with the oversight of TPL and TLSL's statutory directors, some of whom were also directors of the Company.

The Company's principal source of income is derived from its entitlement to payment from the Loan Recoveries, being BLN Fees and Costs, to the extent agreed by Lenders. The value of BLN Fees and Costs depends on the relevant contractual provisions of the terms and conditions between Company and Lenders, of the Loans and the value of the Loan Recoveries.

While the Company's turnover increased from inception, the Company experienced a slowdown in the number of loans funded by Retail Investors on the P2P platform from 2017 onwards. Additionally, the Company was increasingly having to deal with difficulties arising out of a series of loans made between 2015 and 2017 to companies associated with a common director and shareholder, Nicholas Gould ("the Gould Loans"). In December 2019, the Company took the decision to cease new lending activities and commence a managed run off plan in relation to loan recovery and distribution to Lenders. This strategy was discussed with the FCA.

In early 2020, the Company outsourced most of its operations to ESF. At that same time, all remaining employees transferred to ESF. The Company's statutory directors however remained in post and the Company continued to be FCA authorised and regulated.

Up until the decision to close to new business and commence a managed run off plan, the Company's principal costs were its employees associated with maintaining the P2P platform, loan servicing, compliance with FCA regulations (to include CASS requirements) and other regulations, Lender servicing as well as other usual business costs.

## **4. Events Leading up to the Administration**

### **4.1 Summary of Key Events**

The essence of a P2P platform is that the Loan Recoveries from Loans the Company facilitates are not assets of the Company. The Lenders in respect of those loans are those who chose, via the Company's platform, to provide funds. Any shortfall in recovery suffered by Lenders in respect of any particular loan does not, of itself, give rise to a contractual claim against the Company.

However, on 22 January 2021, a board meeting was held to discuss the findings of a complaint from a lender which had been upheld by the Company's complaints team. The Company's board affirmed the decision of the complaints team and concluded that, in the spirit of treating all customers fairly, not only the complaining lender but also all members of the syndicate of lenders to that particular loan should be entitled to receive compensation. The total required was in excess of £400,000 (to include accrued interest).

The Company submitted a formal self-notification of the event to the FCA regarding the matter and the proposed restitution to the relevant Lenders. The Company had insufficient cash resources to pay the restitution and on the same day, the board asked ESF for financial support.

In addition to the above, there were a number of Lenders' complaints relating to Loans made that had been escalated to the FOS that had yet to be determined. The Company considered the circumstances of these cases complex and not straightforward but ultimately accepted that it was possible that the FOS could, in respect of certain complaints, find against the Company such that the Company be faced with further liabilities which, like the above, it would likely be unable to meet. In this regard and as at the time of the Administration, the FOS had upheld eight complaints against the Company, four of which were final decisions.

The board was ultimately informed by ESF that it was unwilling to provide any further financial support to the Company and accordingly, the board took the decision to seek professional advice as mentioned below. We understand that no financial restitution was paid to the lenders in respect of the four final decisions determined by the FOS as mentioned above.



## 4.2 Actions prior to appointment

In view of the decision of the Company's complaints team in January 2021 as mentioned at paragraph 4.1, the Directors sought professional advice and contacted Kroll in this regard.

Kroll were formally engaged by the Company on 21 January 2021 to conduct a financial review, consider potential insolvency strategies and to assist with liaising with the FCA. The engagement letter was signed on 24 January 2021.

In addition, gunnercooke was similarly instructed to assist from a legal perspective and were formally instructed by the Company on 21 January 2021.

## 4.3 Pre-Administration Work

As part of the engagement, both Kroll and gunnercooke attended virtual meetings and were provided with Company information, which included accessing an online data room where a substantial volume of the Company's records was held.

Having reviewed the available relevant information and discussed the situation with the Directors, it was the view of Kroll and gunnercooke that without the ongoing support of ESF, and having regard to the financial consequences of the upheld complaint as well as the likelihood of adverse FOS determinations in due course, that the Company was not in a position to fully fund the orderly wind-down of the loan book.

On consideration of Kroll's advice, the Directors concluded that the Company should be placed in insolvency proceedings with a view to then completing the orderly wind down of not only the Company's affairs, for the benefit of its creditors, but also the Client Estate, for the benefit of Lenders.

However, for these purposes it was necessary to address the question as to whether the Company had sufficient resources to meet the necessary costs and how the costs associated with the wind-down of the Loans and distribution of Client Assets would be met.

Accordingly, Kroll, in conjunction with the Company, conducted a review of the loan book to obtain not only an estimate as regards the likely outcome for Lenders but also the likely outcome for the Company in terms of BLN Fees and Costs. This required a detailed review of the estimated future loan recoveries and analysis of the Terms and Conditions applicable to each loan. Complex Estimated Outcome Statement analysis modelling was also undertaken to assist in the evidence put before the Court in support of the Administration Application.

Consideration was also given as to what would be the most efficient and cost-effective way of conducting the Loan Book Servicing. This included assessing alternatives to ESF undertaking the Loan Book Servicing such as engaging a third-party servicer, or the Administrators own staff undertaking those tasks. These assessments estimated the likely costs of each option so as to understand the financial impact on Lenders and the Company.

The output of this work was summarised in the Report, which is available to creditors and Lenders on the Company's website.

Recognizing that it would be necessary to seek an order of the Court, both to appoint the Administrators and to obtain permission to use Client Assets to assist funding Loan Servicing, and that the FCA is entitled to participate in court proceedings, Kroll and gunnercooke assisted the Company with its continuing dialogue with the FCA, to whom a copy of the draft Report was provided prior to making the Administration Application.

#### **4.4 Appointment of Joint Administrators**

Geoffrey Bouchier and Robert Armstrong of Kroll were appointed Joint Administrators of the Company at 11.10 am on 15 April 2021 by order of the Court following an application by the Directors.

A copy of the sealed Court Order together with the Report has been posted on the Company's website and remains available to creditors and Lenders.

The Joint Administrators considered their position prior to accepting the appointment as Joint Administrators having regard to the Insolvency Practitioners Association's ethical guidelines. The Joint Administrators having detailed Kroll's prior involvement with the Company in the Report and the consent to act forms which were filed in court in support of the Administration application and shared with the FCA in advance of that hearing. The Joint Administrators formed the view that there were not any circumstances preventing them from accepting the appointment as Joint Administrators.

### **5. Strategy and Progress of the Administration to Date**

#### **5.1 Purpose of the Administration**

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 Report contains their views as to why there is a real prospect of achieving the second objective namely 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. These included that in all the circumstances:

- 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.

Further details around the consideration of this matter can be found at paragraphs 117-125 in the Report.

The Joint Administrators' Proposals for achieving the purpose of the Administration are set out in the remainder of this report.

#### **5.2 Progress of the Administration**

The manner in which the affairs of the Administration have been managed since the appointment of Joint Administrators, and will continue to be managed and financed, are set out below.

## Administration Strategy

The Joint Administrators' strategy is 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 realised 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 retained 25% will be utilised by the Joint Administrators to meet the necessary costs of dealing with Client Assets.

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.

The Joint Administrators will regularly consult with a creditors' committee (see below for further information) comprising creditors representing both ordinary and Lender creditors and the FCA will be invited to attend as an observer during the course of the loan recovery and distribution process.

There will be consultation with the creditors committee 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.

Accordingly, the allocation of costs will not become known for some time. It is possible that this will affect the value of any unsecured claims which lenders may have against the Company.

## Loans

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

Of these, the Company classified 19 as performing, being those Borrowers that were within loan terms, and 144 as non-performing, being where Borrowers had effectively breached loans terms to some degree.

The Report, which was based on estimates provided by the Company prior to the Administration, estimated that Loan Recoveries could be c.£25.9m (excluding accruing interest) but before deduction of BLN Fees and Costs and that it could take up to 5 years for all loans to be recovered. Please note that this information is based on estimates and is subject to amendment.

The Joint Administrators have appointed ESF, the Company's parent which has been providing services to support the managed run off plan prior to the Administration, as Loan Book Servicer to assist in this process. ESF has the know-how, systems and personnel and is believed to be best placed to achieve this objective in an orderly and cost-efficient manner. Further details regarding the Administrators' considerations' around the appointment of a loan servicer are detailed in the Report.

Following the Joint Administrators' appointment, ESF have continued to liaise with Borrowers with the aim of securing Loan Recoveries. The Joint Administrators have been in regular dialogue with ESF to oversee the collection of Loans, to include loan collection strategy, as well as approve syndicate updates being sent to Lenders in this regard.

Lenders will continue to receive syndicate updates on Loans for which they are invested by email in the usual way. These updates are issued by ESF in their capacity as Loan Book Servicer and specific to the Loan in question. Please refer to FAQs published on the Company's website for further information in this regard.

## **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.

As at the date of this report, £1,147,662 of Client Assets have been collected and allocated to Lenders' accounts with a further £130,506 recently received which has been allocated into the Company's client account.

As noted above, 25% of Client Assets will be retained by the Joint Administrators as a provision to meet the necessary costs of dealing with Client Assets.

Client Assets are held by the Company in a client account specifically for this purpose.

### Client Money

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

The Joint Administrators are required to conduct a reconciliation of the CMP prior to allowing Lender withdrawals.

Following the Joint Administrators' appointment, the Joint Administrators requested ESF complete a reconciliation of the CMP as at the Administration Date. The Joint Administrators have conducted a review of the reconciliation and no discrepancies were identified as between the balance held in the Client Account bank account and the balances as recorded in the Company's client accounts.

The CMP totals £2,799,793. Of this, £725,277 has been allocated into the client account but has not yet been allocated to Lenders as some amounts are being retained for legal costs, and other amounts relate to recovery proceeds received where legal uncertainty exists as to the priority of distribution between loan syndicates. It is understood relevant Lenders have been notified in this regard prior to the Joint Administrators' appointment. This is currently being reviewed by the Joint Administrators and their legal advisors.

The Joint Administrators are also required to ensure and are currently conducting checks to ensure that appropriate Anti Money Laundering and Know Your Client checks have been performed prior to permitting lender withdrawals. Further information regarding this process and anticipated timing can be found in the Joint Administrators' Notice to Lenders dated 20 May 2021 (a copy of which is available on the Company's website).

### **Insolvency Estate**

This section deals with Company Assets which belong to the Company or to which its 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.

#### 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.

The majority of BLN Fees and Costs are due in the future but £762,609 has accrued and is 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. Please however note that the abovementioned estimate will change over time and is therefore subject to amendment.

As at the date of this report, £3,626 of fees and £3,578 of costs have been collected from Loan Recoveries on behalf of creditors.

As noted above, ESF, as Loan Book Servicer, continues to collect in Loans as well as therefore BLN Fees and Costs.

#### Buy Back Loans

The Company bought certain loan parts relating to the Gould Loans from Lenders prior to the appointment of the Joint Administrators. Any Loan Recoveries in respect of those loan parts will therefore be for the Insolvency Estate. At the time of the Administration appointment, those loan parts were understood to have an estimated recovery value of approximately £400,000 according to the Company's records.

#### Cash at Bank

At the Appointment Date, the Company held £189,170 in its bank accounts with Royal Bank of Scotland International and Barclays Bank.

The account balances, net of any applicable bank charges have been transferred to the Joint Administrators' bank account.

#### Plant, property, and equipment

The Company owns certain items of office and IT equipment located at the Company's leased premises at 2-3 Charter Point Way, Ashby-de-la-Zouch, Leicestershire.

The Joint Administrators have appointed an independent valuation agent to assess the value of those assets.

### Rent Deposit

As noted above the Company leases premises at 2-3 Charter Point Way, Ashby-de-la-Zouch, Leicestershire. The lease is due to expire in August 2021.

The Company has paid a rent deposit in the amount of £46,000 in relation to the property.

There are currently discussions taking place regarding ESF possibly taking over the Company's interests and obligations under the lease as well as replacement of the rent deposit.

### Intellectual property

The Company previously traded as ThinCats and was the registered owner of the trademark "ThinCats", up to October 2020.

The Joint Administrators understand that the directors of the Company, following receipt of an independent valuation, caused the Company to enter into a transaction whereby the registered trademark and any other intellectual property associated with the ThinCats brand were sold to ESF in October 2020.

The Joint Administrators are currently reviewing the Company records (including valuation advice) in order to assess whether appropriate consideration was received for the transferred assets.

### Investments

The Company owns 25.48% of ordinary shares in ThinCats Australia Group Holding Pty Limited (a Company incorporated in Australia).

It is understood that the Company entered into a Joint Venture arrangement agreement with ThinCats Australia Group Holding Pty Limited 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 ThinCats Australia Group Holding Pty Limited and has not received any dividend or other income from ThinCats Australia Group Holding Pty Limited.

The Joint Administrators are currently reviewing the agreements between the Company and ThinCats Australia Group Holding Pty Limited and will determine whether the investment has any realisable value.

The Joint Administrators will provide a further update regarding the realisation of Company Assets in the Joint Administrators' first progress report to creditors.

### **5.3 Cost of Realisations**

Payments made since the Appointment Date are set out in the Receipts and Payments Account provided at Appendix 2 and is considered self-explanatory.

The Receipts and Payments only details Company Asset realisations as these are included with the Insolvency Estate.

## 6. Statement of Affairs

In accordance with Paragraph 47 of Schedule B1 to the Act, the Joint Administrators have requested and recently received a SOA for the Company as at the Appointment Date. This was prepared by Jill Sandford on behalf of all the directors and will be filed with the Registrar of Companies. A copy of the SOA is included at Appendix 3.

The Joint Administrators have not yet carried out a detailed review of the information contained in the SOA but do make the following observations:

- The SOA appears to include a liability for the complaint received and upheld by the Company on 22 January 2021, however, reference is made in the SOA that further potential claims may arise from retail lenders; and
- The figures do not include the costs of the Administration.

## 7. Investigations

The Joint Administrators have a statutory obligation to file a report with the BEIS regarding the conduct of any director that has held office in the three years prior to the Administration (including any shadow directors).

This report must be filed within three months from the Appointment Date and the content of this report is confidential.

The Joint Administrators also have a duty to investigate the Company's affairs in order to maximise the return to creditors.

The Joint Administrators also have a duty to investigate antecedent transactions which include (but are not limited to):

- Transactions at an undervalue, under Section 238 of the Act;
- Preferences, under Section 239 of the Act;
- Wrongful Trading, under Section 214 of the Act; and
- Transactions to defraud creditors, under Section 423 of the Act.

The purpose of undertaking these detailed investigations into the Company's affairs is to assess whether there are potential causes of actions against third parties or any of the directors which could be taken by the Joint Administrators to generate potential recoveries for creditors. As part of this, the Joint Administrators may engage specialist legal advisors to assist with the investigations and the formulation of legal claims.

If any Creditor has any information concerning the Company's affairs that they would like to bring to the Joint Administrators' attention, please do so by writing to [BLN@kroll.com](mailto:BLN@kroll.com) or by post to Business Loan Network Limited (In Administration) c/o Kroll, The Shard, 32 London Bridge Street, London, SE1 9SG.

Any update on investigations will be provided in the next report to creditors.

## 8. Joint Administrators' Fees and Expenses and Pre-Administration Costs

### 8.1 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.

## Remuneration

The Joint Administrators' total time costs incurred from the Appointment Date to 1 June 2021 at standard hourly rates are £140,578, representing 304 hours at an average hourly rate of £463. Time is charged in six minute units.

A breakdown of the Joint Administrators' time costs can be found at Appendix 4, and a summary of the tasks undertaken from the Appointment Date to 1 June 2021 can be found at Appendix 5.

The Joint Administrators' Fee Estimate, is included at Appendix 5. The Fee Estimate which 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) is 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.

Also attached at Appendix 5 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.

The Joint Administrators acknowledge that the Fee Estimate is that, 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' intention is to seek approval for the basis and the level of their remuneration from the Creditors Committee which will be provided with detailed information and therefore be best placed to address both the basis and level of the Joint Administrators' remuneration.

The Joint Administrators will seek approval of the basis and level of the Joint Administrators' remuneration from the Creditors' Committee (or creditors generally, if a creditors committee cannot be constituted), in due course.

The outcome of this will be communicated to all creditors once agreed.

## Expenses

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

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

Category 1 expenses are payments to persons providing the service to which the expense relates who are not an associate of the Administrator.

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

The Joint Administrators' have prepared an estimate of the expenses likely to be incurred during the Administration which total £166,374 as detailed in the 'Expenses Estimate' at Appendix 5.



This illustrates the estimated expenses for the whole of this matter and is for information purposes only. This estimate may change over the course of the Administration, (for example if any court proceedings are necessary then the expenses could rise dramatically) but creditors will be informed of any variations with associated reasons in future progress reports.

Details of how creditors may obtain further information relating to the fees and expenses of the Joint Administrators is set out at Appendix 8.

## 8.2 Statement of 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.

The agreement under which the pre-Administration costs were incurred was via an engagement letter dated 21 January 2021 whereby the Company had engaged Kroll to conduct a financial review of the Company and consider potential insolvency strategies and to assist in liaising with the FCA.

The pre-Administration time costs incurred by Kroll from engagement in January up to the Appointment Date in April totals £368,007, representing 663 hours at an average hourly rate of £555. The time costs incurred by Kroll in this regard relate to work summarised at Section 4.3, which was necessary in order to place the Company into Administration as well as obtain the necessary permissions from Court as mentioned earlier.

A detailed breakdown of the time costs incurred pre-Administration is detailed at Appendix 4.

While instructed by the Company, during the pre-appointment period, gunnercooke fees amounted to £118,010, part of which was paid by the Company. This relates to legal assistance provided by gunnercooke and Counsel in the lead up to the Administration, including assistance with preparing the application to Court, the Report and a review of the legal relationships of relevant stakeholders as well as other relevant matters. The Court has ordered that these fees may be paid as an expense of the Administration.

A summary of the total pre-Administration costs incurred, and details of the amounts paid by the Company prior to the Administration is set out below:

Pre-Administration costs	Paid (£)	Unpaid (£)	Total (£)
gunnercooke	54,473	63,537	118,010
Kroll	242,000	126,007	368,007
<b>Total</b>	<b>296,473</b>	<b>189,544</b>	<b>486,017</b>

The Company, prior to the Administration, paid the amounts shown above.

The Joint Administrators confirm that payment of the unpaid pre-Administration costs, as an expense of the Administration, is subject to approval under Rule 3.52 of the Rules, and is not part of the Proposals subject to approval under Paragraph 53 of Schedule B1 to the Act.

The Joint Administrators will be seeking approval that the unpaid Pre-Administration fees be paid from the assets of the Company. This approval will be sought from the Creditors' Committee (or creditors generally, if a creditors committee cannot be constituted), in due course.

## 8.2 Client Estate

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

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.

If the remuneration for work done by the Joint Administrators in respect of the Client Estate, (essentially in relation to items 2 and 4 above), 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.

The Joint Administrators' total time costs incurred in respect of the Client Estate from the Appointment Date to 1 June 2021 at standard hourly rates are £230,891, representing 433 hours at an average hourly rate of £533. Time is charged in six minute units.

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

As noted above, 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 the Company's and ESF's assumptions around the expected loan book recoveries and timings (ie over a period of up to 5 years) that the estimated cost of ESF acting as Loan Book Servicer would be approximately £2.6m.

In addition, 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 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 checks being conducted by ESF. The estimated cost for this work is £23,190 but could increase to c.£26,000; and

- gunnercooke to deal with matters concerning the Client Estate. Gunnercooke's fee arrangement is on a time cost basis and, as at 26 May 2021, it had incurred £385.

## 9. Dividend Prospects

### 9.1 Secured Creditors

The Company has no secured creditors.

### 9.2 Preferential Creditors

The Company has no preferential creditors.

### 9.3 Prescribed Part

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

### 9.4 Non-Preferential Unsecured Creditors

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>

Please 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 at Section 6 and as mentioned earlier in this report. 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.

Based on the current information available to the Joint Administrators, it's 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' first progress report to creditors.

## Lenders

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 in recovery suffered by Lenders to any particular loan does not, of itself, give rise to a claim against the Company.

In the circumstances of this matter, for the purposes of the approval process of these 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 on 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).

## **10. End of Administration**

### **10.1 Exit from Administration**

The options available to the Joint Administrators for the exit from the Administration are as follows:

- Compulsory Liquidation
- Creditors' Voluntary Liquidation (CVL)
- Company Voluntary Arrangement
- Return of control to the Directors
- Dissolution of the Company

You will note from the Proposals at Section 11 below that the Joint Administrators have left the choice of exit route from Administration open so that the most appropriate route may be pursued.

This will largely depend on whether there may be sufficient funds available to enable a distribution to unsecured creditors in which case CVL would likely be pursued or an extension of the Administration for that purpose, or alternatively if there are not sufficient funds available then the most appropriate exit route may be dissolution.

## 10.2 Discharge of Liability

The Joint Administrators propose to seek approval from the Creditors' Committee (or creditors generally, if a creditors committee cannot be constituted) that they will be discharged from liability in respect of any actions as Joint Administrators upon filing their final Receipts and Payments account with the Registrar of Companies or their appointment otherwise ceasing.

Discharge does not prevent the exercise of the Court's power in relation to any misfeasance action against the Joint Administrators.

## 11. Joint Administrators' Proposals

### 11.1 Approval of Proposals

Notice of seeking a decision by Deemed Consent is attached to the cover letter and at Appendix 9.

This decision procedure is being used to seek the approval of this Statement of Proposals, excluding resolutions 11.5.4 and 11.5.5.

As effectively mentioned at Section 8 above, the Joint Administrators will seek approval of resolutions 11.5.4 and 11.5.5 from the Creditors' Committee (or creditors generally, if a creditors committee cannot be constituted), in due course.

### 11.2 Quantification of Lenders' Claims for Proposals' Purposes

As referred to above, the Joint Administrators have indicated that they will accept, for the purposes of the process for approval of these Proposals and establishment of a Creditors' Committee, that Lenders are contingent creditors of the Company.

The Joint Administrators recognise that Lenders will not possess sufficient information to be in a position to quantify what, if any, loss they may suffer; and even more so, what amount of that loss, if any, may qualify as an unsecured claim against the Company. Furthermore, the Joint Administrators have no wish to potentially prejudice recoveries by estimating the value to be recovered from Borrowers.

Accordingly, the Joint Administrators consider that the most appropriate approach for present purposes (and without making any admissions that Lenders will have claims of this or any value against the Company for distribution purposes) is to allow all Lenders to vote for a sum equal to 12% of the principal amount they are owed as at the date of the Joint Administrators' appointment.

This approach has been arrived at with regard to the Company's estimated realisable value of the entirety of the outstanding loans (which was within the evidence presented to the Court in the application for the Order appointing the Joint Administrators) and the intended retention of 25% of loan proceeds for the purposes of funding the estimated cost of servicing the loans and distributing the loan proceeds to the lenders. The approximate cost to each lender, assuming a pro-rata allocation of cost, and based on the information provided to court would be around 12% of each Lender's current exposure.

In taking this approach, the Joint Administrators stress that:

- (a) the retentions of 25% of loan recoveries to meet anticipated costs in relation to the loan book does not represent the value of cost which will be eventually allocated to each Lender, which will be resolved by a cost allocation plan to be proposed in due course;

(b) they are not providing an indication of loss for any Lender, which could be as much as the whole value of any Lender's loan parts or none at all; and

(c) they are not suggesting that any Lender will have an unsecured claim against the Company in any particular amount.

#### Quantification of Lenders' Claims for Distribution Purposes

As stated, please note that the Joint Administrators will not address adjudication of proofs of debt for distribution purposes until or unless it appears that there will be a distribution available to unsecured non-preferential creditors of the Company from the Insolvency Estate.

### **11.3 Creditors' Committee**

#### **Invitation to Form a 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.

In addition and in accordance with Rule 3.38(4) of the Rules, the Joint Administrators are required to invite nominations for membership of a Creditors' Committee any time they seek a decision from creditors (if a Creditors' Committee has not already been formed), such as the decisions sought at 11.1.

It is envisaged that a creditors committee will be established comprising ordinary creditors as well as Lenders representing both institutional and retail investors (on the basis that Lenders may be regarded, for the moment, as contingent creditors).

The Joint Administrators are currently seeking nominations for Lenders and Creditors who wish to participate. At Appendix 7 is:

- Notice of invitation to Form a Creditors' Committee ("Notice of Committee"); and
- Nomination for Membership of the Creditors Committee and Consent to Act Form ("Nomination Form").

If you wish to be a member of the Creditors Committee, please complete the Nomination Form at Appendix 7 and return the completed Nomination Form to the Joint Administrators as instructed in the Notice of Committee by 23 June 2021.

#### **Formation of a Creditors Committee**

Following the passing of the deadline stated above, the Joint Administrators will collate a list of those creditors who have nominated a representative for membership of the Creditors' Committee.

If the Joint Administrators receive considerably more nominations than the permitted maximum of five Creditors' Committee members, we will communicate with those nominated with a view to attempting to reduce the number and/or identify a shortlist of nominees.

The Joint Administrators will be aiming for the establishment of a Creditors' Committee which is representative and balances the interests of creditors and Lenders. The Joint Administrators will also be considering the relevant experience of nominees to assess their ability to assist the Joint Administrators in discharging their duties. Therefore, when speaking to nominees, as well as establishing the amounts owed to nominees and their eligibility to act, the Joint Administrators will also be seeking details of the experience of nominees and what they believe they may be able to contribute to Creditors Committee. The Joint Administrators may also ask the nominees to produce, by a certain date, a short statement for circulation to creditors describing why they wish to be a member of the Creditors' Committee and the reasons why creditors might wish to vote for them.

If there are more nominations than can form the Creditors' Committee after the abovementioned process, it is likely the Joint Administrators will provide all creditors and Lenders with the shortlist of nominees (via the Joint Administrators Portal: [www.ips-docs.com](http://www.ips-docs.com) (see earlier communications regarding how to access same)) together with a copy of the short statement describing why they wish to be a member of the Creditors' Committee and the reasons why creditors might wish to vote for them. The Joint Administrators will then likely ask all creditors and Lenders to vote upon those they wish to make up the Creditors Committee.

If however there are sufficient nominations without the need to conduct a further vote, a Creditors Committee will be formed.

### **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. 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.

The Creditors' Committee will also be responsible for approval of the following:

- The basis of the Joint Administrators' remuneration;
- The payment of category 2 expenses;
- The payment of unpaid pre-Administration costs; and
- The discharge from liability of any actions taken as Joint Administrators.

The minimum number of committee members is three and the maximum is five.

In order to enable creditors to make an informed decision, a guidance note on the rights, duties and the functions of the Committee entitled 'A Guide for Creditors – March 2017' can also be found at the following link: <https://www.duffandphelps.co.uk/services/disputes-and-investigations/restructuring/corporate-restructuring/creditor-guides-and-employee-fact-sheets>

### **Eligibility of a Member**

A creditor is eligible to be a member of the Creditors' Committee if:

- the person has proved for the debt;
- the debt is not fully secured; and
- neither of the following apply (i) the proof has been wholly disallowed for voting purposes; or (ii) the proof has been wholly rejected for the purpose of distribution or dividend.

As discussed above, the Joint Administrators will allow nominations from both ordinary creditors and Lenders to become members of the Creditors Committee.

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

The Creditors' Committee is not established (and accordingly cannot act) until the membership of the Creditors' Committee has been established and the Joint Administrators have delivered notice of the membership to the Registrar of Companies.

### **11.4 Statement of Creditors' Rights**

If creditors whose debts amount to at least 10% of the total debts of the Company and the relevant procedures are followed as set out in the notice of seeking a decision by deemed consent, the deemed consent procedure will terminate without any decisions being made.

Creditors who meet one of the thresholds set out in the Insolvency Act 1986 may, within five business days from the date of delivery of this notice, require a physical meeting to be held to consider the proposed decisions. The statutory thresholds for requesting a meeting are 10% in value of creditors, 10% in number of creditors, or 10 creditors.

Further information on Creditors' rights to request a decision or physical meeting and the relevant procedures required is provided on Appendix 8, Statement of Creditors Rights.

In addition, the statement also sets out information on the remuneration and expenses of the Joint Administrators.

### **11.5 Summary of Section**

This document in its entirety constitutes the Joint Administrators' Proposals.

The Joint Administrators propose the following:

#### **11.5.1 General**

- To 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;
- To 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 in order to achieve the purpose of the Administration;
- To investigate and, if appropriate, pursue any claims the Company may have for the benefit of the Company's Creditors; and
- Seek an extension to the Administration period if considered necessary.

#### **11.5.2 Distributions**

- To make distributions to the preferential creditors (if any) where funds allow;
- To make distributions to the non-preferential unsecured creditors from the Prescribed Part, where applicable; and
- To 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.



### **11.5.3 End of Administration**

The Joint Administrators have left the choice of exit route from Administration open so that the most appropriate route may be pursued.

The Joint Administrators might use any or a combination of the following exit route strategies in order to bring the Administration to an end:

- Apply to Court for the Administration order to be extended or to cease to have effect from a specified time and for the return of control to the Directors;
- 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 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;
- 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 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;
- 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.

Alternatively, the Joint Administrators may allow the Administration to end automatically.

The Joint Administrators will be seeking specific agreement to the following resolutions that do not form part of the Proposals, from the Creditors' Committee (or creditors generally, if a creditors committee cannot be constituted), in due course.

### **11.5.4 Remuneration and Pre-Administration Costs**

- That the Joint Administrators' remuneration be fixed by reference to the time properly given by them and their staff in attending to matters arising in the Administration.
- That the Joint Administrators' Fee Estimate is approved;
- That the Joint Administrators be authorised to pay the following expenses to associates in dealing with the Administration ("Category 2 Expenses")
- That the Joint Administrators be authorised to pay the following expenses in respect of shared or allocated costs in dealing with the Administration ("Category 2 Expenses"):
- That the unpaid pre-Administration costs totalling £189,544, as detailed in the Joint Administrators' statement of pre-Administration costs, is approved for payment as an expense of the Administration.

- Where a Creditors' Committee is formed, the Joint Administrator's will seek to obtain approval from the Creditors' Committee.

#### **11.5.5 Discharge of Liability**

- That the Joint Administrators be discharged from all liability in respect of any actions as Joint Administrators upon filing their final Receipts and Payments account with the Registrar of Companies or their appointment otherwise ceasing.
- Where a Creditors' Committee is formed, the Joint Administrator's will seek to obtain approval from the Creditors' Committee.

If you require further information or assistance, please do not hesitate to contact the Joint Administrators at [BLN@kroll.com](mailto:BLN@kroll.com).

Yours faithfully  
For and on behalf of  
Business Loan Network Limited



**Geoffrey Bouchier**  
Joint Administrator

Enc.

The affairs, business and property of the Company are being managed by the Joint Administrators, Geoffrey Wayne Bouchier and Robert John 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 Directors</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 SE1 9SG <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>Appointment Date</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
<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 2022
<b>Prescribed Part</b>	The Prescribed Part is not applicable in this case.

**Application of EC Regulations**

EC Regulations apply and these proceedings will be the Main Proceedings as defined in Article 3 of the EC Regulations.

## Appendix 2 – The Joint Administrators' Receipts and Payments Account

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**Business Loan Network Limited (In Administration)****Joint Administrators' Receipts and Payment Account for the Reporting Period**

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SOA, Estimate to Realise		For the Reporting Period 15 April 2021 to 1 June 2021
(£)		(£)
	<b>Asset Realisations</b>	
188,946.00	Cash at Bank and in Hand	189,170.12
-	Loan Servicing Fee Income	3,626.28
-	Third party recovery costs from client estate*	30,327.82
381,305.00	Debtors	3,578.01
3,214.00	Office & Computer Equipment	-
-	Other Debtors / Prepayments	-
248.00	HMRC Refund	-
400,000.00	Buy Back Loans	-
1,546,387.00	Estimated Future Fee Income	-
<b>2,520,100.00</b>		<b>226,702.23</b>
	<b>Cost of Realisations</b>	
	Bank Charges	(192.40)
		<b>(192.40)</b>
		<b>226,509.83</b>
	<b>Represented By</b>	
	Fixed Charge Bank Account	-
	Floating Charge Bank Account	227,235.08
	VAT Receivable	-
	VAT Payable	(725.25)
	<b>Total</b>	<b>226,509.83</b>

\* Amount received from loan recoveries relating to recovery costs to be paid to third parties

### Appendix 3 – Statement of Affairs

## STATEMENT OF AFFAIRS

Statement as to affairs of

Business Loan Network Limited (In Administration) ("the Company")

Reg No.07248014

In the High Court of Justice No. 0680 of 2021

Statement as to the affairs of (a) Business Loan Network Limited (In Administration) of c/o Kroll (a trading name of Duff & Phelps Ltd.), The Shard, 32 London Bridge Street, London, SE1 9SG on 15th April 2021, the date that the company entered Administration.

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### Statement of Truth

I believe that the facts stated in this Statement of Affairs are full, true and complete statement of affairs of the above named company as at 15th April 2021, the date that the Company entered Administration.

Full name Jill Sandford

Signed  \_\_\_\_\_

Dated 3rd June 2021



**INSOLVENCY ACT 1986**

**DIRECTORS STATEMENT OF AFFAIRS**

**A - Summary of Assets**

Assets	Book Value £	Estimated to realise £
Assets specifically pledged	N/A	N/A
Assets subject to fixed charge	N/A	N/A
Assets subject to floating charge	N/A	N/A
<b>Uncharged assets</b>	<b>Nil</b>	<b>Nil</b>
HMRC refund	248	248
Office furniture and equipment	12,854	3,214
Accrued Platform fees and recovery costs paid in advance	762,609	381,305
Estimated future fee income	1,546,387	1,546,387
Buy Back loans	1,200,000	400,000
Cash at bank	188,946	188,946
Rent deposit	46,425	Unknown
<b>Estimated total assets available for preferential creditors</b>	<b>3,757,469</b>	<b>2,520,099</b>

**INSOLVENCY ACT 1986**

**DIRECTORS STATEMENT OF AFFAIRS**

**A1 - Summary of liabilities**

		<b>Estimated to Realise £</b>
<b>Estimated total assets available for preferential creditors (carried from page A)</b>		2,520,099
<b>Liabilities</b>		
Preferential creditors	Nil	Nil
<b>Estimated (deficiency)/surplus as regards preferential creditors:</b>		2,520,099
Estimated prescribed part of net property where applicable (to carry forward)	N/A	N/A
<b>Estimated total assets available for floating charge holders</b>		2,520,099
Debts secured by floating charges	N/A	N/A
<b>Estimated (deficiency)/surplus of assets after floating charges</b>		2,520,099
Estimated prescribed part of net property where applicable (b/down)	N/A	N/A
<b>Total assets available to unsecured creditors</b>		2,520,099
Trade and expense creditors	2,601	
Non - exec directors contracts	9,011	
HMRC - (PAYE, Corporation Tax etc)	Nil	
Inter-company creditors	382,710	
Other unsecured creditors (Directors' loan accounts)	Nil	
Consumer Creditors category 1	388,929	
Consumer Creditors category 2	unknown	
		(783,251)
<b>Estimated (deficiency)/surplus as regards non-preferential creditors (excluding any shortfall to floating charge holders)</b>		1,736,848
Shortfall to floating charge holders (brought down)	N/A	N/A
<b>Estimated (deficiency)/surplus as regards creditors</b>		1,736,848
Issued and called up capital	7,001,000	
		(7,001,000)
<b>Estimated total (deficiency)/surplus as regards members</b>		(5,264,152)

**B**

**COMPANY CREDITORS (excluding employees and consumers)**

Note: You must include all creditors (excluding employees and certain consumers (see relevant page for definition of a consumer)) and indicate any creditors under hire-purchase, chattel leasing or conditional sale agreements and any creditors claiming retention of title over property in the company's possession.

Name of creditor or claimant	Address (with postcode)						Amount of debt £	Is the creditor claiming retention of title?	Details of any security held by creditor	Date security given	Value of Security £
	[add 1]	[add 2]	[add 3]	[add 4]	[add 5]	[add 6] [Postcode]					
Street UK	Neville House	14 Waterloo Street	Birmingham			B2 5TX	895.80	N/A	N/A	N/A	
Octopus Energy	2nd Floor	UK House	164-182 Oxford Street	London		W1D 1NN	676.98	N/A	N/A	N/A	
Duff & Phelps	32 London Bridge St Level 14	The Shard	London			SE1 9SG	400.00	N/A	N/A	N/A	
Consilio LLC	10 Aldersgate Street	London				EC1A 4HJ	246.60	N/A	N/A	N/A	
Bottomline	1600 Arlington Business Park	Theale	Reading			RG7 4SA	209.18	N/A	N/A	N/A	
Severn Trent Water	PO Box 12460	Harlow				CM20 9PJ	81.83	N/A	N/A	N/A	
Ashby Payroll Services	Rawdon House	Rawdon Terrace	Ashby-de-la-Zouch	Leicestershire		LE65 2GN	54.00	N/A	N/A	N/A	
Freedman & Partners LLP	85 Tottenham Court Road	London				W1T 4TQ	36.36	N/A	N/A	N/A	
Corona Corporate Solutions Ltd	1-2 Castle Lane	London				SW1E 6DR	0.40	N/A	N/A	N/A	
Kevin Caley							4,852.05	N/A	N/A	N/A	
Peter Brown							4,158.90	N/A	N/A	N/A	
ESF Capital Limited	2nd Floor	Newlands House	40 Berners Street	Fitzrovia	London	W1T 3NA	382,710	N/A	N/A	N/A	
<b>Totals</b>							<b>394,322</b>			<b>0</b>	

Signature 

Date 3.6.21



**B2  
CONSUMER CREDITORS**

Note: You must include all creditors who are consumers (i.e. an individual acting for purposes that are wholly or mainly outside the individual's trade, business, craft or profession) claiming amounts paid in advance for the supply of goods or services (and indicate whether any are also creditors under hire-purchase, chattel leasing or conditional sale agreements and any claiming retention of title over property in the company's possession).

Name of consumer creditor	Address (with postcode)							Amount of debt £	Details of any security held by creditor	Date security given	Value of Security £
	[add 1]	[add 2]	[add 3]	[add 4]	[add 5]	[add 6]	[Postcode]				
Consumer Creditors Category 1 - see separate schedule								388,929	N/A	N/A	N/A
Consumer Creditors Category 2 - see note below								unknown	N/A	N/A	N/A
<b>Totals</b>								<b>388,929</b>	-		<b>0</b>

Signature  Date 3.6.21

Note: Potential claims arising from retail lenders as a result of the retention sums and other ongoing matters

**C  
COMPANY SHAREHOLDERS**

Name of shareholder	Address (with postcode)	Type of shares held	Number of shares held	Nominal value of shares held £	Amount per share called up £	Total amount called up £
ESF Capital Limited		Preference Shares	7,000,000	7,000,000	1	7,000,000
ESF Capital Limited		Ordinary Shares	735	735	1	735
Rupert Cottrell		Ordinary Shares	2	2	1	2
Tom Moore		Ordinary Shares	2	2	1	2
Kevin Caley		Ordinary Shares	117	117	1	117
Peter Brown		Ordinary Shares	118	118	1	118
Anthony Taylor		Ordinary Shares	24	24	1	24
Stuart Le Cornu		Ordinary Shares	2	2	1	2
						-
						-
						-
						-
<b>Totals</b>			<b>7,001,000</b>	<b>7,001,000</b>		<b>7,001,000</b>

Signature 

Date 3.6.21

## Appendix 4 – Analysis of Time Charged Incurred for the Insolvent Estate

## **Analysis of the Joint Administrators' Time Costs for pre-Administration**





## Analysis of the Joint Administrators' Time Costs to 1 June 2021

## Business Loan Network Limited (In Administration)

### Analysis of the Joint Administrators' Time Costs for the Reporting Period

	Hours				Total Hours	Time Costs £	Avg Hourly Rate £
	Managing Director	Manager	Senior	Assistant			
<b>Administration and Planning</b>							
Case Review & Case Diary Management	0.40	3.70	1.40	3.20	8.70	3,272.50	376.15
Cashiering & Accounting	0.00	10.00	0.00	8.70	18.70	6,455.00	345.19
Dealings with Directors and Mangement	3.40	4.60	0.00	3.00	11.00	5,302.00	482.00
IPS set up and maintenance	0.00	0.70	0.00	4.00	4.70	1,111.50	236.49
Insurance	0.00	2.30	0.00	0.20	2.50	1,195.50	478.20
Statement of affairs	0.00	1.80	0.00	0.00	1.80	933.00	518.33
Statutory Matters (Meetings, Reports & Notices)	1.20	51.70	13.30	15.60	81.80	35,776.50	437.37
Strategy, Planning & Control	1.90	79.40	5.40	5.90	92.60	47,956.00	517.88
Tax Compliance / Planning	0.00	1.90	0.00	2.90	4.80	1,557.50	324.48
<b>Creditors</b>							
Communications with Creditors / Employees	6.80	27.80	2.40	11.00	48.00	24,043.00	500.90
Non Pref Creditors / Employee claims	0.00	0.70	0.60	0.00	1.30	539.50	415.00
<b>Investigations</b>							
CDDA & Reports & Communication	0.00	0.00	0.20	0.30	0.50	136.00	272.00
Financial review and investigations (S238/239 etc)	1.10	2.80	0.50	1.10	5.50	2,512.00	456.73
<b>Realisation of Assets</b>							
Book Debts	0.00	0.70	0.00	0.00	0.70	465.50	665.00
Freehold and Leasehold Property	0.00	1.90	0.00	1.30	3.20	1,325.50	414.22
Other Intangible Assets	0.00	6.50	0.00	0.00	6.50	2,936.50	451.77
Other Tangible Assets	0.00	7.60	0.00	0.50	8.10	3,592.00	443.46
Accounting - BLN fees	0.00	3.20	0.00	0.00	3.20	1,468.00	458.75
<b>Total Hours:</b>	<b>14.80</b>	<b>207.30</b>	<b>23.80</b>	<b>57.70</b>	<b>303.60</b>		<b>463.04</b>
<b>Total Fees Claimed: (£)</b>	<b>11,100.00</b>	<b>108,952.50</b>	<b>9,009.00</b>	<b>11,516.00</b>		<b>140,577.50</b>	

## Business Loan Network Limited (In Administration)

### Analysis of the Joint Administrators' Time Costs for the Reporting Period in relation to the Client Estate

	Hours				Total Hours	Time Costs £	Avg Hourly Rate £
	Managing Director	Manager	Senior	Assistant			
<b>Client Money Pool</b>							
Competing claims re CMP	2.20	22.00	0.00	0.00	24.20	11,550.00	477.27
KYC / AML	0.20	6.80	0.00	0.00	7.00	3,176.00	453.71
Reconciliation	0.70	31.30	0.00	0.40	32.40	16,249.50	501.53
<b>Client Assets</b>							
Retail Lender - Inbound Queries (Phone and Email)	3.60	18.50	16.60	9.60	48.30	19,308.50	399.76
Retail Lender - Outbound Queries (Website Updates)	2.80	18.50	0.00	0.00	21.30	12,158.50	570.82
AML / KYC Review	5.50	63.50	0.00	0.00	69.00	35,086.00	508.49
CASS - Review and Future Operations	3.80	52.60	0.00	0.00	56.40	30,151.00	534.59
Competing Claims over CASS Monies	0.00	0.40	0.00	0.00	0.40	266.00	665.00
Fixed Costs	0.60	4.40	3.00	0.00	8.00	4,306.00	538.25
Issuing Syndicate Updates / Communications	3.40	34.60	0.00	0.00	38.00	23,512.00	618.74
Lender Servicing - Variable Costs	3.60	7.50	0.00	0.00	11.10	6,191.50	557.79
Loan Book Servicing - Oversight and Monitoring	12.80	99.00	0.00	0.00	111.80	65,168.00	582.90
Updating and Reporting to FCA	1.30	4.20	0.00	0.00	5.50	3,768.00	685.09
<b>Total Hours:</b>	<b>40.50</b>	<b>363.30</b>	<b>19.60</b>	<b>10.00</b>	<b>433.40</b>		<b>532.74</b>
<b>Total Fees Claimed: (£)</b>	<b>30,375.00</b>	<b>191,278.00</b>	<b>7,238.00</b>	<b>2,000.00</b>		<b>230,891.00</b>	

## **Appendix 5 – Fee and Expenses Estimate and Supporting Narrative for the Insolvent Estate**

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## Business Loan Network Limited (In Administration)

### Joint Administrators' Fee Estimate for the Administration Period

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	<b>Total Hours</b>	<b>Time Costs (£)</b>	<b>Avg Hourly Rate (£)</b>
<b>Administration and Planning</b>			
Case Review & Case Diary Management	42.50	20,825.00	490.00
Cashiering & Accounting	95.00	33,250.00	350.00
IPS Set Up & Maintenance	25.00	8,750.00	350.00
Ongoing client loan data managed by servicer	52.50	18,375.00	350.00
Secure platform, data, records	47.00	23,030.00	490.00
Statutory Matters (Meetings, Proposals, Progress Reports & Notices)	560.00	196,000.00	350.00
<b>Creditors</b>			
Claim Review, Adjudication and Distribution (if applicable)	264.00	105,600.00	400.00
Communication with Unsecured Creditors / Contingent Creditors	1,425.00	498,750.00	350.00
Creditors' committee	310.00	151,900.00	490.00
Employee	2.00	700.00	350.00
Unsecured Creditors	78.00	31,200.00	400.00
<b>Assets</b>			
BLN Fee Income from Loan Book	565.00	276,850.00	490.00
Leasehold property (landlord dealings)	25.00	12,250.00	490.00
Legal claims	200.00	98,000.00	490.00
Other - D&O / Other	10.00	4,900.00	490.00
<b>Investigations</b>			
CDDA Reports and communications	30.00	15,000.00	500.00
Financial Review and Investigations	75.00	37,500.00	500.00
<b>Total Hours:</b>	<b>3,806.00</b>		<b>402.75</b>
<b>Total Time Costs: (£)</b>		<b>1,532,880.00</b>	

## Business Loan Network Limited (In Administration)

### Joint Administrators' Estimated Expenses for the Administration

Notes	Company	Type of Expense	Activity	Fee Basis	Amount Paid (£)	Amount Incurred (£)	Anticipated Total Cost (£)	
1	<b>Category 1 Expenses</b>							
2	Bordereau	Insurance	Insurance of the Company's assets.	Fixed Cost	-	225.00	225.00	
3	<b>Professional Advisors</b>							
4	Gunnercooke	Legal Fees	Legal advice in relation to asset realisations and ad hoc legal advice	Time costs	-	23,030.00	100,000.00	
5	Actons	Legal Fees	Legal advice in relation to specific legal recoveries	Time costs	-	-	55,000.00	
6	Accountants	Accountants	Preparation of corporation tax returns and ad-hoc accountancy advice	Time costs	-	-	5,000.00	
7	Marsh Limited	Insurance Agents	Provision of Open Cover Insurance premium and policies	Fixed Cost	-	-	1,000.00	
8	Spreckley Partners Limited	Public Relations Consultants	Dealing with the media and issuing a press release	As incurred	-	1,050.00	1,050.00	
	<b>Other Costs</b>							
9	Courts Advertising	Statutory	Statutory Advertising of the appointment in the London Gazette	As incurred	-	99.45	99.45	
10	Total Data Management	Statutory	Collection and storage of the Company's books and records	As incurred	-	-	3,000.00	
11	Accurate Mailing	Mailing	Stationary and Postage	As incurred	-	-	1,000.00	
	<b>Total Category 1 Expenses</b>					<b>-</b>	<b>24,404.45</b>	<b>166,374.45</b>
12	<b>Category 2 Expenses</b>							
	<b>Total Category 2 Expenses</b>					<b>-</b>	<b>-</b>	<b>-</b>
	<b>Total Expenses</b>					<b>-</b>	<b>24,404.45</b>	<b>166,374.45</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 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.
- 3 The Joint Administrators' choice of professional advisors is based on their perception of the experience and ability of the respective firms / individuals to perform their work, the complexity and nature of the assignment and the basis of their fee.
- 4 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.
- 5 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.
- 6 The Joint Administrators will instruct accountants to prepare Corporation Tax returns.
- 7 The Joint Administrators will instruct 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 Statutory advertising of the Notice of Appointment in the London Gazette as required under insolvency legislation.
- 10 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.
- 11 It is usually more cost effective to employ an external agent to print and mail circulars to creditors and members, as required by statute.
- 12 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. There are no category 2 expenses.
- 13 The above costs excluded VAT.
- 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.

## **Business Loan Network Limited (In Administration) (“the Company”)**

### **Fee Estimate for the whole period of the Administration**

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

#### **Introduction**

The following information is provided to creditors to enable them to consider and approve the Joint Administrators' Fee Estimate. It is 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.

This document should be read in conjunction with the Joint Administrators' Report to Creditors and Statement of Proposals (“the Proposals”) which provides further details of the assets, liabilities and estimated return to creditors, if any. Particular reference is made to the Appendices 4 and 5.

Creditors should note that the Joint Administrators' Fee Estimate quantifies the total amount of time and therefore cost anticipated to be spent over the next 5 years and is based on the information provided to Court prior to the Administration, being the Report (together with the supplemental Estimated Outcome Statement dated 14 April 2021) which are available on the Company's website as previously advised.

As mentioned earlier in the Proposals, the Joint Administrators acknowledge that the Fee Estimate and therefore the supporting narrative is an estimate and is based on a number of assumptions, some of which will be accurate and some of which may differ from the eventual costs incurred. Accordingly and as previously communicated, the Joint Administrators' intention is to seek approval for the basis and the level of their remuneration from the Creditors Committee which will be provided with detail information and therefore be best placed to address both the basis and level of the Joint Administrators' remuneration.

#### **Estimated Fees and Expenses**

The Joint Administrators propose that their fees will be based on Kroll's time costs properly incurred.

The ability for the Joint Administrators to draw fees is dependent on asset realisations and the authority of creditors. Creditors will be asked, via the creditors committee, to approve the basis of the fees and the Fee Estimate, which effectively acts as a cap on the fees that can be drawn (subject to the Joint Administrators' ability to seek an increase in the approved amount from creditors, if appropriate).

The Joint Administrators estimate the expenses of the Administration to total £166,375, as shown in the Expenses and Disbursements Estimate at Appendix 5. This Appendix illustrates the estimated expenses for the whole of the Administration and is for information purposes only (not for approval by any class of creditor). This estimate may change over the course of the Administration, but creditors will be informed of any variations with associated reasons in subsequent progress reports.

#### **Estimated Return to Creditors**

Please see Section 9 of the Proposals for further information in this regard.

#### **Strategy**

The Joint Administrators have incurred time costs in the period 15 April 2021 to 1 June 2021 (“the Reporting Period”) totalling £140,578, representing 304 hours at an average charge out rate of £463.



## Administration and Planning

The Joint Administrators have incurred £103,560 in respect of Administration and Planning, representing 227 hours at an average charge out rate of £457.

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

- Complying with anti-money laundering checks, bribery act and ethical checks;
- Monitoring and reviewing Administration strategy;
- Advertising the Administration appointment and notifying all relevant stakeholders;
- Setting up the Administration on our internal systems;
- Companies House and Court filings;
- Calculating and obtaining the insolvency practitioners' bond;
- Setting up Administration bank accounts;
- Undertaking treasury functions in respect of receipts and payments of the Administration;
- Preparation of the Report to Creditors and Statement of Proposals;
- 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 of insurance policies and engage specialist broker to consider on-going insurance requirements;
- Prepare 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;
- Liaise with Company bankers regarding the operation of banking facilities;
- HMRC statutory notifications; and
- Consider current VAT registration status and liaise with HMRC regarding registration for VAT.

Total time costs in respect of Administration and Planning are expected to total £300,230 and are likely to 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 cashing 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.

Time costs in this category do not have a direct financial benefit for creditors, however, are incurred either in accordance with statutory requirements, or to ensure efficient progression of the case.

## Creditors

Time costs incurred in relation to creditors total £24,583 representing 49 hours at an average charge out rate of £499. 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;
- Liaise with FOS regarding complaints made by creditors/contingent creditors; and
- Issuing statutory communications to the general body of creditors and Lenders notifying them of the Administration.

Total time costs in relation to creditors are 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;
- Formation and election of a Creditors' Committee;
- 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

Time costs incurred in relation to creditors total £2,648, representing 6 hours at an average charge out rate of £441.

It is a statutory requirement that the Joint Administrators provide a report to the Secretary of State on the conduct of the directors in their management of the Company to determine their fitness to act in such a role. This will entail a broad level of investigation to ensure that best practice standards are met, and the Fee Estimate reflects this standard.

If the Secretary of State then instigates Directors' Disqualification proceedings, further time may be expended in providing supporting documents, witness statements etc. Such investigation may or may not lead to further asset recovery so creditors should not assume that this activity will provide a monetary benefit to the Administration estate.

During the Reporting Period, the Joint Administrators have:

- Facilitated the collection the Company books and records;
- Written to the Company's bankers to request historic bank statements for the Company;
- Sought the completion of questionnaires from all directors of the Company within the last three years;
- Identified and reviewed available information regarding the transfer of certain trademarks;
- Prepared correspondence to directors and legal advisors requesting information on the transfer of certain trademarks;
- Conducted searches with the Intellectual Property Office;
- Contacted the Company's former accountants;
- Contacted the Company's former solicitors; and
- Conducted Companies House searches.

Total time costs are expected to total £52,500 and will likely include the following future tasks:

- Continuing to investigate the affairs of the Company to identify any actions available to the company against third parties in respect of antecedent transactions or other litigation;
- Managing and reviewing the Company's books and records;
- Documenting investigations;
- Statutory reporting requirements to the Secretary of State in respect of directors' conduct and any resulting correspondence with the Department of Business, Energy and Industrial Strategy.

The Fee Estimate assumes a diligent but basic investigation into the Company's affairs. However, should circumstances prove more difficult it is likely that the Fee Estimate may need to increase. Creditors will be consulted as appropriate.

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 £9,788, representing 22 hours at an average charge out rate of £451. Time costs incurred in relation to Creditors have included, but not limited to, the following tasks:

- Collating information from the Company's records regarding assets;
- Liaising with the Company's bankers to arrange for the cash at bank balances to be transferred to the Administration estate;
- Liaising with ESF regarding the landlord of the Company's trading premises to arrange for the lease to be assigned;
- Time dealing with recovering BLN's Fees and Costs;
- Correspondence to landlord regarding premises and obtain details of rent deposit held;
- 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);
- Conducting a review of the Company's financial records to understand the nature of the debtor ledger, which predominately relates to BLN Fees and costs, and recovery of same; and
- Reviewing the Company's records to understand what other tangible and intangible assets are owned by the Company which may be of benefit to the Administration estate.

Total time costs are 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;
- Legal review of rent deposit and rent deposit deeds;
- 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 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.

## Appendix 6 – Analysis of Time Charged for the Client Estate

**Client Assets**

Narrative for the Reporting Period from the Appointment Date to 1 June 2021	
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> </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> </ul>
Retail Lender - Outbound Queries (Website Updates)	<ul style="list-style-type: none"> <li>• Preparing and issuing a number of lender updates.</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>   <li>• Review and determine risk profiles for lenders and determine further documentation requirements</li> </ul>

	<ul style="list-style-type: none"> <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> </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> </ul>
Fixed Costs	<ul style="list-style-type: none"> <li>• Review and approve account payments for BLN fees and third-party costs</li> <li>• Dealing with necessary changes to the P2P platform</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> </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>• Daily discussions with ESF and Joint Administrators' staff re strategy and background</li> <li>• Reviewing of information packs for detail to ensure loan security and loan priority status are correctly reported</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> </ul>

	<ul style="list-style-type: none"><li>• Maintenance of records</li></ul>
Updating and Reporting to FCA	<ul style="list-style-type: none"><li>• Telephone calls and emails with the FCA</li></ul>

## Appendix 7 – Creditors Committee Nomination Form



# Nomination for Membership of the Creditors' Committee and Consent to Act

## Business Loan Network Limited (In Administration)

Company registration number: 07248014

A Creditor can act in person as a Committee member or appoint a representative to act on their behalf on the Committee.

### PART A: Creditor details

..... (Name of creditor),

consent to act as a member of the Committee in respect of Business Loan Network Limited – In Administration

Address of Creditor: .....

.....

.....

Reference: .....

I consent further to Committee business being conducted by electronic communication as and when appropriate and for this purpose my/my representative's designated email address is:-

.....  
(leave blank if consent is not given)

### Part B: Creditor's Representative

The following person is duly authorised by proxy to act as the creditor's representative on the Committee:

Name of Representative: .....

Address of Representative: .....

.....

.....

.....

Signature of Representative: .....

Representative's Tel: .....

**Signature of Creditor or authorised person**.....

**Name in block letters**..... **Date**.....

**Position or relationship with creditor/other authority for signature**

.....

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

Company number: 07248014

High Court of Justice, Business and Property Courts of England and Wales, Insolvency and Companies List (Chd), Companies No. 000680 of 2021

**NOTICE OF INVITATION TO FORM A COMMITTEE**

The primary purpose of a Committee is to assist the Administrators in fulfilling their duties.

Further detail on the rights, duties and the functions of the Committee can be found here:

<https://www.kroll.co.uk/assets/pdfs-international/uk/a-guide-for-creditors.pdf>

This is a link to the R3 (Association of Business Recovery Professionals) booklet '**Liquidation / Creditors' Committees and Commissioners: A Guide for Creditors**' issued in conjunction with the Recognised Professional Bodies.

This notice is an invitation to creditors to decide whether a Committee should be established if sufficient creditors are willing to be members of the Committee.

Nominations are therefore invited for membership of the Committee: if you wish to be considered please complete the attached **Nomination for Membership of the Committee** form.

Nominations (plus a completed Proof of Debt if not already provided) must be delivered to:

Geoff Bouchier, Joint Administrator, Kroll Advisory Ltd., The Shard, 32 London Bridge Street, London SE1 9SG

Email: BLN@Kroll.com

By 23 June 2021

Nominations will only be accepted if the Joint Administrator is satisfied as to the creditor's eligibility.

Therefore the creditor must have submitted a Proof of Debt, the debt is not fully secured and the proof has not been wholly disallowed for voting purposes, or the proof has not been wholly rejected for the purpose of distribution or dividend.



Signed: .....

**Geoff Bouchier**  
Joint Administrator

Dated...8 June 2021.....

## Appendix 8 – 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.

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

Information regarding the fees and expenses of Administrators, including details of the expense 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 Guide for Creditors on Insolvency Practitioner Fees". This can be viewed and downloaded from Kroll's website at:

<https://www.kroll.com/en-gb/services/restructuring-advisory/creditor-guides-and-employee-fact-sheets>

Should you require a copy, please contact this office.

### Creditors may requisition a physical meeting of Creditors for approval of the Joint Administrators' Proposals under Rule 15.6 of the Insolvency (England and Wales) Rules 2016

The Joint Administrators shall summon a physical meeting (1) if asked to do so by (a) creditors whose debts amount to at least 10% of the total debts of the Company or (b) 10% in number of creditors, or (c) 10 creditors, and (2) if the following procedures are followed:

The request for a requisitioned physical meeting must be made within five business days of the date on which the Joint Administrators' Proposals were delivered and include either:

- (a) a statement of the requesting creditor's claim together with—
- a list of the creditors or contributories concurring with the request and of the amounts of their respective claims or values, and
  - confirmation of concurrence from each creditor; or

(b) a statement of the requesting Creditor's debt and that that alone is sufficient without the concurrence of other Creditors

Creditor/s may be requested to meet the costs of a requisitioned decision and a deposit will be required for this purpose. These costs may be ordered to be paid as an expense of the Administration if the Creditors so resolve.

If you wish to request a physical Creditors' meeting, please complete and return the physical meeting requisition form available on Portal.

### Creditors may requisition a decision to be made by all of the Creditors for approval of the Joint Administrator' Proposals under para 52(2) Schedule B1 Insolvency Act 1986

The Joint Administrators shall seek a decision from the Company's Creditors as to whether they approve the Proposals if requested by Creditors of the Company, whose debts amount to at least 10% of the total debts of the Company. Such a request must be received by the Joint Administrators within eight business days of the date on which the Joint Administrator's statement of Proposals is delivered.

The request for a requisitioned decision must include a statement of the purpose of the proposed decision and either—

(a) a statement of the requesting Creditor's claim together with—

- a list of the Creditors or contributories concurring with the request and of the amounts of their respective claims or values, and
- confirmation of concurrence from each Creditor; or

(b) a statement of the requesting Creditor's debt and that that alone is sufficient without the concurrence of other Creditors

Creditor/s may be requested to meet the costs of a requisitioned decision and a deposit will be required for this purpose. These costs may be ordered to be paid as an expense of the Administration if the Creditors so resolve.

A requisitioned decision must be made within 28 days of receiving the deposit or the expiry of 14 days without the Administrators informing the requesting Creditor of the deposit sum.

**Appendix 9 – Notice of seeking Decision by Deemed Consent of the Proposals**

## Rule 15.7

The Insolvency Act 1986

# Notice of seeking a decision of creditors by deemed consent

Name of Company <b>Business Loan Network Limited</b>	Company Number <b>07248014</b>
In the <b>High Court of Justice, Business and Property Courts of England and Wales, Insolvency and Companies List (Chd), Companies</b> <small>[full name of court]</small>	Court case number <b>000680</b>

(a) Insert full name(s) and address(es) of the administrators

We (a)

Geoffrey Wayne Bouchier, and

Robert John Armstrong both of c/o Kroll, The Shard, 32 London Bridge Street, London, SE1 9SG

(b) insert full name and address of registered office of the company

hereby give notice to the creditors of (b) Business Loan Network Limited,

The Shard, 32 London Bridge Street, London, SE1 9SG

(c) insert reasons for using deemed consent

That, pursuant to Rule 15.7, we are seeking a decision(s) using deemed consent. We consider that the deemed consent procedure is the most appropriate method for seeking a decision of creditors in this instance for the following reasons:

- The decision(s) to be made is/are not contentious;
- It is the most cost effective and efficient way of obtaining a decision; and
- We believe it is in the best interests of creditors to do so.

The decision(s) being sought using deemed consent are:

Repeat as necessary for the number of decisions required

### **Proposed Decision 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;

### **Proposed Decision 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 in order to achieve the purpose of the Administration;

### **Proposed Decision 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;

### **Proposed Decision 4**

That the Joint Administrators may seek an extension to the Administration period if considered necessary.

**Proposed Decision 5**

That the Joint Administrators may make distributions to the preferential creditors (if any) where funds allow;

**Proposed Decision 6**

That the Joint Administrators may make distributions to the non-preferential unsecured creditors from the Prescribed Part, where applicable;

**Proposed Decision 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;

**Proposed Decision 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;

**Proposed Decision 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;

**Proposed Decision 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;

**Proposed Decision 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.

**Proposed Decision 12**

Alternatively, the Joint Administrators may allow the Administration to end automatically.

**Proposed Decision 13**

That a creditors' committee will be established if there are sufficient creditors are willing to act as members of the committee

(d) decision date The decision date will be **23 June 2021**.

If the decision date expires without 10% in value of creditors objecting to deemed consent, or one of the thresholds for requisitioning a physical meeting being met, the creditors will be treated as having made the proposed decision(s) at 23:59 hours on the decision date.

If you agree with the proposed decision(s), no further action is required.

Appeals A creditor may appeal a decision in accordance with Rule 15.35 by applying to court not later than 21 days after the decision date.

Objections **What you need to do if you wish to object to the deemed consent decision(s)**

Creditors who wish to object to the proposed decision(s) must do so, in writing, by sending notice stating their objection together with a proof of debt form, not later than the decisions date detailed above, failing which the objection will be disregarded.

Any creditor whose debt is treated as a small debt (i.e. £1,000 or less) must still deliver a proof of that debt, not later than the decision date detailed above, if they wish to object to deemed consent, failing which the objection will be disregarded.

Any creditor who has opted out from receiving notices may still object to deemed consent, provided they provide a proof of debt not later than the decision date, failing which the objection will be disregarded.

It is our responsibility to aggregate any objections to see if 10% or more in value of creditors have objected to deemed consent.

If this threshold is met, the deemed consent procedure will terminate without a decision(s) being made. If a decision(s) is sought on the same matter(s), it/they will be sought by a decision procedure.

Physical meeting request

**What you need to do if you wish to request a physical meeting to consider the proposed decision(s)**

Creditors who meet one of the thresholds set out in the Insolvency Act 1986 may, within five business days from the date of delivery of this notice, require a physical meeting to be held to consider the decision(s). In order to do so, a creditor must complete and return the physical meeting requisition form, available at the Portal. The relevant thresholds are 10% in value of creditors, 10% in number of creditors, or 10 creditors.

If one of these thresholds is not met, the deemed consent procedure will continue as outlined above.

If you require any further details, wish to lodge an objection or want to request a physical meeting, please contact my office at the details shown.



Signed

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**Geoffrey Bouchier**  
Joint Administrator

Dated

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8 June 2021

Address and contact details for correspondence

Administrators' postal address: Kroll Advisory Ltd., The Shard, 32 London Bridge Street, London SE1 9SG

Alternative contact name and details:  
BLN Case Team  
BLN@kroll.com  
+44 (0) 20 7089 4700



## Appendix 10 – 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
Client Estate	Matters and assets that relate to the proprietary rights of Lenders, predominately 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
COVID-19	Coronavirus Pandemic
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.
P2P	Peer-to-Peer
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.
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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RBSI	Royal Bank of Scotland International, 280 Bishopsgate, London, EC2M 4RB, with whom the Company banked.
Retail Investors	Being individuals who predominately make the decisions to invest into Loans on their own behalf.
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.
the Rules	The Insolvency (England & Wales) Rules 2016 (as amended)
the Secured Creditor	The holder of a fixed and floating charge over the Company's assets. The Company has no secured creditors.
SIP 9	Statement of Insolvency Practice 9 – Industry best practice for Insolvency Practitioners in relation to disclosure of remuneration and expenses
SOA	Statement of Affairs, documentation [to be] supplied by the Director outlining the Company's financial position as at the Appointment Date
Sponsors or Introducers	Being those who introduced Loans to the P2P platform
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 11 – Notice about this Statement of Proposals**

This Statement of Proposals has been prepared by Geoffrey Wayne Bouchier and Robert John Armstrong, the Joint Administrators of the Company, solely to comply with their statutory duty under Paragraph 49, Schedule B1 of the Insolvency Act 1986 to lay before Creditors a statement of their Proposals for achieving the purpose of the administration, and for no other purpose. It is not suitable to be relied upon by any other person, or for any other purposes, or in any other context.

These Proposals have not been prepared in contemplation of them being used, and are 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 these Proposals are illustrative only and cannot be relied upon as guidance as to the actual outcomes for Creditors.

Any person that chooses to rely on these Proposals for any purpose or in any context other than under Paragraph 49, Schedule B1 of the Insolvency Act 1986 does so at their own risk. To the fullest extent permitted by law, the Joint administrators do not assume any responsibility and will not accept any liability in respect of these Proposals.

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 agent 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 these Proposals or the conduct of the Administration.