

TO ALL KNOWN CREDITORS

2 October 2024

Ref: TRS/AD/JF/NH/AM

Niamh Hughes
marhalla@uk.ey.com

Dear Sir / Madam,

Mar Estates Limited (In Administration) ('the Company')

Court of Session, Scotland, Number P702/23

I write, in accordance with Rule 3.93 of the Insolvency (Scotland) (Company Voluntary Arrangements and Administration) Rules 2018 ('the Rules'), to provide creditors with a report on the progress of the Administration. This report covers the period from 22 February 2024 to 21 August 2024 ('the Period') and should be read in conjunction with the Joint Administrators' statement of proposals ('the Proposals') in relation to the Company and its key asset, Mar Hall Golf & Spa Resort ('Mar Hall' or 'the Hotel') dated 27 October 2023 and our progress report dated 6 March 2024, both of which can be viewed and downloaded at the following web address, https://www.ey.com/en_uk/administrations/mar-estates-limited.

The Company, registered number SC203007, entered Administration on 22 August 2023 and Kris Aspin, Joseph Luke Charleton and I, Andrew Dolliver, were appointed to act as Joint Administrators ('the Joint Administrators'). The appointment was made by Qualifying Floating Charge Holder under the provisions of paragraph 14 of Schedule B1 to the Insolvency Act 1986.

As licenced Insolvency Practitioners, we are bound by the Insolvency Code of Ethics when carrying out all professional work relating to the Administration. Certain statutory information about the Company, the Administration and the office holders is given at Appendix 1.

Summary of progress

The Company's trading

As per our progress report dated 6 March 2024, the Joint Administrators traded the Hotel until the date of sale, 15 December 2023.

The Joint Administrators are in the process of preparing final trading accounts for the Administration trading period. The final trading accounts have not yet been completed and accordingly, the Joint Administrators' Summary of Receipts and Payments from 22 February 2024 to 21 August 2024 at Appendix 2 does not represent the final trading position of the Company. The Company generated a trading loss of c.£581k for the period of trading to 15 December 2023. The Secured Lender provided funding to cover the losses and allow continued trading to effectuate a sale.



Asset Realisations

Sale of business and freehold property

As per our progress report dated 6 March 2024, the Joint Administrators successfully completed the sale of the business and freehold property to Mar Hall Hospitality Limited, a Joint Venture by the Dutco Group and Align Partners ('the Purchaser').

No further asset realisations are to be made.

Trade Debtors

The Joint Administrators have identified collectable debts of £9,668.04, with the sum of £272.00 realised to date. The Joint Administrators wrote to each of the debtors in relation to their outstanding balances, however no further debts have been collected due to lack of evidence provided to the Joint Administrators from the Company. The Joint Administrators have exhausted all options of obtaining this evidence and have concluded that it is not in the best interest of creditors to keep the Administration open to pursue this further.

Related Party Transactions

At the time of the Proposals, the Company was owed £842,825 from five related entities. These balances relate to intercompany balances, and personal loans to each of the directors of the Company. Investigations by the Joint Administrators have determined that a large sum of these debtor balances are offset by amounts owed by the Company and one of the five related entities are now dissolved.

The Joint Administrators are pursuing one director in relation to the balance of £6,534.46. To date, we have not received payment of this debt.

Cash at Bank

At the commencement of the Administration, the Joint Administrators secured cash of £142,175.80 from Allied Irish Bank ('AIB') which was transferred to Michels & Taylor's Operating Account to support the trading of the Hotel.

As of the reporting date, the Company holds £615,150.82 in the Administration bank account including gross interest of £15,854.28. The pre-Administration bank accounts with AIB have now been closed. Remaining funds after the sale of the Property were transferred to the Joint Administrators bank account from the Hotel Operators bank account.

Costs of realisation

Payments made from the date of our appointment to 21 August 2024 are set out in the attached receipts and payments account attached at Appendix 2.

Summaries of the most significant payments made to date are provided below.

Employee costs

Employee costs of £644,438.03 include payroll and government taxes and pension contributions for employees of the Company and agency staff costs. 'No further employee costs have been incurred from the report dated 6 March 2024. The Joint Administrators have received a refund of apportioned employee costs from the Purchaser during the period of £6,383.55 and total employee costs for the administration has therefore decreased by the same amount following our last progress report.

Payments to suppliers

As noted above, we have yet to finalise the trading accounts for the period to 15 December 2023 but in the Period we have made payments to suppliers totalling £67,651.99 which relate to costs incurred during the trading period.

Extension of Administration

As creditors will recall, the Joint Administrators' letter to the general body of creditors dated 14 June 2024 advised that as the work was not yet complete, we would be seeking the consent of the secured and non-preferential, unsecured creditors, under paragraph 78(1) of Schedule B1 to the Insolvency Act 1986, for an extension of the Administration for a period of 12 months, ending on 21 August 2025. The purpose of the extension is to allow time to finalise the trading position and distribute amounts to the preferential creditors.

We are pleased to advise that the requisite creditors' consent was received, allowing the Joint Administrators to extend the period of the Administration by 12 months to 21 August 2025. The necessary statutory forms were filed with the Registrar of Companies and the Court in July 2024.

Creditors' committee

No creditors have expressed an interest in forming a creditors' committee.

Receipts and payments account

A summary of our receipts and payments for the Period is attached at Appendix 2. It does not reflect estimated future realisations or costs.

Joint Administrators' remuneration

The statutory provisions relating to remuneration are set out in Rules 3.95 to 3.101 of the Rules.

In certain circumstances, creditors are entitled to request further information about our remuneration or outlays, or to apply to court if they consider the costs to be excessive (Rule 3.100 of the Rules). Further information is given in 'A Creditors' Guide to Administrators' Fees,' a copy of which may be accessed from the web site of the Institute of Chartered Accountants of Scotland at <https://www.icas.com/technical-resources/creditor-guides-to-office-holder-remuneration> or is available in hard copy upon written request to the Joint Administrators.

The Joint Administrators' remuneration was fixed on a time-cost basis by resolution of the secured creditor and general body of creditors. During the Period, we have incurred time costs totalling £215,068.70, and an analysis of the time incurred and narrative explanation of the time spent are attached at Appendix 3 to this report. Together with the time previously incurred of £1,583,822.50, this results in total time incurred to 21 August 2024 of £1,797,924.90.

Since our last report, fees of £335,000 have been approved and drawn for the Period as set out below:

- ▶ Assets subject to Standard Security (Mar Hall Golf & Spa Resort) – £323,945.00 (excluding VAT).
- ▶ Assets subject to Floating charge (all other assets) – £11,055.00 (excluding VAT).

We do not anticipate that any additional fees will be drawn by the Joint Administrators.

Joint Administrators' outlays

During the period covered by this report, we have incurred but not drawn outlays totalling £82.10 plus VAT. There is a breakdown of outlays incurred in this Period and to date at Appendix 4 of this report.

Pre-administration costs

A statement of pre-administration costs for remuneration was included in the Proposals totaling £53,724.00 plus VAT for remuneration and £1,016.28 plus VAT for expenses.

The Joint Administrators did not seek approval for the payment of costs incurred by Ernst & Young LLP. No pre-administration costs of Ernst & Young LLP have been drawn.

Addleshaw Goddard LLP' pre-administration costs were approved as an expense of the Administration by the secured and non-preferential, unsecured creditors on 1 May 2024 and 22 March 2024, respectively and have been fully drawn.

Michel's & Taylor Limited pre-administration costs were approved as an expense of the Administration by the secured and non-preferential, unsecured creditors on 1 May 2024 and 22 March 2024, respectively and have been fully drawn.

The Joint Administrators are not seeking approval for any further pre-administration costs.

Distributions to creditors

No distributions to creditors have been made in the Period.

Secured creditor

Promontoria Maple Designated Activity Company ('Promontoria'), the Company's secured creditor, had total indebtedness at 22 August 2023 of £10,023,957. To enable ongoing trading £450,000 of additional funding was provided by Promontoria during the course of the Administration. As at the reporting date, interest of £492,769. has accrued to Promontoria during the administration, of which £3,902.23 relates to the funding provided during the course of the administration. Interim distributions of £10,000,000 have been made to Promontoria to date. It is currently estimated that Promontoria will suffer a shortfall against their debt.

Primary preferential creditors

Claims from employees in respect of accrued but unpaid arrears of pay up to £800, accrued but unpaid holiday pay and certain pension benefits, rank preferentially and in priority to other preferential creditors (see below). These claims are therefore referred to as 'primary preferential creditors'.

Primary preferential claims of £21,414.41 have been received to date and the Joint Administrators are of the opinion that a full distribution to primary preferential creditors may be made in due course.

Secondary preferential creditors

Claims from HMRC, in relation to VAT, PAYE and employee's National Insurance Contributions rank preferentially, but secondary to the employee primary preferential creditors above. These claims are therefore referred to as 'secondary preferential creditors'.

The Joint Administrators estimate the amount of secondary preferential creditors at the date of the appointment to be £386,197.67. Based on current estimates, it is likely that there will be insufficient funds available for a distribution to secondary preferential creditors in full.

Non-preferential, unsecured creditors

The Joint Administrators continue to receive claims from non-preferential, unsecured creditors of the Company. It is estimated that non-preferential, unsecured creditors will be in the region of c.£360k.

At this stage, we do not anticipate sufficient funds available to enable a distribution to the non-preferential, unsecured creditors.

The prescribed part

As noted above, the Joint Administrators are of the opinion that there will be insufficient funds available to enable a distribution to be made via the prescribed part or otherwise.

Remaining work

The Joint Administrators will continue to deal with the Administration in line with the stated objectives outlined in the Proposals. Future tasks will include, but may not be limited to, the following:

- ▶ Dealing with the Company's debtor book, including collection of debtor balances due to the Company.
- ▶ Distributing amounts to preferential creditors (as applicable).
- ▶ Dealing with creditor queries.
- ▶ Reviewing and adjudicating preferential creditor claims (as applicable).
- ▶ Dealing with corporation tax and VAT matters, including filling statutory returns.
- ▶ Ensuring all statutory reporting and compliance obligations are met.
- ▶ Finalising the Administration including payment of all Administration expenses and liabilities.
- ▶ Any other actions required to be undertaken by the Joint Administrators in order to fulfil the purpose of the Administration.

Other matters

Corporation tax matters

EY tax specialists have been instructed to review the Company's tax position and to prepare the necessary corporation tax returns for the periods affecting the Administration to date. This workstream is ongoing and a further update will be provided to creditors in our next progress report.

Statement of Affairs

The Company's directors have agreed to submit a qualified declaration with their Statement of Affairs but are yet to submit same to the Joint Administrators.

The End of Administration

It is proposed that, as it is unlikely that at the end of the Administration the Company will have property which permit a distribution to its non-preferential unsecured creditors, the Joint Administrators will send a notice to that effect to the Registrar of Companies. On registration of the notice the Joint Administrators' appointment will come to an end. In accordance with the provisions of paragraph 84(6) of Schedule B1 to the Insolvency Act 1986 the Company will be deemed to be dissolved three months after the registration of the notice.

Next report

We will report to you again at the conclusion of the Administration or in six months' time, whichever is the sooner.



In the meantime, if you have queries regarding the content of this report, please do not hesitate to contact us by email at marhallaadministration@uk.ey.com

Yours faithfully
for the Company

A handwritten signature in blue ink that appears to read 'Andrew Dolliver'.

Andrew Dolliver
Joint Administrator

Andrew Dolliver is licensed in the United Kingdom to act as an Insolvency Practitioner by The Insolvency Practitioners Association, Kris S Aspin is licensed in the United Kingdom to act as an Insolvency Practitioner by The Institute of Chartered Accountants of Scotland and Joseph L Charleton is licensed in the United Kingdom to act as an Insolvency Practitioner by Chartered Accountants Ireland. As Insolvency Practitioners, they are bound by the Insolvency Code of Ethics in carrying out all professional work relating to the appointment.

The affairs, business and property of the Company are being managed by the Joint Administrators, Andrew Dolliver, Kris S Aspin and Joseph L Charleton, who act as agents of the Company only and without personal liability.

The Joint Administrators may act as data controllers of personal data as defined by the UK General Data Protection Regulation (as incorporated in the Data Protection Act 2018), depending upon the specific processing activities undertaken. Ernst & Young LLP and/or the Company may act as a data processor on the instructions of the Joint Administrators. Personal data will be kept secure and processed only for matters relating to the Joint Administrators' appointment. The Office Holder Data Privacy Notice can be found at www.ey.com/uk/officeholderprivacy.

Appendix 1

Information about the proceedings, the company and the office holders, as required by Rule 3.94 of the Insolvency (Scotland) (Company Voluntary Arrangements and Administration) Rules 2018

Name of court:	Court of Session, Scotland
Court reference:	P702/23
Registered name of the Company:	Mar Estates Limited
Registered office address of the Company:	c/o Ernst & Young LLP, G1 Building, 5 George Square, Glasgow, G2 1DY
Registered number:	SC203007
Country of incorporation (for a company incorporated outside the United Kingdom):	N/A
Date of appointment of the Joint Administrators:	22 August 2023
Details of any changes of Administrator:	None
Full names of the Administrators:	Andrew Dolliver, Kris S Aspin and Joseph L Charleton
Office holder numbers:	15230, 25250 and 12910

Details of the Joint Administrators

Andrew Dolliver	Kris Aspin	Luke Charleton
Ernst & Young LLP	Ernst & Young LLP	Ernst & Young LLP
Bedford House	Atria One	Harcourt Centre
16-22 Bedford Street	144 Morrison Street	2 Harcourt Street
Belfast	Edinburgh	Dublin
BT2 7DT	EH3 8EX	

Email: marhalla@uk.ey.com

Name of alternative person to contact with enquiries about the case: Niamh Hughes

Appendix 2

Mar Estates Limited (In Administration)

Joint Administrators' Summary of Receipts and Payments from 22 February 2024 to 21 August 2024

Mar Estates Limited (In Administration)

Joint Administrators' receipts and payments account from 22 August 2023 to 21 August 2024

Per Estimated Statement of Financial Position	Trading Receipts	Cummulative to 21 February 2024 (£)	Transactions since 21 February 2024 (£)	Cummulative to 21 August 2024 (£)
142,176.00	Cash on Appointment	142,175.80	-	142,175.80
	Sale of Property	11,500,000.00	-	11,500,000.00
	Customer Sales	779,263.03	-	779,263.03
	Apportionment of employee costs	-	6,383.55	6,383.55
	Funding from Secured Creditor	450,000.00	-	450,000.00
	Book Debts	272.00	-	272.00
	Bank Interest	7,333.65	8,520.63	15,854.28
142,176.00	Total	12,879,044.48	14,904.18	12,893,948.66
Trading Payments				
	Employee costs	650,821.58	-	650,821.58
	Payments to Suppliers	700,733.17	32,919.53	733,652.70
	Rates	24,189.91	-	24,189.91
	Insurance	64,262.72	-	64,262.72
	Agents Costs	54,290.38	34,732.46	89,022.84
	Distribution to Secured Creditor	10,000,000.00	-	10,000,000.00
	Administrators Fees - Floating	-	11,055.00	11,055.00
	Administrators Fees - Fixed	-	323,945.00	323,945.00
	Legal Fees	-	152,266.69	152,266.69
	Legal Disbursements	-	3,472.72	3,472.72
	Professional Fees	-	115,395.00	115,395.00
	Apportionment to Purchaser	-	2,724.37	2,724.37
	VAT - Payment to HMRC	-	40,376.74	40,376.74
	Public Notices	94.00	-	94.00
	Total	11,494,391.76	716,887.51	12,211,279.27
Net Receipts and Payments				
				682,669.39
Represented by				
	RBS Floating Account			615,150.82
	VAT			67,518.57
				682,669.39

Notes

1. Receipts and payments are stated net of VAT.
2. The stock and work in progress that existed at the date of our appointment has been consumed in the process of trading or returned to suppliers under claims for retention of title.

Appendix 3

Mar Estates Limited (In Administration)

Joint Administrators' Time-Costs from 22 February 2024 to 21 August 2024

Time charging policy

The Administrators have engaged managers and other staff to work on the Administration. The work required is delegated to the most appropriate level of staff taking account of the nature of the work and the individual's experience. Additional assistance is provided by accounting and treasury executives dealing with the Company's bank accounts and statutory compliance diaries. Work carried out by all staff is subject to the overall supervision of the Joint Administrators.

All time spent by staff working directly on case-related matters is charged to a time code established for the case. Time is recorded in units of six minutes. Each member of staff has a specific hourly rate, which is subject to change over time. The average hourly rate for each category of staff over the period is shown below, as are the current hourly rates used. The current hourly rates may be higher than the average rates, if hourly rates have increased over the period covered by this report.

Total summary of the Joint Administrators' time charged for the Period.

	Staff Grade						Total Cost £	Average Rate £
	Partner	Director	Assistant Director	Manager	Executive	Analyst		
Administration & Planning	0.6	-	0.5	46.3	147.8	6.0	201.2	103,696.4
Creditors	0.9	-	-	1.8	21.0	-	23.7	12,417.6
Debtors	-	-	-	-	-	-	-	523.9
Employees	1.7	-	-	1.3	0.6	-	3.6	3,417.0
Environmental Issues	-	-	-	-	-	-	-	-
General	-	-	-	-	-	-	-	-
Immediate Tasks	-	-	-	17.8	3.5	-	21.3	14,889.5
Investigation & CDDA	-	-	-	2.3	-	-	2.3	761.0
Job Acceptance & Strategy	-	-	-	-	-	-	-	-
Legal Issues	-	-	1.0	-	-	-	1.0	1,065.0
Members	-	-	-	-	-	-	-	-
Other Matters	-	2.0	-	0.1	-	-	2.1	2,366.1
Pre-Appointment	-	-	-	-	-	-	-	1,126.7
Property	-	-	-	-	-	-	-	-
Public Relations Issues	-	-	-	-	-	-	-	-
Reporting	-	-	-	33.5	17.5	-	51.0	32,001.9
Retention of Title	-	-	-	-	-	-	-	-
Sale of Business	-	-	-	-	-	-	-	-
Statutory Duties	-	5.5	-	10.8	34.0	0.5	50.8	28,991.9
Trading	-	-	-	-	1.5	-	1.5	660.0
VAT & Taxation	-	3.0	-	6.0	14.0	-	23.0	13,813.0
Total Hours	3.2	11.5	0.5	119.9	239.9	6.5	381.5	
Time Costs (£)	4,334.5	12,407.5	479.8	87,532.3	109,010.6	1,304.0		215,068.7
Average Hourly Rate (£)	1,364.5	1,076.9	959.6	730.0	454.4	200.6		563.7

Staff Description	Belfast	Other Regional	Belfast	Other Regional
	Hourly rate (£) FY24	UK Hourly rate (£) FY24	Hourly rate (£) FY25	UK Hourly rate (£) FY25
Partner	1,325	1,410	1,391	1,481
Director	1,065	1,090	1,118	1,145
Assistant Director	890	950	935	998
Manager	675	735	709	761
Executive	515	540	541	567
Analyst	205	315	215	331
Cashier*	345	345	360	360

*Included under Executive

Joint Administrators' time costs - explanation of the work done and ongoing

Basis of work	Category of work	Description of work	Work done / in progress / to be performed
Statutory	Accounting & Administration	<ul style="list-style-type: none"> Overall management of the case, treasury and accounting functions, statutory compliance diaries and time cost reporting. 	<ul style="list-style-type: none"> In progress
Statutory	Creditors	<ul style="list-style-type: none"> Receipt and recording creditor claims. Correspondence with creditors. Processing distributions to preferential and unsecured creditors (as applicable). 	<ul style="list-style-type: none"> In progress In progress To be performed
Asset realisation	Debtors	<ul style="list-style-type: none"> Realising the book debts of the Company. 	<ul style="list-style-type: none"> In progress
Statutory	Employees	<ul style="list-style-type: none"> Assessing staffing requirements and making redundancies. Dealing with employee enquiries. Processing employee claims (if applicable) 	<ul style="list-style-type: none"> Work done Work done To be performed
Statutory	Immediate Tasks	<ul style="list-style-type: none"> Completion of work streams requiring immediate attention following the appointment as required by statute. 	<ul style="list-style-type: none"> Work done
Statutory	Investigations	<ul style="list-style-type: none"> Investigations into the Company's affairs in accordance with Statement of Insolvency Practice 2 'Investigations by Office Holders'. The Joint Administrators' report on the conduct of the directors under the Company Directors Disqualification Act 1986. 	<ul style="list-style-type: none"> Work done Work done
Asset realisation	Job Acceptance & Strategy	<ul style="list-style-type: none"> Matters relating to the appointment and initial planning of the Administration strategy, including management and formulating and executing the strategy adopted. Considering exit routes from Administration and implementing the most appropriate route. 	<ul style="list-style-type: none"> Work done Work done
Statutory	Legal Issues	<ul style="list-style-type: none"> Dealing with any ad hoc legal issues. Liaising with the Purchaser and our appointed solicitor for a sale of Mar Hall. 	<ul style="list-style-type: none"> Work done Work done
Statutory	Members	<ul style="list-style-type: none"> Liaising with the Company's shareholders (as required). 	<ul style="list-style-type: none"> In progress
Asset realisations	Other Assets	<ul style="list-style-type: none"> Realising value from the Company's other assets. Assessing, quantifying and seeking to realise value from assets not recorded in the management accounts of the Company at the date of appointment. 	<ul style="list-style-type: none"> Work done Work done
Statutory	Other Matters	<ul style="list-style-type: none"> Dealing with assets owned by third parties. Recovery of the Company's physical books and records, and electronic records (including a back-up of the Company's servers and systems). 	<ul style="list-style-type: none"> Work done Work done
Asset realisation	Property	<ul style="list-style-type: none"> Liasing with interested parties and sale agent to conduct a sales process and realise the Hotel. Liasing with the Purchaser to settle apportioned property costs. 	<ul style="list-style-type: none"> Work done Work done
Statutory	Public relations	<ul style="list-style-type: none"> Agreeing and issuing statements to the press as required in pursuit of the Administration strategy. 	<ul style="list-style-type: none"> Work done

Statutory	Reporting	<ul style="list-style-type: none"> Preparing the Joint Administrators' Statement of Proposals, six monthly progress reports and final report. 	<ul style="list-style-type: none"> In progress
Asset realisation	Retention of title	<ul style="list-style-type: none"> Assessment and settlement of claims for retention of title from the Company's suppliers (if applicable). 	<ul style="list-style-type: none"> Work done
Asset realisation	Sale of business	<ul style="list-style-type: none"> Sale of the business and/or the assets of the Company in pursuance of the Administrators' objectives. Liaising with the Purchaser and its advisors and relevant suppliers in relation to transitional arrangements. 	<ul style="list-style-type: none"> Work done Work done
Statutory	Statutory Duties	<ul style="list-style-type: none"> Completion of statutory requirements of the Administration, including notifications to creditors and members, advertising the appointment, and sending to creditors and filing at Companies House. 	<ul style="list-style-type: none"> In progress
Statutory	Trading	<ul style="list-style-type: none"> Trading the Company in Administration Dealing with outstanding matters relating to the period that the Company was trading in Administration. This will include preparing final trading accounts, reconciling the costs of trading, and making final payments to supplies. Employee issues pertaining to trading the Company. 	<ul style="list-style-type: none"> Work done In progress Work done
Statutory	VAT & Taxation	<ul style="list-style-type: none"> Preparing corporation tax and VAT returns, with input from EY VAT and tax specialists. Preparing claims for VAT bad debt relief (if applicable). Assessment of the VAT and tax treatments of transactions and agreements entered into during the Administration. 	<ul style="list-style-type: none"> In progress Work done Work done

Payments to other professionals

The Administrators have engaged the following professionals to provide assistance:

Name of firm	Nature of services	How contracted to be paid
Addleshaw Goddard LLP	Legal Advisors	Time cost basis
Savills Plc	Property Agents	1% of sales price
Michels & Taylor (London) Ltd *	Hotel Operator	Monthly fixed fee
Venners Limited	Stock Taker	Fixed fee

*Michels & Taylor (London) Ltd costs are included within Appendix 2 Receipts and Payments under lines Payments to Suppliers and Agents Fees.

Appendix 4

Mar Estates Limited (In Administration)

Summary of Joint Administrators' outlays incurred

No expenses have been drawn and paid.

Type of Outlay	Paid as at 21 February 2024	Paid in the Period	Expenses	Total
Category 1 disbursements (see Note 1)				
Accommodation and subsistence	-	-	1,049.48	1,049.48
Travel costs	-	-	2,297.06	2,297.06
Posting and printing	-	-	621.69	621.69
Category 2 disbursements (Note 1)				
Mileage	-	-	163.40	163.40
Totals	-	-	4,161.63	4,161.63

Notes

- 1 Statement of Insolvency Practice 9 defines expenses as payments which are first met by the office holder, and the reimbursed to the office holder from the estate. Expenses fall into two categories: Category 1 and Category 2.
 - Category 1 expenses are payments to persons providing the service to which the expense relates who are not an associate of the office holder. Category 1 expenses can be paid without prior approval
 - Category 2 expenses are payments to associates or which have an element of shared costs. Before being paid, Category 2 expenses require approval in the same manner as an office holder's remuneration

It is our policy, in accordance with SIP 9, to disclose Category 1 and Category 2 expenses but only to seek approval for Category 2 expenses before they are drawn.

As noted above, the Joint Administrators will not be seeking approval for Category 2 expenses and will not be drawing down any expenses incurred during the Administration.