

**Flybe Limited (in Administration)**

Administrators' statement of proposals

Pursuant to paragraph 49 of schedule B1 to the  
Insolvency Act 1986

Date of delivery of proposals to creditors 29 April 2020

## Abbreviations

The following abbreviations are used in this report:

<b>Abbreviation or definition</b>	<b>Meaning</b>
<b>Administrators</b>	Alan Michael Hudson, Simon Jamie Edel, Joanne Honor Robinson, and Lucy Winterborne
<b>AOC</b>	Air Operator Certificate
<b>APD</b>	Air Passenger Duty
<b>Barclays</b>	Barclays Bank plc
<b>BCLP</b>	Bryan Cave Leighton Paisner LLP
<b>BEIS</b>	The Department for Business, Energy and Industrial Strategy
<b>BRAL Trustees</b>	BRAL Trustees (IOM) Limited
<b>CAA</b>	Civil Aviation Authority
<b>CAMO</b>	Continuing Airworthiness Management Organisation
<b>CMG</b>	Consumer & Markets Group
<b>the Company</b>	Flybe Limited
<b>Connect Airways</b>	Connect Airways Limited
<b>Consortium / Connect Shareholders / Senior Lenders</b>	The shareholders of Connect Airways being, Virgin Travel Group Limited (a wholly owned subsidiary of Virgin) (30%), Stobart (30%) and Cyrus (40%)
<b>Cyrus</b>	DLP Holdings S.A.R.L
<b>EY</b>	Ernst & Young LLP
<b>FAS</b>	Flybe Aviation Services Limited
<b>Flybe</b>	Flybe Limited
<b>Flybe Group</b>	Flybe Group Limited (formerly Flybe Group PLC) and other group entities
<b>GLAS</b>	Global Loan Agency Services Limited
<b>GLAS Trustee</b>	GLAS Trust Corporation Limited
<b>HMRC</b>	Her Majesty's Revenue & Customs
<b>New Connect Shareholders Facilities</b>	The first ranking facility agreement originally dated 21 February 2019 between, amongst others, (1) Connect Airways (as Parent), (2) Flybe (as Borrower), (3) Virgin, Stobart and Cyrus (as Lenders), (4) GLAS (as Agent) and (5) GLAS Trustee (as Security Agent) as amended and restated on 15 January 2020 and the second ranking facility agreement dated 21 February 2019 between, amongst others, (1) Connect Airways (as Parent), (2) Flybe (as Borrower), (3) Virgin, Stobart and Cyrus (as Lenders), (4) GLAS (as Agent) and (5) GLAS Trustee (as Security Agent)

<b>PLC</b>	Flybe Group PLC (now Flybe Group Limited)
<b>PSO</b>	Public Service Obligation
<b>MRO</b>	Maintenance, repair and overhaul
<b>Stobart</b>	Stobart Aviation Limited
<b>Virgin</b>	Virgin Atlantic Airways Limited

## Contents

1.	Introduction, background and circumstances giving rise to the appointment .....	1
2.	Purpose, conduct and end of administration.....	5
3.	Statement of Affairs .....	9
4.	Prescribed part .....	10
5.	Administrators' remuneration and disbursements and payments to other professionals .....	11
6.	Pre administration costs .....	13
Appendix A	Statutory information.....	14
Appendix B	Directors' statement of affairs .....	16
Appendix C	Administrators' receipts and payments account for the period from 5 March to 17 April 2020 .....	17
Appendix D	Statement of pre-administration costs .....	19

# 1. Introduction, background and circumstances giving rise to the appointment

## Introduction

On 5 March 2020 the Company entered administration and Alan Hudson, Joanne Robinson, Lucy Winterborne and Simon Edel were appointed to act as Administrators. The appointment was made by the High Court on the application of the Company's directors under the provisions of Paragraph 12(1)(b) of Schedule B1 to the Insolvency Act 1986. This document, including its appendices constitutes the Administrators' statement of proposals to creditors pursuant to paragraph 49 of Schedule B1 to the Insolvency Act 1986 and Rule 3.35 of the Insolvency (England and Wales) Rules 2016.

Certain statutory information relating to the Company and the appointment of the Administrators is provided at Appendix A.

## Background

The Company is a British airline headquartered in Exeter, incorporated in 1992 as Jersey European Airways Limited. The Company was renamed as Flybe Limited in 2005.

Prior to administration, the Company was one of the UK's largest regional airlines, operating 38% of all UK domestic flights and carrying approximately eight million passengers annually. The Company operated 143 routes under the Flybe brand, serving eight countries from 55 departure points within the UK and Europe. At the date of appointment, the Company employed 2,332 personnel across all of its operations.

In addition to its scheduled passenger regional airline, charter and cargo transport services, the Company had a training academy which provided pilot, crew, engineering and other training services in-house and to third parties. The Company also operated an MRO function, servicing both internal and third-party customers.

In February 2019, Flybe became a wholly owned subsidiary of Connect Airways. Connect Airways is owned by a consortium comprising Virgin Travel Group Limited (30%), Stobart Aviation Limited (30%) and DLP Holdings S.A.R.L (40%). Following the Company's administration on 5 March 2020, Connect Airways Limited subsequently entered administration on 10 March 2020.

A separate, wholly-owned subsidiary of the Company, FAS, is solvent and continues to trade.

The recent financial results of the Company can be summarised as follows:

Period <i>year or period ended</i>	Type audited <i>/draft</i>	Turnover £m	Opera- -ting profit £m	Opera- -ting profit %	Directors' remu- -neration £m	Net profit after tax £m	Accum. reserves £m
FY19	Draft	913.9	(215.1)	(23.5%)	2.2	(236.3)	(369.4)
FY18	Audited	732.0	(17.8)	(2.4%)	1.1	(12.5)	(90.4)

## **Circumstances Giving Rise to the Appointment of the Administrators**

### **2018**

In October 2018, a profit warning was issued by Flybe's former parent company, Flybe Group PLC, citing weakened consumer demand for travel in Britain and Europe, combined with higher fuel prices and weak sterling as the key factors impacting the Company's financial performance.

The Company continued to experience increased financial strain, as the market reacted to the uncertainty caused by Brexit and the unknown effect it would have on the airline industry, particularly in the event of a no-deal Brexit scenario. In particular, increased cash collateral requirements imposed by credit card merchants from 20% to almost 100% of ticket sales had a material impact on cash flow and working capital.

In addition to difficult market conditions, the Company was unable to hedge effectively against volatile fuel prices and foreign exchange rates due to its poor credit rating, leaving it further exposed.

The Company took steps to change its operating model, focusing on profitable routes and withdrawing from those that were unprofitable. However, in doing so, the increased cost of associated flight cancellations, together with further annual costs of £20m incurred in delay and disruption, hampered the Company's ability to attract customers and were a drain on cash resources.

### **2019**

In January 2019, recognising the need to change the commercial strategy and seek external support to facilitate a turnaround programme for the business, the Flybe Group considered several restructuring options. Ultimately a sale of the Company to Connect Airways was identified as the optimum strategy and pursued by the Directors at that time.

At this time, the Flybe Group also sought brief contingency planning advice from EY in parallel, to consider options if a sale of the Company's shares could not be achieved. This would likely have resulted in the administration of PLC and other entities in the Flybe Group and the orderly shutdown of the Flybe Group's operations.

A share sale to Connect Airways was considered the only option which would allow the Company to continue to trade. Ultimately, a sale of the Company's shares was completed in February 2019, with majority shareholder approval and the administration of the Company and other entities within the Flybe Group was avoided.

Whilst the share purchase was being concluded, the Consortium advanced bridge financing of £21.8m to meet the Company's immediate cash requirement. A further £100m funding was ultimately advanced to Flybe on a secured loan basis.

The deal was financed by a first ranking secured facility agreement between, amongst others, Connect Airways as parent, the Company as borrower, the Consortium as lenders and GLAS as agent. The deal included the advancement of shareholder loan facilities which were used to fund both the working capital and general corporate expenses as well as to cover the costs of the transaction.

### **2020**

#### **January**

On 9 January 2020, the Company received a letter from HMRC in relation to unpaid amounts owing by the Company. The total amount outstanding in respect of unpaid APD in December

2019 was £5.8m, reduced to £3.8m as a result of HMRC exercising a right of set-off against VAT refunds that were due to the Company. In addition, the Company owed HMRC £0.8m in respect of a customs excise duty penalty. HMRC informed the Company that if such amounts were not paid by 14 January 2020, it would issue a winding up petition in respect of the Company.

On 11 January 2020, a meeting of the directors of Connect Airways was held at which it was confirmed that no further funding would be provided to Connect Airways by its shareholders. This was primarily because one of the members of the Consortium was no longer willing to provide further funding. Whilst the other members were willing to meet their respective proportions under the shareholders agreement for Connect Airways, they were not prepared to fund more than their respective shares.

Following discussions between the Company, representatives of Connect Airways, the Rt Hon Andrea Leadsom MP (then) Secretary of State for BEIS and Rt Hon Grant Shapps MP, Secretary of State for Transport and their advisors throughout Sunday 12 January 2020 to Tuesday 14 January 2020, representations were made to the Company that the Government was supportive in principle (subject to due diligence) to working with the Company to consider the regime relating to APD. The suggestion was that the rules could be amended to reduce the burden on domestic flights and that such a change would potentially be announced in the March budget.

Those proposed arrangements were extended during the discussions to include more PSO routes (where the route is publicly subsidised) and support in the form of a loan of up to £100m on the basis the Connect Shareholders provided additional commitment for secured funding of £30m and that the Government funding would rank *pari passu* with the New Connect Shareholders Facilities, as extended. The proposed government funding was also conditional on, amongst other things, due diligence. On 15 January 2020, the New Connect Shareholders Facilities were amended to provide up to £30m of additional committed funding.

The Government engaged professional advisers to undertake a due diligence exercise. In the meantime, objections were raised by industry competitors of the Company that the support proposed by the Government — in particular the loan of up to £100m - might constitute unlawful state aid. Irrespective of these concerns, the Government continued in dialogue with the Company regarding potential amendments to the APD regime and additions to PSO routes.

From 26 February 2020 onwards, however, the Company experienced a sharp decline in bookings of between 30-40% as a result of the COVID-19 coronavirus threat. Concerns surrounding the COVID-19 coronavirus had an immediate and profound impact on demand, with most major European airlines exercising capacity reductions and extensive cost cutting programmes.

### **March**

On the evening of 3 March 2020, the directors of the Company were informed by Virgin that, as a result of the adverse impact of COVID-19 coronavirus on its own bookings, it was no longer able to provide further funding. Stobart had previously indicated that it was also unwilling to participate in any further funding at this time. Cyrus informed the Company's board that it would consider its position overnight.

The CAA was updated that evening of the position and was kept updated throughout the following day, whilst various discussions were held between Connect Airways, the Company and Cyrus to explore their options, including testing the viability of a pre-packaged administration sale. However, the many complexities involved in effecting such a transaction, most notably the need for the purchaser to have the requisite AOC which the CAA had indicated would take several weeks to obtain, even on an expedited basis, removed that possibility. At 5.30pm on 4 March 2020, the directors of the Company were informed that funding would not be provided.

In parallel, the board of the Company had separately contacted the Rt Hon Alok Sharma MP, Secretary of State for BEIS, and the Rt Hon Grant Shapps MP, Secretary of State for Transport, to determine whether the Government would be willing to provide the requisite funding to the Company. They confirmed that the Government would not provide funding to the Company.

On 4 March 2020, the Company had available cash of approximately £5.7m, with payments due to creditors on or before 6 March 2020 in excess of £10m. In light of this, the board of directors of the Company met on 4 March 2020 and concluded that there was no reasonable prospect that the Company could avoid an insolvent administration and/or liquidation and that it should make urgent preparations for the appointment of administrators to the Company. The directors having concluded that:

- (i) the Company was unable to pay its debts as they fell due;
- (ii) there was no longer a reasonable prospect of the Company avoiding insolvent administration and/or liquidation; and
- (iii) the Company must urgently cease trading.

The Company duly requested and was granted, the voluntary suspension of its operating and maintenance licences once the fleet had been safely grounded during the evening of 4 March 2020. At 2:30am on 5 March 2020, Alan Hudson, Simon Edel, Joanne Robinson and Lucy Winterborne were appointed Administrators of the Company under the provisions of Paragraph 12(1)(b) of Schedule B1 to the Insolvency Act 1986 and all air operations ceased with immediate effect.

#### **Pre-Administration Costs**

Pre-Administration Costs have been incurred by the Administrators prior to the Company entering administration.

Please refer to Section 6 of these proposals for further details.



## 2. Purpose conduct and end of administration

### **Purpose of the administration**

The purpose of an administration is to achieve one of three objectives:

- a. To rescue the company as a going concern
- b. To achieve 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)
- c. To realise property in order to make a distribution to one or more secured or preferential creditors

Insolvency legislation provides that objective (a) should be pursued unless it is not reasonably practicable to do so or if objective (b) would achieve a better result for the company's creditors as a whole. Objective (c) may only be pursued if it is not reasonably practicable to achieve either objective (a) or (b) and can be pursued without unnecessarily harming the interests of the creditors of the company as a whole.

In this case, the Administrators are pursuing objective (b). We consider that a going concern sale of the business and assets of the company may be possible. This is being fully explored.

### **Conduct of the administration**

#### ***Initial steps taken***

The initial objective of the Administrators was to safely ground the fleet and reach out to all affected customers to ensure that they did not make needless journeys to airports to catch flights that were cancelled. Immediately following appointment, the Administrators used the Company's existing communication channels to reach out to all customers telling them that flights were cancelled and that they should not go to airports. In addition, members of the Administrators' team were sent to key airport locations to meet any customers who had not received the messages and were intending to travel.

With the fleet grounded and the operating licence suspended, the workforce was reduced accordingly. A core staff of 160 were identified by management as being critical to maintenance, safety and functional support to assist the Administrators in maximising value for creditors. All other staff, 2,094 in total, were immediately made redundant on the day of appointment.

Following the appointment, the Administrators applied to the CAA to restore approvals. Maintenance approvals were restored on 10 March 2020. We remain in discussion with the CAA in respect of the Operating Licence and other air and operating certificates, as discussed in further detail below.

We set out below the key activities that have been pursued by the Administrators following appointment:

#### ***Funding***

On appointment the Company held an unrestricted cash balance at Barclays in the sum of £5.3m. The Administrators immediately entered into negotiations with Barclays to access the cash and this amount has now been largely received for the benefit of the Administration. In addition, there is a further £1.5m under bank set-off arrangements being held pending the crystallisation of various facilities issued in GBP, USD and Euro that Barclays may be obliged to pay out. A further £0.6m has been realised following the close out of the Company's FX exposure shortly after appointment.

### ***Maintenance, repair and overhaul***

Upon appointment, in order to preserve the value of the Company's fleet of 65 leased and financed aircraft, the Administrators immediately sought and obtained the reinstatement of the Company's maintenance approvals from the CAA, allowing essential MRO operations to be continued during the Administration.

A core team of Company staff has been retained in the Administration to undertake line maintenance and CAMO servicing for the entire Flybe fleet whilst the lessors arrange the recovery of their aircraft and respective technical records and value is realised in the financed aircraft as effectively as possible. Leases have been terminated by the lessors as a consequence of the Administration; however, any return of planes is significantly hampered by the fact that the vast majority of the fleet is not in the same condition it was on delivery, with there being a need for a significant amount of asset swaps in order to return the aircraft to their original condition. In addition, there were a number of liens placed on the aircraft by the airports prior to the Administrators' appointment, which need to be dealt with before aircraft can be moved.

In the meantime, the Administrators have negotiated and reached agreements with the lessors and financiers to cover the direct and overhead costs arising from the ongoing provision of MRO operations. Funding has been made available to cover certain aspects of the MRO, with line maintenance being agreed to be provided until the end of May. These funds are being held separately on account by the Company and will be drawn down as work is undertaken or otherwise returned in accordance with the agreements.

The Administrators, on behalf of the Company, have also recently agreed quotes and invoiced a number of lessors and other parties to undertake heavy maintenance. This requires additional maintenance resources to be on-boarded, the costs of which have been incorporated in the quotes agreed.

### ***Sale of business / assets***

Following the Administrators' appointment, a sale of the Company's business and / or assets has been actively pursued, resulting in significant interaction with over 200 interested parties and 90 Information Memoranda issued following the signing of non-disclosure agreements. This has resulted in the submission of approximately 20 non-binding offers to date, ranging from offers for the majority of the remaining business to individual divisions and assets.

Negotiations with interested parties continue, however, the timeframes to complete any sale process are challenging whilst global travel restrictions remain in place due to the COVID-19 coronavirus pandemic. This, coupled with uncertainty surrounding the future of the airline industry as a whole, has resulted in capital constraints, eroding valuations and diminished bidder appetite.

In the event that a sale of all or part of the Company's business cannot be achieved, sales of the Company's assets will be pursued in order to maximise realisations for the benefit of the Company's creditors.

Categories subject to sale activity:

- ▶ **Group sale** – As previously indicated, the Administrators consider that a going concern sale of the business and assets of the company may be possible, although it may not include a sale of the Company as a legal entity. There are three parties that have shown an interest in a transaction of this nature and we continue to facilitate their diligence with a view to receiving final offers that can be considered and evaluated by early May.

- ▶ **Shares in FAS** - we have received final offers for the shares of FAS (given it is a separate, wholly owned entity). We are currently in the process of negotiating and finalising the sale contract, with completion being targeted in the coming days.
- ▶ **Fleet, engines and spares** -
  - **Fleet**
    - The current market for planes is significantly depressed and current offers have been markedly low against valuation. Given this, the Administrators have been considering reseller options and are in the process of comparing bids.
  - **Engines & spares**
    - The Administrators have been marketing for sale the two engines that are not currently attached to a plane and expect to deliver the sale of one of these in early May. The remaining owned engines that might be available for sale are currently “on wing” – i.e. attached to plane - making them difficult to sell at this point in time. The Administrators will look to sell these assets once the engines are removed and may also explore the reseller route for these assets.
    - In relation to spares, the Administrators are also exploring the reseller option in order to obtain best value due to a lack of interest forthcoming during the marketing process, given the current depressed market.
- ▶ **MRO** - certain of the interested parties in both the group and fleet have expressed a desire to acquire the MRO to provide continuity of fleet servicing. At present the Administrators are not in a position to sell the MRO function as it is being used to service the current fleet (as noted above).
- ▶ **Carbon credits** - The Company currently holds carbon credit allowances from the 2019 and 2020 free allocation the Company receive under the carbon credits scheme. There is an active market for the acquisition of these allowances and interest has been expressed by three parties since appointment. We have now finalised and executed an agreement with one of these parties, with funds expected to be received by 8 May 2020.
- ▶ **Slots** - there have been a number of interested parties in the slots (plus other associated assets) but given the uncertainty in the airline market caused by the COVID-19 coronavirus pandemic, we are yet to receive any offers capable of acceptance, with the exception of the broader group interest. The Administrators will continue to market the slots for sale, either through a group wide sale of the business or as a separate sale process, pending the outcome of the CAA proceedings (as discussed below).

### ***CAA and the Company's Operating Licence***

On 5 March 2020, the CMG issued the Company with a notice to revoke its Operating Licence. This was appealed by the administrators and a hearing was held by the CAA panel on 27 March 2020. Maintaining the licence will best enable the Administrators to seek to achieve a sale of the airline of some capacity which would be in the interest of creditors generally.

Following the hearing, the Administrators submitted additional evidence on 3 April 2020 demonstrating further progress in the M&A process, including the receipt of a non-binding offer for a substantial portion of the Company's operations.

On 16 April 2020 the CAA informed the Administrators that they intended to support the original CMG proposal and that the Company's Operating Licence should be revoked. A key argument from the CAA was that in its view the evidence of progress in the M&A process did not support a realistic prospect of a transaction. This is disputed by the Administrators.

The Administrators have a 14-day window post 16 April 2020 in which to appeal this decision; it is the Administrators' intention to make an appeal to the Secretary of State, the Rt Hon Grant Shapps MP, Secretary of State for Transport.

For the avoidance of doubt, it is unlikely that a business sale, including the transfer of existing employees, will be possible if the Operating Licence is revoked since it prevents the sale of the airport slots, which would be central to any bid for the business.

### **Administrators' receipts and payments**

A summary of the Administrators' receipts and payments for the period from 5 March to 17 April 2020 is attached at Appendix C.

### **Approval of the administrators' proposals**

The Administrators are of the opinion that the Company has insufficient property to enable a distribution to be made to unsecured creditors other than by virtue of the prescribed part and consequently, in accordance with the provisions of paragraph 52(1)(b) of Schedule B1 to the Act, they do not intend to seek a decision of the creditors on the approval of the proposals.

The Administrators will be obliged to seek a decision of the creditors if requested to do so by creditors of the Company whose debts amount to at least 10% of the total debts of the Company. The request must be delivered within 8 business days of the date on which these proposals are delivered to creditors (or such longer period as the court may allow) and must include the information required by Rule 15.18 of the Insolvency (England and Wales) Rules 2016.

In accordance with Rule 15.19 of the Rules, the Administrators may require a deposit as security for payment of the expenses associated with convening a decision procedure or deemed consent procedure and will not be obliged to initiate the procedure until they have received the required sum.

### **Future conduct of the administration**

The Administrators will continue to deal with the Administration in line with the stated objective, namely, to achieve a better result for the Company's creditors as a whole than would be likely if the Company was wound up (without first being in administration). Future tasks will include, but are not limited to, the following:

- ▶ continuing to appeal the CAA's decision to revoke the Operating Licence in order to provide the ability to transact the remaining business and licences;
- ▶ marketing and selling the remaining business as a whole in an attempt to deliver a transaction that sees all / a majority of assets transfer along with a number of employees,
- ▶ marketing and selling the remaining fleet, engines and any other tangible assets held by the Company, either directly or through a reselling agent that the Administrators may appoint;
- ▶ finalising a share sale of FAS to allow that business to be sold as a going concern;
- ▶ continuing to execute agreements with third parties for MRO services to maximise receipts for the benefit of creditors. Once this trading period has ended, seek a sale of the MRO function;
- ▶ collecting book debts;
- ▶ investigating the extent of any other assets or potential claims held by the Company and pursuing recovery where appropriate;

- ▶ assisting redundant employees with any claims against the Redundancy Payments Office or the Company;
- ▶ negotiating with landlords regarding leasehold premises;
- ▶ dealing with the statutory requirements of the Administration, including reporting to creditors and investigations into the conduct of the Company's directors (as necessary);
- ▶ calculating the Corporation Tax and VAT positions of the Company as at the date of appointment, and for subsequent periods during the Administration;
- ▶ making distributions to the secured and preferential creditors (as applicable);
- ▶ making distributions to the unsecured creditors under the Prescribed Part (as applicable);
- ▶ if it is deemed appropriate, seek an extension and/or further extensions to the Administrations from the Companies' creditors and/or the Court (as applicable);
- ▶ dealing with unsecured creditor enquiries;
- ▶ finalising the Administration including the payment of all Administration liabilities; and
- ▶ any other actions required to be undertaken by the Administrators in order to fulfil the purpose of the Administration.
- ▶ if appropriate for the establishment of a Scheme of Arrangement/CVA

### **The end of the Administration**

If required to enable the Administrators to complete their work to achieve the objective of the Administration, they may seek an extension to the period of the Administration, beyond the statutory period of one year, by consent of the secured and preferential creditors (where applicable) or by an order of the Court.

It is proposed that if at the end of the Administration the Company has no property which might permit a distribution to its creditors, the Administrators will send a notice to that effect to the Registrar of Companies.

On registration of the notice the Administrators' appointment in respect of the Company 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.

### 3. Statement of Affairs

The director, Mark Anderson has submitted the Statement of Affairs as at 5 March 2020. A summary is attached at Appendix B. We would comment that a number of the asset values have yet to be determined and may vary from the amounts indicated, particularly given the current market and the impact of the COVID-19 coronavirus pandemic. Similarly, a number of creditor claims have yet to be quantified and may be higher than indicated. Additionally, the values are shown before applicable costs of realisation.

We provide below, for information, a summary of the current position with regard to creditors' claims. The figures have been compiled by Company management and have not been subject to independent review or statutory audit.

#### **Secured creditors**

£110m of principal is outstanding as of 5 March 2020 under the New Connect Shareholder Facilities, secured against fixed and floating charges over all assets of the Company, Connect Airways and other members of the Flybe Group (who have guaranteed the amounts outstanding by the Company) and Connect Airways as borrowers :

- £53m DLP Holdings SARL
- £41m Virgin Atlantic Airways Limited
- £16m Stobart Group Plc

We note that current indications from the secured creditors are that the outstanding secured debt is £135.6m which is currently under review.

£127.3m in aircraft mortgages as at 5 March 2020 secured against specific aircraft and engines. Counterparties include Nord LB and UTC (Pratt & Whitney).

We note that Lloyds currently have security over cash collateral accounts totalling £11,467,387 whilst AMEX and Paypal have security over cash collateral accounts totalling £4,005,755.

The Training Academy is subject to a fixed charge in favour of BRAL Trustees.

#### **Preferential creditors**

The current estimate of preferential creditors is £3,500,000, in respect of claims for employees' salaries, holiday pay and pension contributions.

#### **Non-preferential creditors**

These creditor claims continue to be submitted. It is estimated that total non-preferential claims will be in the region of £317,600,000 although it is possible that this figure will be higher.

## 4. Prescribed part

The prescribed part is a proportion of floating charge assets set aside for unsecured creditors pursuant to section 176A of the Insolvency Act 1986. The prescribed part applies to floating charges created on or after 15 September 2003.

The Administrators' estimate, to the best of their knowledge and belief, that:

- ▶ The value of the Company's net property will be in excess of £5m.
- ▶ The value of the prescribed part will therefore be £600,000 before the costs of dealing with the prescribed part.

The Administrators intend to make an application to the court, under section 176A(5) of the Insolvency Act 1986 for an order not to distribute the prescribed part on the grounds that the cost of making a distribution to unsecured creditors would be disproportionate to the benefits of doing so.

Our current understanding, based on the Directors' Statement of Affairs, is that the level of unsecured, non-preferential claims will be in the region of £317m. We anticipate that a maximum Prescribed Part of £0.6m would be available for distribution to the unsecured, non-preferential creditors, however given the level of claims, this would result in a distribution rate of 0.19 pence in the pound (i.e. less than one pence in the pound).

The majority (in number) of the Company's creditors (approximately 900,000) are consumers, many of whom are owed in the region of £100. By way of illustration, a £100 claim would result in a 20 pence dividend, as compared to the 61 pence cost of writing to each creditor by second class post. The costs of distributing the Prescribed Part are met from the funds available for distribution, therefore it would be entirely consumed by such costs. Accordingly, the Administrators intend to make an application to court to disapply the provisions under section 176A(5) of the Insolvency Act 1986.

## 5. Administrators' remuneration and disbursements and payments to other professionals

### Remuneration

The statutory provisions relating to remuneration are set out in Chapter 4, Part 18 of the Insolvency (England and Wales) Rules 2016. Further information is given in the Association of Business Recovery Professionals' publication 'A Creditors' Guide to Administrators' Fees', a copy of which may be accessed from the web site of the Institute of Chartered Accountants in England and Wales at <https://www.icaew.com/en/technical/insolvency/creditors-guides> or is available in hard copy upon written request to the Administrators.

In the event that a creditors' decision is not requested, and a creditors' committee is not formed, the Administrators will seek to have their remuneration fixed by the secured creditors and the preferential creditors in accordance with Rule 18.18(4) of the Rules. The Administrators will ask for their remuneration to be fixed on the basis of time properly given by them and their staff in dealing with matters arising in the Administration, in accordance with the fee estimate dated 22 April 2020 which is being circulated to creditors at the same time as these proposals.

### Disbursements

Disbursements are expenses met by and reimbursed to the Administrators. They fall into two categories: Category 1 and Category 2. The fee estimate and statement of expenses dated 22 April 2020 includes details of the Category 1 and 2 disbursements which are expected to be incurred.

Category 1 disbursements are payments to independent third parties where there is expenditure directly referable to the administration. Category 1 disbursements can be drawn without prior approval.

Category 2 disbursements are expenses that are directly referable to the administration but not to a payment to an independent third party. They may include an element of shared or allocated costs that can be allocated to the appointment on a proper and reasonable basis. Category 2 disbursements require approval in the same manner as remuneration. In the event that a creditors' decision is not requested, and a creditors' committee is not formed, the Administrators will seek the approval of the secured creditors and preferential creditors to charge Category 2 disbursements in accordance with the statement of expenses included in the fee estimate dated 22 April 2020.



## 6. Pre-administration costs

The Administrators are seeking approval for payment of unpaid pre-administration costs totalling £100,960 plus VAT. The payment of unpaid pre-administration costs as an expense of the administration is subject to approval under Rule 3.52, and not part of the proposals subject to approval under paragraph 53 of Schedule B1 of the Act. This means that they must be approved separately from the proposals.

A breakdown of the total pre-administration costs incurred, and amounts paid pre-administration is attached at Appendix D. Further information is provided below.

### **Administrators' Fees and Expenses**

The work commenced on 4 March 2020 and the nature of the work can be summarised as that necessary to ensure that insolvency officeholders from EY were in a state of reasonable preparedness to accept a formal insolvency appointment to the Company. The work included the following:

- ▶ Reviewed and prepared court documents for appointment, including Notice of Intention to appointment, witness statements and Administration order;
- ▶ Prepared documents to be issued and read to employees, media and customers immediately following the appointment, including scripts for employee meetings, press releases and emails/SMS communications to customers;
- ▶ Communicated with key regulatory authorities regarding the appointments, including the CAA and the Insolvency Service;
- ▶ Detailed timeline;
- ▶ Planned for the period immediately post Administration in order to deal with matters effectively, including details event sequencing for the notification of the appointment to all employees, customers, airports and key stakeholders; and
- ▶ Briefed and deployed 68 team members to 26 airports across the UK and in Europe in advance of the appointment.

The Administrators' unpaid pre-administration costs were £64,348 (plus VAT), as summarised in Appendix D.

### **Legal Expenses incurred by the Administrators**

The following third-party pre-Administration legal expenses were incurred by the Administrators:

BCLP provided legal advice to the Administrators in connection with:

- ▶ The work carried out by the Administrators, as noted above; and
- ▶ Preparing for the Administration appointments, including preparation of appointment documentation.

BCLP's unpaid pre-Administration costs at appointment total £36,612 (plus VAT), as summarised in Appendix D. However, we note that payment in respect of these costs has since been met from £50,000 of funds held in trust by BCLP. These funds were provided by the Company to BCLP prior to the Administration appointment. The net funds after making this payment have since been delivered to the Administrators.

The breakdown attached at Appendix D sets out:

- ▶ The fees charged by the Administrators.
- ▶ The expenses incurred by the Administrators.
- ▶ The fees charged (to the Administrators' knowledge) by any other person qualified to act as an insolvency practitioner (and if more than one, by each separately).
- ▶ The expenses incurred (to the Administrators' knowledge) by any other person qualified to act as an insolvency practitioner (and if more than one, by each separately).
- ▶ In the event that a creditors' meeting is not requisitioned, and a creditors' committee is not formed, the Administrators will seek to have the unpaid pre-administration approved by the secured creditors and the preferential creditors in accordance with Rule 18.18(4) of the Rules.

## Appendix A Statutory information

### Company Information

Company Name:	Flybe Limited
Registered Office Address:	1 More London Place, London, SE1 2AF
Registered Number:	02769768
Trading Name(s):	Flybe
Trading Address(es):	c/o New Walker Hanger, Exeter International Airport, Clyst Honiton, Exeter, EX5 2BA

### Details of the Administrators and of their appointment

Administrators:	Alan Michael Hudson, Simon Jamie Edel, Joanne Honor Robinson, and Lucy Winterborne
Date of Appointment:	5 March 2020
By Whom Appointed:	The appointment was made The High Court of Justice Business and Property Courts of England and Wales, Insolvency and Companies List (ChD)
Court Reference:	CR-2020-001582

Any of the functions to be performed or powers exercisable by the administrators may be carried out/exercised by any one of them acting alone or by any or all of them acting jointly.

### Statement concerning the EC Regulation

The EC Council Regulation on Insolvency Proceedings does apply to this administration and the proceedings are main proceedings. This means that this Administration is conducted according to UK insolvency legislation and is not governed by the insolvency law of any other European Union Member State.

### Share capital

Class	Authorised		Issued and fully paid	
	Number	£	Number	£
Ordinary	1,000,000	1.0	1,000,000	1.0

**Director and secretary and their shareholdings**

<b>Name</b>	<b>Director or Secretary</b>	<b>Date appointed</b>	<b>Date resigned</b>	<b>Current shareholding</b>
Catherine Ledger	Secretary	4 January 2016	-	-
Mark Michael Charles Anderson	Director	8 July 2019	-	-
Graeme Buchanan	Director	8 July 2019	9 March 2020	-

Rule 3.30

## Appendix B Directors' statement of affairs

### Statement of affairs

Name of Company Flybe Limited (in Administration) ('the Company')	Company number 02769768
In the High Court of Justice Business and Property Courts of England and Wales, Insolvency and Companies List (ChD)	Court case number CR-2020-001582

(a) Insert name and address of registered office of the company

Statement as to the affairs of (a) Flybe Limited (in Administration), New Walker Hangar Exeter International Airport, Clyst Honiton, Exeter, EX5 2BA

(b) Insert date on the (b) 5 March 2020, the date that the Company entered Administration.

---

#### Statement of Truth

I believe that the facts stated in this statement of affairs are a full, true and complete statement of the affairs of the above named Company as at (b) 5 March 2020 the date that the Company entered Administration.

Full name Mark Anderson

Signed



Dated 22<sup>nd</sup> April 2020

## A – Summary of Assets

Assets	Book Value (£)	Estimated to Realise (£)
<b>Assets subject to fixed charge:</b>		
Property – Training Academy (Note 1)	10,720,606	3,500,000
Share in Flybe Aviation Services Ltd (Note 2)	1	Uncertain
Aircraft (Note 3)	166,409,829	85,462,700
Aircraft Engines (Note 4)	16,610,248	17,144,100
<b>Assets subject to floating charge:</b>		
Airport Slots (Note 5)	Nil	Uncertain
Spares & Parts	168,117	Uncertain
Carbon Credits (Note 6)	9,247,179	7,253,792
Cash at Bank – Unrestricted (Note 7)	6,437,608	6,437,608
Cash at Bank – Restricted		
- AIB Cash collateral held by AIB (Note 8)	28,190,278	
Less amounts due to AIB for unflown flights (Note 9)	<u>(28,190,278)</u>	
Estimated surplus / deficit		Nil
- Lloyds Cash collateral held by Lloyds (Note 8)	11,467,387	
Less amounts due to Lloyds for unflown flights (Note 9)	<u>(11,467,387)</u>	
Estimated surplus / deficit		Nil
- Amex Cash collateral held by Amex (Note 8)	7,538,240	
Less amounts due to Amex for unflown flights (Note 9)	<u>(4,387,508)</u>	
Estimated surplus / deficit		2,709,732
- Paypal Cash collateral held by Paypal (Note 8)	5,683,595	
Less amounts due to Paypal for unflown flights (Note 9)	<u>(4,387,572)</u>	
Estimated surplus / deficit		1,296,023
- Barclays Cash collateral held (available for setoff against BGI exposure)	4,269,100	
Less BGI exposure (Note 10)	<u>(4,269,100)</u>	
Estimated surplus / deficit		Nil
- Aircraft Security Deposits – Cash collateral held	5,830,621	
Less amounts due to Lessors	<u>(5,830,621)</u>	
Estimated surplus / deficit		Nil
- Maintenance Security Deposits – Cash collateral held	1,643,069	
Less amounts due to maintenance suppliers	<u>(1,643,069)</u>	
Estimated surplus / deficit		Nil

CONTINUED OVERLEAF

## CONTINUED FROM PREVIOUS PAGE

Derivatives	598,586	580,000
Insurance (Note 11)	4,752,000	2,500,000
Fixed Assets – Software	1,355,086	Uncertain
Fixed Assets – Plant & Equipment	958,371	50,000
Deferred Tax	2,204,000	Nil
Prepayments	6,497,337	Nil
Intercompany Debtors (Note 12)	479,150	Uncertain
Aircraft Security Deposits (Note 13)	4,615,009	Nil
VAT Receivable (Note 14)	1,641,057	Nil
Trade Debtors (Note 15)	25,727,676	12,863,838
Other Receivables (Note 16)	24,787,507	Uncertain
<b>Uncharged assets:</b>		
Airport Slots (Note 5)	Nil	Uncertain
<b>Estimated total assets available for preferential creditors</b>	<b>287,215,122</b>	<b>139,797,793</b>

Signature



Date

22<sup>nd</sup> April 2020**Notes**

- 1) Training Academy is subject to a legal mortgage in favour of the BRAL Trustees. Expected Realisable Value reflects best estimated realisation guided by expressions of interest received from the Administrator led disposal process. Ultimate realisation remains uncertain until the process is concluded.
- 2) Disposal process currently underway, ultimate realisation remains uncertain until process concluded.
- 3) Guided by IBA valuation in a distressed sale. Current COVID-19 pandemic is significantly depressing market interest and pricing. Ultimate realisation remains uncertain until process concluded.
- 4) Guided by IBA valuation in a distressed sale. Current COVID-19 pandemic is significantly depressing market interest and pricing. Ultimate realisation remains uncertain until process concluded.
- 5) Airport slots are not included within Net Book Value. Certain slots may be properly reflected as uncharged and hence why they appear under both Floating and Uncharged Assets. Expected Realisable Value reflects best estimated realisation guided by expressions of interest received from the Administrator led disposal process. Ultimate realisation remains uncertain until the process is concluded.
- 6) Carbon credits represent credits on hand at best estimate of realisable value based on limited available market pricing given thin volumes due to impact of COVID-19.
- 7) Estimated Realisable Value assumes no cost to realise cash.
- 8) Book value reflects both last known cash collateral amount plus estimate for sales since last collateral confirmation date.
- 9) Restricted cash held by card acquirers available for setoff against unflown revenue refundable to customers. Assumes 100% refund, however actual refunded will depend upon individual card acquirer policy and consumer behaviour.
- 10) Restricted cash held by Barclays available for setoff against the Barclays BGI exposure.
- 11) Insurance receivable book value already reflects best estimate of realisable value, however portion of the claim relates to leased assets rather than owned assets.
- 12) No recovery assumed due to inability to pay given current cash liquidity of counterparty.
- 13) Aircraft security deposits are held in cash by aircraft lessors and not recoverable.
- 14) No recovery assumed given the overall HMRC Time To Pay agreement entered into in January 2020.
- 15) Assumed 50% recovery on Trade Debtors, reflecting ultimate recovery rates and associated costs to realise same.
- 16) Other receivables reflect external cash maintenance reserve balances held by lessors and payments to GE for Onpoint LLP contracts.

**A1 – Summary of Liabilities**

		Estimated to realise (£)
<b>Estimated total assets available for preferential creditors (carried from page A)</b>	£	139,797,793
<b>Liabilities</b>	£	
Preferential creditors:-		
- Employees (Note 17)	(3,500,000)	
<b>Estimated deficiency/surplus as regards preferential creditors</b>	£	136,297,793
Estimated prescribed part of net property where applicable (to carry forward)	£	(600,000)
<b>Estimated total assets available for fixed and floating charge holders</b>	£	135,697,793
Secured creditors subject to a fixed charge		
- BRAL Pension Trustee (Note 18)	(3,500,000)	
- Shareholder Loans	(110,507,868)	
- Aircraft Mortgages	<u>(127,266,840)</u>	
		(244,774,708)
Debts secured by floating charges (Note 19)		(110,507,868)
<b>Estimated deficiency/surplus of assets after floating charges (Note 20)</b>	£	(109,076,915)
Estimated prescribed part of net property where applicable (brought down)	£	600,000
<b>Total assets available to unsecured creditors</b>	£	600,000
Unsecured non-preferential claims (excluding any shortfall to floating charge holders) (Note 21)	£ (317,592,414)	
<b>Estimated deficiency/surplus as regards non-preferential creditors (excluding any shortfall to floating charge holders)</b>	£	(316,992,414)
Shortfall to floating charge holders (brought down)	£	(109,076,915)
<b>Estimated deficiency/surplus as regards creditors</b>	£	(426,069,329)
Issued and called up capital	£	(1,000,000)
<b>Estimated total deficiency/surplus as regards members</b>	£	(427,069,329)

Signature



Date

22<sup>nd</sup> April 2020



**Notes**

- 17) Reflects the preferential element of employee claims only, with the balance included within unsecured creditors.
- 18) Reflects current expected realisation from Training Academy disposal for the benefit of the BRAL pension trustees who have security over the property.
- 19) Some of the secured debts are subject to both a fixed and a floating charge, however no debt is only secured as a floating charge.
- 20) Total intentionally included assets available to floating charge holders, less Fixed Charges to highlight the deficiency in assets available to floating charge holders.
- 21) Unsecured non-preferential claims includes the net unsecured unflown revenue position as well as the balance of the BRAL unsecured DB pension debt.

## COMPANY CREDITORS

**Note:** You must include all creditors and identify all creditors under hire-purchase, chattel leasing or conditional sale agreements *and* customers claiming amounts paid in advance of the supply of goods or services *and* creditors claiming retention of title over property in the Company's possession. Claims by employees, former employees and consumers should be given as a single figure, with details provided on the respective schedules

Name of creditor or claimant	Address (with postcode)	Amount of debt £	Details of any security held by creditor	Date security given	Value of security £
A separate detailed Excel has been provided separately. The total number of unsecured creditor claims is 544 and the value of unsecured trade creditors included therein is £32,385,477.					

Signature



Date

22<sup>nd</sup> April 2020

## COMPANY SHAREHOLDERS

Name of Shareholder	Address (with postcode)	No. of shares held	Nominal Value	Details of Shares held
Connect Airways Limited (in administration)	New Walker Hangar, Exeter International Airport, Exeter, EX5 2BA	1,000,000	£1,000,000	Ordinary shares
TOTALS		1,000,000	£1,000,000	

Signature



Date 22<sup>nd</sup> April 2020

## Employees and Former Employees

**Note:** You must include details of all monies owed to employees and former employees in this schedule and disclose the total amount in the Company Creditors sheet, described simply as "employees and former employees"

Name of creditor or claimant	Address (with postcode)	Amount of debt £	Details of any security held by creditor	Date security given	Value of security £
Employees/ Redundancy Payment Service	RPS – Insolvency Service, Redundancy Payments, PO Bo 16685, Birmingham, B2 2LX	Preferential – est. £3.5m	None	n/a	n/a
Employees/ Redundancy Payment Service	RPS – Insolvency Service, Redundancy Payments, PO Bo 16685, Birmingham, B2 2LX	Unsecured – est. £19m	None	n/a	n/a
BRAL Trustees (IOM) Limited	c/o BOAL & Co (Pensions) Limited, Marquis House, Isle of Man Business Park, Douglas, Isle of Man	Claimed deficit in pension – c.£100m	Charge over Training Academy	26/4/2019	TBC

Signature



Date

22<sup>nd</sup> April 2020

## Consumers claiming amounts paid in advance for the supply of goods and services

**Note:** You must include details of all monies owed to consumers claiming amounts paid in advance for the supply of goods and services in this schedule and disclose the total amount in the Company Creditors sheet, described simply as "consumers claiming amounts paid in advance for the supply of goods and services"

Name of creditor or claimant	Address (with postcode)	Amount of debt £	Details of any security held by creditor	Date security given	Value of security £
<p>A separate detailed Excel listing of consumer claims has been provided separately given the quantity of claims. Total number of consumer claims is 932,393 and has a total value of £49,783,256</p>					

Signature



Date

22<sup>nd</sup> April 2020

## Appendix C Administrators' receipts and payments account for the period from 5 March 2020 to 17 April 2020

	Directors' Statement of Affairs - Estimated to Realise	Consolidated Amounts	Amounts			Notes
	GBP	GBP Equivalent	GBP	EUR	USD	
<b>RECEIPTS</b>						1
<i>Cash at Bank (Unrestricted)</i>	6,437,608	4,898,605	4,376,015	305,097	321,222	2
<i>Derivatives</i>	580,000	580,000	580,000	-	-	
Card Receipts	4,005,755	1,190,465	1,190,465	-	-	
Petty Cash	-	23,270	14,761	9,771	-	
Fleet Maintenance	-	2,637,799	2,337,605	344,712	-	
<i>Trade Debtors</i>	12,863,838	527,654	150,434	322,224	120,801	
Other Debtors	-	13,243	13,243	-	-	
Refund of pre- payment	-	6,122	6,122	-	-	3
Bank Interest	-	1,111	1,111	-	-	
<i>Property (Training Academy)</i>	3,500,000	-	-	-	-	
<i>Share in FAS</i>	<i>Uncertain</i>	-	-	-	-	
<i>Aircraft</i>	85,462,700	-	-	-	-	
<i>Aircraft Engines</i>	17,144,100	-	-	-	-	
<i>Airport Slots</i>	<i>Uncertain</i>	-	-	-	-	
Spares and Parts	<i>Uncertain</i>	-	-	-	-	
Carbon Credits	7,253,792	-	-	-	-	
<i>Insurance</i>	2,500,000	-	-	-	-	
<i>Fixed Assets - Software</i>	<i>Uncertain</i>	-	-	-	-	
<i>Fixed Assets - Plant and Equipment</i>	50,000	-	-	-	-	
<i>Intercompany Debtors</i>	<i>Uncertain</i>	-	-	-	-	
<i>Other Receivables</i>	<i>Uncertain</i>	-	-	-	-	
		<b>9,878,269</b>	<b>8,669,757</b>	<b>981,804</b>	<b>442,023</b>	

**PAYMENT**

Net wages	1,122,593	1,122,593	-	-
Rent and Rates	126,533	126,533	-	-
Facilities Management and Security	67,021	67,021	-	-
Testing and Maintenance	65,701	65,701	-	-
Transportation	46,013	46,013	-	-
Equipment Leasing	11,169	11,169	-	-
IT & Finance Systems	20,683	20,683	-	-
Agents (Valuation)	3,950	3,950	-	-
Regulatory and Licence Payments	1,943	1,943	-	-
Interest Charges	76	-	87	-
Bank Charges	441	437	5	-
Employee Expenses	39,276	39,276	-	-
Sundry Expenses	28	28	-	-
Intercompany Loan (FAS)	44,091	44,091	-	- 4
<b>PAYMENTS TOTAL</b>	<b>1,549,519</b>	<b>1,549,439</b>	<b>92</b>	<b>-</b>

**Intercompany Transfers**

Receipts	309,513	309,513	-	-
Payments	(307,411)	-	(353,000)	-

**NET RECEIPTS /PAYMENTS TOTAL**

	<b>8,330,852</b>	<b>7,429,832</b>	<b>1,334,712</b>	<b>442,023</b>
--	------------------	------------------	------------------	----------------

Net Input/(Output)				
VAT	44,658	44,658	-	-
Cash at Bank	11,390,358	10,419,353	628,712	529,531
<u>Accruals:</u>				
Pension Control Account	(87,180)	(87,180)	-	-
Payroll Deductions Control Account	(328)	(328)	-	-
Trade Creditors PAYE/NIC Control Account	(7,330)	(7,330)	-	-
	(132,920)	(132,920)	-	-
MRO Control Account	(2,545,918)	(2,515,861)	-	(37,583) 5
FAS Control Account	(330,487)	(290,560)	-	(49,926)
<b>REPRESENTED BY TOTAL</b>	<b>8,330,852</b>	<b>7,429,832</b>	<b>628,712</b>	<b>442,023</b>

**Notes**

1. Currency conversion rates being applied to the Consolidated R&P are based on Bank of England rates as at 17 April 2020. USD 1.2504 and EUR 1.1483
2. Approximately £1.5m is being held pending the crystallisation of various facilities issued in GBP, USD and Euro that Barclays may be obliged to pay out.
3. This is the net balance returned to the Administrators by BCLP from funds held on trust after deducting their pre-administration cost as detailed at section 6.
4. Funds have been provided to FAS, a wholly owned subsidiary of Flybe, to enable it to

continue to trade and thereby preserve value for the creditors of Flybe, pending a sale. These funds will be returned in full upon completion of the transaction.

5. Funds held separately on account by the Company, which will be drawn down as MRO work is undertaken, or otherwise returned.



## Appendix D Statement of pre-administration costs

### Statement of pre-administration costs from 4 March 2020 to Appointment

	Administrator		Legal		Details
	Remuneration £	Expenses £	Remuneration £	Expenses £	
Administrators' pre-appointment	64,348	-	-	-	As detailed at Section 6
time Legal Fees	-	-	19,594	17,018	As detailed at Section 6
<b>Total costs incurred</b>	<b>64,348</b>	<b>-</b>	<b>19,594</b>	<b>17,018</b>	
<b>Less: Costs Paid</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	
<b>Unpaid pre-administration costs</b>	<b>64,348</b>	<b>-</b>	<b>19,594</b>	<b>17,018</b>	

Unpaid pre-administration costs are costs which had not been paid at the date of administration are still outstanding and are subject to approval under Rule 3.52 of the Insolvency (England and Wales) Rules 2016.

Unpaid pre-administration costs are not part of the proposals subject to approval under paragraph 53 of Schedule B1 of the Insolvency Act 1986. This means that they must be approved separately from the proposals. Further information on the way in which approval will be sought for unpaid pre-administration costs is set out in section 6 of this document