

**CX Reinsurance Company 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 7 October 2020

Abbreviations

The following abbreviations are used in this report:

Administration	The Administration of CX Reinsurance Company Limited
BEIS	Department for Business, Energy & Industrial Strategy
BlackRock	BlackRock Financial Management Inc
Cedants / Reinsurance Creditors	Unsecured non-preferential creditors whose claims arise from being holders of policies of reinsurance issued by the Company
Crystallisation Scheme	A Scheme of Arrangement pursuant to Part 26 of the Companies Act 2006 which would crystallise present and future claims in order for the Administrators to make a final payment to creditors and terminate the run-off
Direct insurance creditors	Unsecured non-preferential creditors whose claims arise from being direct policyholders of the Company
EY	Ernst & Young LLP
FCA	Finance Conduct Authority
HMRC	Her Majesty's Revenue & Customs
Letter of Credit	Collateral established in favour of named beneficiaries set up in the normal course of business to provide security for US policyholders
MCR	Minimum Capital Requirement
NYLB	New York Liquidation Bureau
PRA	Prudential Regulatory Authority
Prescribed Part	The amount set aside for unsecured creditors from floating charge funds in accordance with section 176A IA86 and the Insolvency Act 1986 (Prescribed Part) Order 2003
Pro	Pro Insurance Solutions Limited
Pro IS	Pro Insurance Solutions IS, Inc
Reserving Scheme	A Scheme of Arrangement pursuant to Part 26 of the Companies Act 2006 which, if approved, would allow the Administrators to pay an interim dividend to creditors prior to a Crystallisation Scheme
SCR	Solvency Capital Requirement
SICAV	Société D'Investissement à Capital Variable
SIP	Statement of Insolvency Practice
Solvent Scheme	The Scheme of Arrangement which was proposed prior to the Company entering into Administration
State Street	State Street Bank and Trust Company

Surplus Lines	Trust agreement for alien excess or surplus lines insurers
the Act	The Insolvency Act 1986
the Company / CX Re	CX Reinsurance Company Limited (in Administration)
the Date of Appointment	17 August 2020
the Insurers Regulations	The Insurers (Winding-up and Reorganisation) Regulations 2004
the Joint Administrators / Administrators	Richard Barker and Simon Edel
the Proposals	the Joint Administrators' Statement of Proposals
the Rules	the Insolvency (England and Wales) Rules 2016
TAL	Tawa Associates Limited
Tawa Group	Tawa plc and its subsidiaries
Trust Fund	A fund established in the normal course of business for security in respect of the payment of claims under US policies (being policies of insurance or reinsurance issued by the Company where the premiums and losses are expressed to be payable in US Dollars). The agreement pursuant to which the Trust fund is constituted does not name intended beneficiaries nor the amounts payable to them.
US	United States of America
US Chapter 15	Chapter 15, Title 11 of the United States Bankruptcy Code
US Regulators	Includes the New York State Department of Financial Services (NYDFS), National Association of Insurance Commissioners (NAIC), New York Liquidation Bureau (NYLB)
VAT	Value Added Tax

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

Introduction

On 17 August 2020 CX Re entered Administration and Richard Barker and Simon Edel were appointed to act as Joint Administrators. The appointment was made by the High Court following an application under the provisions of paragraph 12(1) (b) of Schedule B1 to the Insolvency Act 1986.

This document, including its appendices, constitutes the Joint Administrators' statement of proposals to creditors pursuant to paragraph 49 of Schedule B1 to the Insolvency Act 1986 and Rule 3.35 of the Rules.

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

Background

The Company was incorporated in England and Wales on 13 December 1972 under the name Continental Casualty Company Limited and was authorised as an insurance company by the UK Department of Trade & Industry on 10 November 1976. From 1977 onwards, the Company operated principally in the London Market. In 2002, the Company was acquired by Tawa Group (a run-off investment group) and is a wholly owned subsidiary of Tawa Associates Limited.

The Company is a non-life insurance business. It underwrote an insurance and reinsurance portfolio including both US and international property and casualty business and professional liability insurance including medical malpractice risks, errors and omissions risks and directors' and officers' risks.

The Company ceased underwriting new business in August 2001 and, since then, effectively has been in solvent run-off. Over that period, through proactive claims management and commutations, it reduced its liabilities from approximately USD 2.2 billion to approximately USD 38 million as at the date of the appointment of the Administrators (in both cases, on a gross undiscounted basis). The Company's remaining liabilities are split roughly equally between direct insurance business and reinsurance business.

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

(\$'000) Period	Type	Directors' remuneration	Net profit after tax	Accumulated reserves
2019	Audited	814	(2,757)	(513,980)
2018	Audited	856	(3,122)	(511,223)
2017	Audited	810	(4,259)	(508,101)

(\$'000) Period	SCR	MCR	SCR Surplus/(Deficit)	MCR Surplus/(Deficit)
2019	11,116	4,258	(5,736)	1,122
2018	11,586	4,629	(3,229)	3,729
2017	14,206	5,894	(3,189)	5,123

Connected party transactions

We have a duty under SIP 13 to disclose any transactions between the Company and connected parties in the two years prior to the Company entering Administration but prior to EY's involvement with the Company.

We are aware of transactions between the Company and two connected parties which have been part of its operations for a number of years:

- TAL – TAL is a private limited company and is the sole shareholder of the Company. TAL is a subsidiary of the Tawa Group and certain of the Company's directors serve on the board of TAL. TAL entered into a cost sharing agreement with various of its direct and indirect subsidiaries (including CX Re) in March 2014. Pursuant to this agreement, TAL recharged certain overhead expenses and labour costs to the Company. A summary of these recharges over the previous two years is set out below:

£	Period 17/08/18-16/08/19	Period 17/08/19-16/08/20	Total
Tawa Associates Limited	529,794	466,320	996,115
Average per month	44,150	38,860	41,505

- Pro – Pro is an insurance service provider authorised by the Financial Conduct Authority to carry on various classes of insurance and reinsurance mediation activities and has provided services in respect of the run-off activities of the business since the Company entered in to an outsourcing service agreement with Pro in July 2016. Pro IS is the American arm of Pro and provides limited services to the Company under the outsourcing service agreement. Pro is a former subsidiary of the Tawa Group and certain of the Company's directors serve on the board of Pro. A summary of payments made to Pro and Pro IS over the previous two years is set out below:

£	Period 17/08/18-16/08/19	Period 17/08/19-16/08/20	Total
Pro Insurance Solutions Limited	520,541	381,513	902,054
Pro Insurance Solutions IS, Inc	252,468	315,833	568,301
Average per month	64,417	58,112	61,265

Directors' conduct and investigations

One of our duties is to look at the actions and conduct of anyone who has been a director or shadow director of CX Re in the three years prior to our appointment. We have to submit our findings to BEIS within three months of our appointment.

We are also required to decide if any action should be taken against anyone to recover or contribute to the estate. If you believe or have information that there is anything we should be made aware of in this respect, please notify us in writing immediately.

Please note that this is part of our statutory obligations and that we will not publish our findings or work in this area as it is subject to strict confidentiality.

Circumstances giving rise to the appointment of the Administrators

As an authorised and regulated insurance company, the Company was required to comply with insurance regulations, the Solvency II Directive (2009/138/EC). Under Solvency II, there are two sets of capital requirements which a company must comply with to allow for different levels of supervisory intervention:

- i. the Solvency Capital Requirement (“SCR”). This is the amount of capital required in excess of liabilities to ensure continued solvency over a one-year time frame in 99.5% of cases;
- ii. the Minimum Capital Requirement (“MCR”) is the minimum financial threshold under which an insurer’s assets should not fall and represents the point at which severe supervisory intervention will be taken.

In late 2019, the Company engaged an independent actuarial firm to undertake a review of reserves in respect of direct insurance liabilities, gross of reinsurance recoveries, as at 30 September 2019. The findings of this review identified a \$2.1m deficiency in the Company’s reserves, primarily driven by a deficiency in asbestos and pollution related reserves.

Coupled with this, adverse claims development and ongoing costs of servicing the run-off (in particular litigation costs), the Company was unable to meet its SCR under the Solvency II Directive and had forecasted that it would breach its MCR in Q3 / Q4 2020 without further heavily discounted commutations being achieved with policyholders.

From early 2019, the Company worked extensively in conjunction with its advisors to identify options which would enable the conclusion of the run-off of the Company’s business whilst dealing equitably with its policyholders. In October 2019, the board concluded that a solution using a Scheme of Arrangement (“Assumed Scheme”) to bring early finality to the assumed reinsurance business, combined with a Part VII Transfer of the direct insurance business would be in the best interests of all stakeholders. The Company undertook preparations for the Assumed Scheme. Unfortunately, owing to adverse claims development and material uncertainties in respect of the implementation of the Assumed Scheme and effecting a Part VII solvently, notably as a consequence of the Company’s ongoing litigation in the US, following discussions with the PRA the board concluded in July 2020 that circumstances had changed sufficiently that Administration would provide a platform from which to deliver a solution in the best interests of all stakeholders.

A key decision factor for the Company was the statutory priority granted under English insolvency law to direct insurance creditors over other creditors, in particular creditors under assumed reinsurance policies, which comprise roughly 50 per cent of the Company’s book of business. In principle, that priority right should provide direct insurance creditors with protection, since any deterioration in the direct insurance book should be paid from assets that are otherwise available for the payment of the Company’s reinsurance creditors. As the balance sheet of the Company reduced in size, the additional protection to direct insurance creditors provided by the statutory priority scheme has been eroded. The continued payment of reinsurance liabilities would have removed the additional protection afforded to direct insurance creditors to such an extent that the Board, after discussions with the PRA, were not prepared to support the Company’s continued trading on that basis. The Company was therefore unable to continue paying debts as they fell due.

As a result, the Board took steps to place the Company into Administration as soon as reasonably practicable, which was approved by the Court on 17 August 2020.

Advisory and Pre-administration costs

Advisory and 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 consider that it will not be possible to achieve purpose (a) given the nature of the uncertainties in the business and given the options available to the Company in order for it to return solvency are unlikely to be feasible. There are no secured creditors (excluding insurance trust matters described below) and minimal preferential creditors are anticipated, so objective (c) is not relevant. As such, the Administrators are seeking to achieve purpose (b).

The Company considered whether a creditors' voluntary liquidation would be more appropriate than an Administration in these circumstances. However, it considered Administration to be the most appropriate option for the following reasons:

- 1) Administration offers a process which will provide flexibility in order to minimise operational disruption for all policyholders, and is likely to result in a better outcome for creditors than a liquidation.
- 2) An Administration offers protection for the Company through a statutory moratorium pending a determination made by the administrators as to the next steps for the Company. An Administration also allows the administrators to take appropriate steps to ensure the pursuance or stay of litigation proceedings in the US to seek to minimise and crystallise liabilities against the Company.
- 3) Claims can continue to be handled in the Administration period by existing personnel experienced in dealing with the Company's claims portfolio.
- 4) The possibility of issuing proposals for a Scheme of Arrangement later in an Administration is considered to be a better option than a liquidation, primarily due to the following:
 - a. There is a statutory requirement in a liquidation for all claims to be denominated in a currency other than GBP to be converted to GBP at the exchange rate at the date of the Company's liquidation. Since the majority of creditors of the Company have claims denominated in USD, those creditors would bear the associated foreign exchange risk in liquidation.
 - b. It is unlikely that a Liquidator would wish to make any distributions to creditors until such time that they could assess with accuracy the level of

ultimate liabilities and assets. Given the nature of the Company's liabilities and assets, it is probable that there would be a material delay, potentially of many years, between the appointment of a Liquidator and the payment of a first dividend. Where a Liquidator makes determinations upon claims, it is open to a creditor to appeal the determination to the Court in any event, which would delay the process and incur additional court and other costs and time. These delays could likely be minimised by a Scheme of Arrangement which would include a process for the agreement or other determination of claims more quickly than would likely be achieved in a Liquidation.

The Insurers Regulations apply to the Company as a UK insurer, and sets out the order of priority of creditors in an insolvency of a UK regulated insurance company, which are as follows:

- a) Preferential debts - namely certain employment and tax related claims;
- b) Insurance debts – those to which the insurer is or may become liable under a contract of insurance to a policyholder or any person who has direct right of action against that insurer, and include a premium paid in connection with a contract of insurance, which the insurer is liable to refund;
- c) All other debts – including debts to which the insurer is or may become liable under a contract or reinsurance.

Conduct of the Administration

The objective of Administration and all actions taken in connection to it, are to achieve the best possible outcome for creditors.

Initial steps taken and funding

Following appointment on 17 August 2020, the Administrators have taken steps necessary to take control of the Company's assets and reduce the operating costs of the Company and will continue to review this on an ongoing basis. The run-off operations of the business are being funded through realisations made from the Company's assets, namely cash balances held with Barclays and unencumbered financial instruments held with State Street in the United States.

Immediately on appointment, the Administrators safeguarded the Company's IT and data systems and obtained backups of data held across all critical systems.

The Administrators have worked with key suppliers and agreed revised terms and reduced costs to ensure all critical operations can be maintained and the business can continue to operate in run-off. These key suppliers include the connected parties detailed in the Connected party transactions section of this document, with whom significantly reduced monthly run-rates have been sought for the post appointment period.

Employees

The workforce had all been working remotely prior to Administration, as a result of COVID-19, and this continues to be the case. An initial skills assessment of the Company's personnel was carried out immediately post appointment. As a result, one role was made redundant on 31 August 2020. Other employees remain with the Company, with the majority on a reduced full-time equivalent basis, when compared to the pre-appointment period.

Assets

On appointment, the Company held an unrestricted cash balance at Barclays in the sum of approximately £0.7m. The Administrators notified Barclays of the appointment on 17 August 2020 and balances held with Barclays were transferred to bank accounts controlled by the Administrators in their entirety shortly thereafter.

On 21 August 2020, a further £0.3m was received into accounts held by the Joint Administrators following the closure of a historic trust arrangement for which Royal Bank of Canada acted as Custodian. A further £0.1m was received on 30 September 2020 following the closure of the two remaining accounts relating to this trust arrangement.

The majority of the Company's assets are held in cash and government / treasury issued financial instruments in accounts held with State Street in the United States and administered by BlackRock. Approximately \$23m (£17.5m) of these assets are held in trust and the remaining \$12m (£9.3m) are held in non-trust accounts. Immediately on appointment, the Administrators opened dialogue with State Street and BlackRock to ensure the appropriate authority and control was granted over the assets.

The Company is party to two Trust Fund arrangements where State Street is the custodian and a Letter of Credit has been issued by Barclays on behalf of the Company. Accordingly, Barclays and State Street have registered charges over assets held with State Street as collateral. These arrangements were made in the normal course of business and were required for writing insurance and reinsurance business in the US.

Under the terms of the trust deeds, assets held in the Trust Funds may be transferred from the control of State Street to the New York Liquidation Bureau (NYLB), a US regulatory body. The Administrators have made introductions to the NYLB and will continue to liaise with them on the treatment of the assets held in trust to ensure they are maximised for the benefit of creditors with an interest in the relevant Trust Fund for the benefit of the Company's estate as a whole.

It is evident from early interactions with the NYLB, other US regulatory bodies and legal counsel that the scale of the Company's Trust Fund's, representing more than 50% of the Company's assets, is uncommon and will likely provide significant complexity to the conduct of the Administration and any subsequent distribution mechanism.

The Company also has a number of debtors in the form of debt purchase arrangements and reinsurance receivables. Estimated recoveries of the debts purchased were previously subject to profit sharing arrangements which ceased on appointment. The vast majority of the amounts due under these purchased debts are from insolvent estates and the Company is awaiting distributions from these estates in due course. The Administrators are in the process of confirming these debtor positions and once confirmed, to the extent it can, will pursue debtors for balances owing where there is a realistic prospect of realisation.

Insurance policyholders and claimants

Notification of the Administration was issued to all known policyholders, brokers, intermediaries and agents upon the appointment of the Administrators. Policyholders were informed that the Administration of the Company does not terminate or cancel a current policyholder's contract of insurance (unless specifically stated in their policy). Accordingly, claims should continue to be directed to the Company in the normal course.

There remain material uncertainties relating to active litigation matters in the US. The Administrators are reviewing each litigation matter and liaising with the legal representatives of the Company to understand the likelihood of success and assessing the merits of each case in terms of potential cost against the likely benefit to the estate. Certain matters that require urgent attention, such as those matters where there are upcoming court hearings, have been prioritised and further discussions held to agree the appropriate steps and notices provided to the counterparty or corresponding US Court of the Administration.

The Company sought legal advice in the UK and US from various lawyers and attorneys. Upon our appointment, all legal representatives and attorneys were informed of the Administration. There were certain litigation matters that had upcoming court hearings whereby representation for the Company in the US courts was required. For these particular matters, the pre-appointment representative attorneys were instructed to represent the Company to attend the court hearings and the associated costs for the court representation will be paid as an expense in the Administration.

Chapter 15 of the US Bankruptcy Code

Given the nature of the Company's interests in the US, including a significant number of active litigation cases, location of the majority of the Company's assets and following discussion with US legal counsel, the Administrators concluded that for the protection of the estate in the US, a Chapter 15 application will provide a significant and substantial benefit to all creditors of the estate.

Once recognition of the Administration via a Chapter 15 bankruptcy application is achieved, the US Bankruptcy Court will impose a stay on all litigation against the Company in the US and provide protection on any potential actions against the Company's property in the US. We are aware of 21 active litigation matters pending against the Company in various locations across the US. A stay on these actions will provide breathing space for the Administrators to make decisions on the merits of the cases, should limit the Company's expenses and may facilitate resolution of costly litigation through settlements and/or claims Administration. Further, the Company's significant assets (including certain investment trusts and non-trust assets) in the US will be protected against new claims as well as judgments and enforcement proceedings in respect of existing litigation matters.

This Chapter 15 order will also provide a constructive forum for the Administrators to work with the Company's US Regulators and insurance creditors and will be a key requirement for any Scheme of Arrangement or any other distribution mechanism for US creditors in due course.

Taxation

The Administrators continue to work with the Company to understand its direct and indirect tax positions and commenced initial corporation tax and VAT reviews to ensure ongoing compliance and recoveries, as appropriate. It has been noted that the Company may have certain tax losses available to be surrendered to other group companies and the Administrators are reviewing this potential asset with the assistance of tax advisors.

Administrators' receipts and payments

A summary of the Administrators' receipts and payments for the period from 17 August 2020 to 25 September 2020 is attached at Appendix D.

Creditors' committee

Creditors are requested to consider if they wish to elect a creditors' committee to help and assist us, as the Joint Administrators, in discharging our duties. A creditors' committee will be formed if there are a minimum of three creditors who would like to be on it. Please see Appendix E for a guide to creditors' committee.

This is an important aspect of the Administration as a committee are there to consult on the Administration strategy, ensure all creditors' views are captured and understood, particularly with respect to the mechanism for the distribution of assets and exit from Administration.

We would welcome interest from creditors in joining the creditors' committee and any expressions of interest should be noted by completion of the relevant part of the voting form circulated with these proposals. If more than five nominations are received, there will be a further decision procedure to elect the committee.

Approval of the Administrators' proposals

The Administrators are seeking approval of their proposals by deemed consent. Further details of the arrangements and any steps to be taken by creditors are given in the formal notice of the deemed consent delivered to creditors with these proposals.

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).

The Company's involvement in and the outcome of litigation, predominately related to lead paint liabilities, could have a material impact on ultimate liabilities. As this involves both direct and reinsurance creditors, it is unlikely the Administrators will be able to take any significant steps to resolve the estate until that litigation is resolved, which is anticipated to take 18-24 months.

The Administrators will consider whether it would be in creditors' interests to put in place a Reserving Scheme to enable some payments to be made to direct creditors with agreed claims while the litigation is resolved. However, given the magnitude of ultimate liabilities that may result in the event of an adverse litigation outcome, the costs and time to put in place a Reserving Scheme and that any dividend from a Reserving Scheme would likely be minimal, it is expected that the Administrators will be unlikely to determine this an appropriate use of the estate's assets.

Ongoing engagement with creditors and any creditors' committee will be key to take appropriate decisions in the interest of all creditors. It is proposed that until the lead paint litigation matters resolve themselves, the Administrators will seek to establish a low-cost, sustainable run-off.

Following resolution of the major ongoing litigation, the Administrators will be in a position to consider the most appropriate means of enabling conclusion of the Administration. This is likely to include a combination of solutions to address the differing interests and priorities of the various creditor groups, which is complicated by the Company's Trust Funds. At this point, it seems probable that a Scheme of Arrangement pursuant to Part 26 of the Companies Act 2006 may be able to provide the flexibility to deliver a consensual solution, but it is too early to conclude this with any certainty. The Administrators are mindful of developing an exit solution which provides a robust claims valuation mechanism and maximises returns to creditors by mitigating the costs of a long-term insolvency process to run-off of the Company's book of business.

Estimated outcome for creditors

The hierarchy of debts for an insurance company is pursuant to the Insurers Regulations and as referenced above, this applies to the Company. The effect of which is that Direct insurance creditors have priority over other classes of unsecured creditors, including Reinsurance Creditors. Below we set out the Administrators' current view of potential recoveries across the various creditor groups:

Secured creditors

There is no floating charge registered against the Company's assets.

Secured creditors include those creditors with direct access to any of the Company's Trust Fund arrangements, including the Surplus Lines trust or US Reinsurance trust assets held with State Street, or the Letter of Credit issued by Barclays.

It is not yet possible to provide an accurate estimate on the dividend prospects for those creditors who are party to each specific arrangement, as each arrangement has a varying level of available collateral against the potential liability arising and resultant claim on those assets. We are in the process of reviewing these arrangements in conjunction with the relevant US Regulatory bodies and legal counsel and will revert to creditors in subsequent progress reports which will be due within one month of the expiry of every six months after our appointment date.

Preferential creditors

Preferential creditors are primarily employee related claims, including unpaid wages earned in the four months prior to appointment up to £800, holiday pay and unpaid pension contributions in certain circumstances. The current estimate of preferential creditors of the Company is approximately £2,500, and a distribution of 100p in the £ will be paid as soon as practicable although we are unable to confirm the exact timing at this stage.

Unsecured creditors and the Prescribed Part

The Prescribed Part does not apply in this case since there is no floating charge security registered against the Company.

Unsecured creditors of the Company will include insurance debts, subject to any adjustment to take account of recoveries made by the creditor via the Company's Trust Funds, and other general unsecured creditors. It is not yet possible to provide an accurate estimate of the dividend prospects for unsecured creditors of the Company. The amount of any dividend will depend on claims development, the final level of admitted claims, realisations and costs of the Administration.

The end of the Administration

In accordance with Paragraph 6 to the Schedule of The Financial Services and Markets Act 2000 (Administration Orders Relating to Insurers) Order 2010, the automatic end of the Administration without an extension will be 30 months. In this case, the relevant date is 16 February 2023.

As noted above, the Administrators consider it is probable that a Scheme of Arrangement is the most likely process in order to bring finality to the run-off. Given the need to resolve the Company's litigation matters prior to launching a Scheme of Arrangement, it is possible that the Administrators may need to apply to the Court for an extension of the Administration in due course.

If a Scheme of Arrangement is approved and sanctioned by the Court, following its subsequent completion and termination, the Administrators will be able to conclude the Administration and proceed to dissolution of the Company without the requirement for a liquidation. This is achieved by making an application to Court in accordance to paragraph 79 of Schedule B1 of the Insolvency Act 1986 for an order to dissolve the Company. Subsequent to receiving the court order, the same will be filed at Companies House and the Company will be deemed to be dissolved per the effective date specified within of the court order.

If a Scheme of Arrangement is not approved by creditors or not sanctioned by the Court, subject to further consideration, it is proposed that at the end of the Administration an application is made to Court in accordance to paragraph 79 of Schedule B1 of the Insolvency Act 1986 for an order to place the Company into creditors' voluntary liquidation. In this event, it is proposed that the liquidators will be Richard Barker and Simon Edel of Ernst & Young LLP and that any act required or authorised under any enactment to be done by the liquidators may be done by either or both of them.

In accordance with paragraph 81(3) of Schedule B1 to the Insolvency Act 1986 and Rule 3.58 of the Insolvency Rules, creditors may apply to Court for an order to end the Administration. A copy of the application must be delivered to the administrator not less than five business days before the court hearing date.

At this stage, the Joint Administrators have no intention of recommending the Company be moved to liquidation and reiterate that the preferred strategy for the Company is likely to be to pursue a Scheme of Arrangement following clarity being achieved on its material litigation proceedings.

3. Statement of Affairs

A Statement of Affairs was submitted to the Administrators on 1 September 2020. It was signed by Marvin Mohn and a statement of concurrence was provided by all other executive and non-executive directors. A copy is attached at Appendix B, including a full list of creditors as is required by law.

Regarding the contents of the Statement of Affairs, creditors should note the following explanations which the Administrators' were provided with the Statement of Affairs:

- All values are shown without account for applicable costs of realisation and operating costs;
- The information provided has not be audited;
- The liabilities do not reflect the adverse judgement for the Company in the State Court litigation matter in the US for which the Company has issued an appeal;
- Assets subject to a fixed charge include assets for the benefit of the Surplus Lines trust, US Reinsurance trust, SICAV balances and Royal Trust Canadian deposits;
- Investments include assets not subject to any charge as at the date of appointment, including non-trust assets held with State Street and bank account balances, the majority of which were held with Barclays prior to appointment;
- Debt purchase assets are shown at book value without any net present value adjustments. Estimated realisations reflect recoveries prior to the impact of a profit-sharing arrangement which would have reduced recoveries by 50% prior to appointment. As such, estimated realisations are in excess of the book value held on appointment. This will continue to be reviewed by the Administrators in terms of realisations post appointment;
- Estimated realisations relating to reinsurers share of technical provisions have been adjusted to reflect the anticipated length of the run-off and likelihood of collection;
- Debtors arising out of reinsurance operations may be subject to offset and estimated realisations have not been adjusted to reflect such offset. Other debtors comprise recoveries from VAT and prospective tax loss recoveries;
- Unsecured non-preferential liabilities have been increased to reflect the amount payable to the counterparty to the debt purchase asset profit sharing arrangement;
- Unsecured non-preferential claims are valued at £11.2m. This value is uncertain given the nature of insurance liabilities and are, therefore, subject to material change as a result of subsequent information and events which may result in significant adjustments to the amounts provided;
- As above, due to the nature of liabilities, quantifying the final values of creditors' claims is not possible and, therefore, claims are presented at their existing value.

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.

As at the date of the appointment of the Administrators, no floating charges existed. Consequently, section 176A of the Insolvency Act 1986 does not apply to this Administration and there is no prescribed part to be set aside for unsecured creditors.

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 Rules. 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 Joint Administrators.

The Joint Administrators propose that their remuneration is 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 7 October 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 7 October 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' committee is not formed, the Joint Administrators propose that they are permitted to charge Category 2 disbursements in accordance with the statement of expenses included in the fee estimate dated 7 October 2020.

6. Advisory and Pre-Administration costs

EY were engaged to provide advice and assistance to the Company prior to the Administration, which are not classified as Pre-Administration costs in accordance to the Rules. The advice provided were conducted under two separate engagement agreements with the Company for work undertaken to 31 July 2020, this consisted of advice related to the proposed Scheme of Arrangement without the need to place the Company into Administration and thereafter advice related to the proposed Administration of the Company. In this respect, our costs paid by the Company amounted to £98,798 and £20,000 respectively, plus VAT.

The Administrators are seeking approval for payment of unpaid Pre-Administration costs totalling £49,988 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. This means that they must be approved separately from the proposals.

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

EY were originally engaged to assist the Company in considering its options in relation to a solvent Scheme of Arrangement. However, when it became apparent that an insolvency of the Company was inevitable, EY worked with the Company's directors and their legal advisors in preparing for an Administration. From 1 August 2020, the nature of the unpaid 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:

- ▶ Reviewing and assisting the Company and its legal advisors to prepare documents for submission to the Court for the Administration appointment, including consent to act, the witness statements submitted by Marvin Mohn on behalf of the board and the Administration order;
- ▶ Preparing documents to be issued to employees, media and policyholders immediately following the appointment, including scripts for employee meetings, press releases and email / mail communications to policyholders, legal representatives and creditors;
- ▶ Communicating with regulatory authorities regarding the proposed Administration appointment, including the Financial Conduct Authority, the Prudential Regulation Authority and US Regulatory experts;
- ▶ Detailed timeline for pre-appointment and immediate post appointment activities;
- ▶ Working with the Company to understand its core operations, including any critical suppliers, payments and location of Company assets, including its books and records;
- ▶ Planning for period immediately post Administration in order to deal with matters effectively, including identifying potential risks and developing appropriate safeguards to mitigate these risks upon appointment;
- ▶ Attendance at Court Hearing for the appointment of the Joint Administrators.

Our work prior to appointment enabled us to progress both our post appointment statutory duties and taking control of the Company effectively.

The breakdown attached at Appendix D sets out:

- ▶ The fees charged by the administrators and their staff.
- ▶ The expenses incurred by the administrators and their staff.

- ▶ To the best of our knowledge and belief, no fees or expenses were charged by another insolvency practitioner.
- ▶ In the event that a creditors' meeting is not requisitioned, and a creditors' committee is not formed, the Joint Administrators will seek to have the unpaid Pre-Administration approved by the secured creditor(s).

Appendix A Statutory information

Company Information

Company Name:	CX Reinsurance Company Limited (In Administration)
Registered Office Address:	1 More London Place, London, SE1 2AF
Registered Number:	01086556
Trading Name(s):	NA
Trading Address(es):	1 Royal Exchange Avenue, Suite 306, London EC3V 3LT

Details of the Administrators and of their appointment

Administrators:	Richard Barker and Simon Edel
Date of Appointment:	17 August 2020
By Whom Appointed:	The appointment was made by The Court
Court Reference:	High Court of Justice, Business and Property Courts of England and Wales, Insolvency and Companies List (ChD) (CR-2020-003307)

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	£
Non-voting	343,920,000	343,920,000	343,920,000	343,920,000
Voting	4,280	4,280	4,280	4,280

Directors and secretary and their shareholdings

Name	Director or Secretary	Date appointed	Date resigned	Current shareholding
David Vaughan	Director	26 February 2016	-	-
Marvin David Mohn	Director	11 May 2016	-	-
Simon Lees-Buckley Byrne	Director	20 April 2016	-	-
William John	Director	4 March 2016	-	-

Bower

Gilles Marie Jacques Erulin	Director	31 October 2002	-	-
Paul Andrew Jardine	Director	17 July 2003	-	-
Marvin Mohn	Secretary	3 November 2015	-	-

Appendix B Directors' statement of affairs

Rule 3.30

Statement of affairs

Name of Company CX Reinsurance Company Limited	Company number 01086556
In the High Court of Justice, Business and Property Courts of England and Wales, Insolvency and Companies List (ChD) [full name of court]	Court case number CR-2020-003307

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

Statement as to the affairs of (a) CX Reinsurance Company Limited, 118 Pall Mall, London SW1Y 5ED.

(b) Insert date

on the (b) 17 August 2020, the date that the company entered administration.

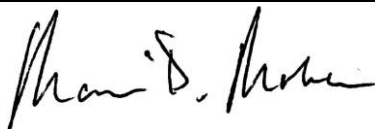
Statement of Truth

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 (b) 17 August 2020 the date that the company entered administration.

Full name

Marvin David Mohn

Signed



Dated

1 September 2020

A – Summary of Assets

Assets	Book Value (£)	Estimated to Realise (£)
Assets subject to fixed charge:	18,364,117	18,364,117
Assets subject to floating charge:		
Uncharged assets:		
Investments	9,277,715	9,277,715
Debt purchase Assets	1,306,779	2,362,893
Reinsurers share of technical provisions		
Claims Outstanding	3,128,373	361,888
Debtors		
Debtors arising out of Reinsurance operations	2,361,206	2,200,712
Other Debtors	381,481	381,481
Other Assets		
Cash at bank and in hand	745,513	745,513
Prepayments and accrued interest	172,549	172,549
Estimated total assets available for preferential creditors	17,141,223	15,502,751

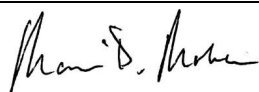
Signature 

Date 1 Sept 2020

A1 – Summary of Liabilities

		Estimated to realise (£)
Estimated total assets available for preferential creditors (carried from page A)	£	15,502,751
Liabilities	£	
Preferential creditors:-		
Estimated deficiency/surplus as regards preferential creditors	£	15,502,751
Estimated prescribed part of net property where applicable (to carry forward)	£	
Estimated total assets available for floating charge holders	£	15,502,751
Debts secured by floating charges	£	
Estimated deficiency/surplus of assets after floating charges	£	15,502,751
Estimated prescribed part of net property where applicable (brought down)	£	
Total assets available to unsecured creditors	£	15,502,751
Unsecured non-preferential claims (excluding any shortfall to floating charge holders)	£11,237,624	
Estimated deficiency/surplus as regards non-preferential creditors (excluding any shortfall to floating charge holders)	£	4,265,127
Shortfall to floating charge holders (brought down)	£	
Estimated deficiency/surplus as regards creditors	£	
Issued and called up capital	£343,924,280	
Estimated total deficiency/surplus as regards members	£	(339,659,153)

Signature



Date

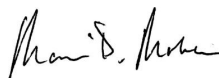
1 Sept 2020

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 £
MUNICH RE AMERICA INC	55 College Road East P.O. BOX 5241 NJ 08543 USA	64.9			
GUY F ATKINSON CO	350 INDIANA STREET S U I T E 600 COLORADO 80401 USA	526.21			
BACCALA & SHOOP INS SERVICES	26 CENTURY BLVD NASHVILLE TN 37214 USA	279.28			
BEATRICE FOODS	PO BOX 7724 PHOENIX AZ 85011-7724 USA	9,887.01			
BORDEN	180 EAST BROAD STREET COLUMBUS OH 43215-3799 USA	80.44			
BRUNSWICK	16 LINCOLN'S INN FIELDS LONDON WC2A 3ED UK	3,120.66			
CARPENTER MANAGEMENT CORP	2 LOGAN SQUARE SUITE 600 PA 19103-2772 USA	46,318.52			
CENTRAAL BEHEER SCHAD NV ET AL	LAAN VAN MALKENSCHOTEN 20 7300 HZ APELDOORN NL	516.41			
CLAL INS CO ET AL	CLAL INS HOUSE 48 MENACHEM BEGIN ROAD 66180 ISRAEL	410.41			
CLARK OIL & REFINING	760 CENTRAL AVE HIGHLAND PARK IL 60035 USA	390.64			
COLOGNE REINS CO ET AL	THEODOR-HEUSS-RING 11 50668 COLOGNE GERMANY	505.76			
COMMERCIAL UNION INSURANCE	RESOLUTE MGT SERVICES 8 FENCHURCH PLACE EC3M 4AJ UK	9,811.56			
PUGET SOUND U/WS WAS BRUCE C	520 PIKE STREET SUITE 2120 SEATTLE WA 98101 USA	7,357.87			
EATON	120 BROADWAY AMITYVILLE NY 11701 USA	17.48			
EBASCO SERVICES INC	300 SOUTH ST PAUL STREET SUITE 870 E.C DALLAS TX 75201 USA	1.76			
EMPLOYERS MUTUAL CAS CO ET AL	EMC INSURANCE 717 MULBERRY DES MOINES IA 50309 USA	2,551.66			
EMPLOYERS OF WAUSAU	10 STEWART AVENUE WAUSAU WI 54402 USA	24,895.72			
AMERICAN EMPIRE SURPLUS	515 MAIN STREET PO BOX 5370 OH 45201-5370 USA	135.20			

Signature _____



Date _____

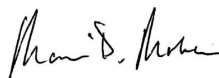
1 Sept 2020

COMPANY CREDITORS

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Name of creditor or claimant	Address (with postcode)	Amount of debt £	Details of any security held by creditor	Date security given	Value of security £
GREYHOUND DIAL CORP	200 ELM STREET STAMFORD CT 06902 USA	2,585.45			
GULF & WESTERN	11 LEADENHALL STREET LONDON EC3V 1LP	1,683.24			
HANNOVER RUCKVERSICHERUNGS	KARL-WIECHERT-ALLEE 50 30625 HANNOVER GERMANY	27.63			
HIGHLANDS INSURANCE CO USA	10200 RICHMOND AVE HOUSTON TX 77042 USA	3.48			
HORACE MANN MUTUAL	ONE HORACE MANN PLAZA SPRINGFIELD IL 62715-0001 USA	3,002.69			
CIGNA WAS INAPRO	436 WALNUT STREET, WA 06R PHILADELPHIA PA 19106 USA	6.74			
U S FILTER	750 SEVENTH AVENUE NEW YORK NY 10019 USA	1,068.59			
COUNTY OF SACREMENTO	7001 A EAST PARKWAY SACRAMENTO CA 95823 USA	1,316.23			
MID CENTURY INS CO	31051 AGOURA ROAD WESTLAKE VILLAGE CA 91361 USA	2,639.04			
MUTUELLE ASS ARTISANALE DE	CHABAN DE CHAURAY 79036 NIORT CEDEX 9 FRANCE	38,295.69			
OCCIDENTAL PETROLEUM CORP	5 GREENWAY PLAZA SUITE 110 TEXAS 77046-0521 USA	2,560.90			
ST JOE MINERALS	1 FLUOR DANIEL DR SUGAR LAND TX 77478 USA	241.50			
PURDUE FREDERICK	750 SEVENTH AVENUE NEW YORK NY 10019 USA	2,571.51			
MCNEIL CORP	C/o Broker	1,162.44			
RISK MANAGEMENT INS AGENCY	C/O RMIA INC. 4401 E. COLONIAL DRIVE FL 32814 USA	68.71			
SASKATCHEWAN GOVERNMENT INS	2260 - 11TH AVENUE REGINA SASKATCHEWAN S4P 0J9 CANADA	10,314.45			
SEARS ROEBUCK & CO	3333 BEVERLY ROAD HOFFMAN ESTATES IL 60179 USA	2,137.19			
FOLKSAM GENERAL INS CO LTD	BOHUSGATAN 14 10660 STOCKHOLM SWEDEN	13,311.85			

Signature



Date

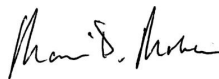
1 Sept 2020

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Name of creditor or claimant	Address (with postcode)	Amount of debt £	Details of any security held by creditor	Date security given	Value of security £
STEWART WRIGHTSON FIRE L/S	C/o Broker	698.16			
SCHWEIZ ZURICH	C/O ZURICH INS GRP MYTHENQUAI 2 8002 ZURICH SWITZERLAND	2,865.53			
WAUSAU UNDERWRITERS INS CO	NATIONWIDE 1 NATIONWIDE PLAZA OHIO 43215-2220 USA	38.99			
HDI VERZEKERINGEN N.V. (PREV	HANNOVER RE KARL-WIECHERT-ALLEE 50 30625 HANNOVER GER	69,859.88			
GALLAGHER PLUMER LTD NON-	555 COLLEGE ROAD EAST P.O. BOX 5241 NJ 08543 USA	10,391.81			
AXA LIABILITIES MANAGERS (JOHN	3 WEST 35TH STREET 11TH FLOOR NY 10001 USA	296.97			
CIGNA INTL WAS INS CO OF N	436 WALNUT STREET, WA 06R PHILADELPHIA PA 19106 USA	8,337.37			
ADMIRAL INSURANCE COMPANY	W R BERKLEY GRP P O BOX 5725 CHERRY HILL NO 08034-3220 USA	4,454.29			
CAISSE CENTRALE ASS MUT AGR	53 RUE LA BOETIE 75008 PARIS 8 FRANCE	2,368.72			
GROUPEMENT DES SOCIETES	DRT O & F 31-35 RUE DE LA FÉDÉRATION F 75717 PARIS CEDEX 15	229,642.00			
SAMVIRKE SKAFORS A/S	C/o Broker	596.88			
FOREMOST MCKESSON INC	1 POST STREET SAN FRANCISCO CA 94104	1,162.44			
AVIVA (PREV CGU)	RESOLUTE MGT LTD 8 FENCHURCH PLACE EC3M 4AJ UK	50.04			
DART & KRAFT INS CO LTD	THE QUADRANT, 118 LONDON ROAD, KT2 6QJ UK	40.09			
PREVOYANTE ACCIDENTS, MUT D'ASS	32 RUE JOSEPH THILLET 31400 TOULOUSE FRANCE	9,049.98			
SWISS LIFE FRANCE (EX LA CORD.	7 RUE BELGRAND 92300 LEVALLOIS-PERRET FRANCE	593.72			
HALL MANAGEMENT INC	P O BOX 20654 FLORIDA 32814 USA	45.76			
ROYAL GLOBE INSURANCE CO	150 WILLIAM STREET NY 10038 USA	521.99			

Signature



Date

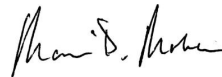
1 Sept 2020

COMPANY CREDITORS

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Name of creditor or claimant	Address (with postcode)	Amount of debt £	Details of any security held by creditor	Date security given	Value of security £
LIQUID AIR CORP	2121 NORTH CALIFOR BLVD SUITE 350 WALNUT CREEK CA 94596	167.16			
ROCKEFLLER UNIVERSITY	1230 YORK AVENUE NY 10065-6399 USA	53,414.88			
GALLAGHER BISHOPS L/S C/M	555 COLLEGE ROAD EAST P.O. BOX 5241 NJ 08543 USA	2,032.29			
AIRCO	2419 HILTON WAY GAINESVILLE G A 30501 USA	2,137.18			
UNITED STATES FILTER	181 THORN HILL ROAD WARRENDALE, PA 15086 USA	23,201.21			
GAN INCENDIE ACCIDENTS ET AL	BUREAU 8 C 114 5-7 RUE DU CENTRE 93199 NOISY LE GRAND CEDEX	1,895.55			
G.M.F. RE	C/O AME RE 11 PLACE DES CINQ MARTYRS 75382 PARIS FRANCE	1,134.70			
ZURICH INSURANCE CO (FRENCH	C/O ZURICH INS GRP MYTHENQUAI 2 8002 ZURICH SWITZERLAND	53.99			
REAL COMPANHIA DE SEG S.A.	RUA DE SAO DOMINGOS A LAPA 35 LISBON 1249-130 PORTUGAL	13,170.26			
SECURITE COMPAGNIE D'ASS GEN DU	6300 BOULEVARD DE LA RIVE SUD LEVIS QUEBEC G6V 6P9 CANADA	261.84			
CONTINENTAL COVERAGE CORP	273 N SYRACUSE AVENUE NORTH MASSAPEQUA NEW YORK 11758	16,123.78			
ASR NEDERLAND/AMLIN EUROPE	ARCHIMEDESLAAN 10 U02 XXX5 UTRECHT 3584 BA NETHERLANDS	158.77	Loss Reserve	Not Known	115.91
ST PAUL INTL INS CO. LTD (FRENCH	60 GRACECHURCH STREET LONDON EC3V 0HR UK	286.09			
GROUPAMA FRANCE (PREV	C/O GROUPAMA SA 8-10, RUE D'ASTORG 75383 PARIS CEDEX 08 FR	1,987.35			
ALLIANZ CORNHILL	57 LADYMEAD GUILDFORD GU1 1DB UK	12,357.83			
WEYERHAEUSER CO	1251 AVENUE OF THE AMERICAS NEW YORK 10020 USA	14,406.86			
TRANSPORT INSURANCE COMPANY	2 LOGAN SQUARE SUITE 600 PA 19103 USA	37,598.04			

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Date _____

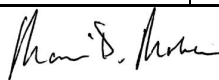
1 Sept 2020

COMPANY CREDITORS

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Name of creditor or claimant	Address (with postcode)	Amount of debt £	Details of any security held by creditor	Date security given	Value of security £
Locke Lord LLP	200 North LaSalle St, Suite 2900, Chicago IL USA	80,389.33			
Pro Insurance Solutions	Southgate House, Southgate Street, Gloucester GL1 1UB	39,460.03			
Towers Watson Limited	51 Lime Street, London. EC3M 7DQ	36,238.40			
Pro IS, Inc	3501 Concord Road, Suite 120, York, PA 17402. United States	27,114.06			
Ruberry Stalmack & Garvey	10 South LaSalle Street, Suite 1800, Chicago, Illinois 60603	26,446.97			
Stripe Global Services Limited	One America Square, Crosswall, London EC3N 2LB	15,300.00			
MCD Management Solutions	The Old Farmhouse East Shield Hill Morpeth NE61 3LD	13,000.00			
Goodell, Devries, Leech & Dann LLP	One South Street, 20th Floor, Baltimore, MD 21202	8,322.00			
MCCorkle	200 North LaSalle St, Suite 2900, Chicago IL USA	6,289.84			
Black Rock	40 East 52nd Street, New York, NY 10022	4,776.61			
BlueStar Case Solutions	230 West Monroe, Suite #720, Chicago, IL 60606	3,755.41			

Signature _____



Date _____

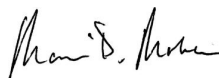
1 Sept 2020

COMPANY CREDITORS

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Name of creditor or claimant	Address (with postcode)	Amount of debt £	Details of any security held by creditor	Date security given	Value of security £
State Street Bank and Trust Co	Accounting Operations CC1/1, Box 5607, Boston Massachusetts 02206-5607	3,184.41			
Kramon & Graham PA	One South Street, Suite 2600, Baltimore, MD 21202	2,920.63			
Barclays	1 Churchill Place, London, E14 5HP	2,890.59			
McConnell Consultants	1 Avenue Place, Bishops Stortford, Herts, CM23 5GN	1,746.00			
Quantum Law	Fritz-Vomfelde Strasse, Dusseldorf, D4057 Germany	1,493.56			
Bloomberg Finance LP	3 Queen Victoria Street, London EC3N 4TQ	917.11			
Restore	Unit 5, Redhill Distribution Centre, Salbrook Road, Redhill, Surrey RH1 5DY	45.36			
Xchanging	Royal Pavilion, Wellesley Road, Aldershot, Hampshire. GU11 1PZ	40.96			
Element 10 Ltd	Addictivity, Studio 5 155 Commercial Street, London E1 6BJ	30.00			
Total		985,572.47			115.91

Signature _____



Date _____

1 Sept 2020

COMPANY SHAREHOLDERS

Name of Shareholder	Address (with postcode)	No. of shares held	Nominal Value	Details of Shares held
Tawa Associates Limited	118 Pall Mall, London SW1Y 5ED	343,920,000	£1.00	Non-voting A shares
Tawa Associates Limited	118 Pall Mall, London SW1Y 5ED	4,280	£1.00	Voting B shares
TOTALS		343,924,280		



1 Sept 2020

Signature _____

Date _____

Appendix C Administrators' receipts and payments account for the period from 17 August 2020 to 25 September 2020

<u>Statement of Affairs</u> <u>Estimated to Realise</u>		GBP	USD	EUR	Consolidated Amounts GBP Equivalent	Notes
£	Receipts					1
18,364,117	Assets subject to fixed charge	-	-	-	-	4
-	Surplus from Trust assets	379,647	-	-	379,647	5
	Uncharged assets:					
9,277,715	Investments	-	-	-	-	4
2,362,893	Debt Purchase assets	-	-	91,306	83,499	
361,888	Reinsurers share of technical provisions	-	-	-	-	
2,582,193	Trade Debtors	-	-	-	-	
172,549	Prepayments and accrued interest	-	-	-	-	
745,513	Cash at bank and in hand	71,911	771,513	39,966	715,711	3
	Inter-account cross currency receipts	35,881	-	-	35,881	6
33,866,868	Total Receipts	487,439	771,513	131,272	1,214,738	
	Payments					1
	Employee wages	20,506	-	-	20,506	
	Employer Pension Contributions	4,745	-	-	4,745	
	Payroll taxes	15,892	-	-	15,892	
	Bank Charges	28	35	-	55	
	Legal fees: UK Counsel	-	-	-	-	
	Agents' fees	84	5,000	-	4,019	
	Software License Fee	2,321	-	-	2,321	
	Sundry operating expenses	1,745	-	-	1,745	
	Inter-account cross currency payments	-	-	39,966	36,549	6
	Total Payments	45,321	5,035	39,966	85,832	
	Net Receipts / Payments TOTAL	442,117	766,478	91,306	1,128,906	
	Represented by:					
	RBS Current Account - GBP	441,287	-	-	441,287	3
	RBS Current Account - USD	-	766,478	-	603,290	3
	RBS Current Account - EUR	-	-	91,306	83,499	3
	Input VAT	830	-	-	830	
		442,117	766,478	91,306	1,128,906	

Notes

- 1) Receipts and payments are stated net of VAT. The VAT position of the Company is under review and a portion of incurred input VAT is expected to be recovered.
- 2) Statement of Affairs balances are shown in GBP. At the date of Administration, the Company held assets predominantly in GBP and USD. Whilst the Statement of Affairs is presented in GBP, the receipts and payments account is shown by individual currency account held and translated to GBP in the consolidated amounts column.
- 3) Cash at bank and in hand are held in RBS bank accounts controlled by the Joint Administrators. The receipts and payments shown above reflect the Joint Administrators' bank account transactions only.
- 4) Certain of the Company's assets are held by third parties in accounts in the name of the Company and over which the Joint Administrators have authority to act. These balances include:
 - a. Assets held with State Street, valued as at 25 September 2020:
 - i. Assets subject to a fixed charge – USD 23,138,694.59
 - ii. Investments – USD 11,978,790.92
 - b. Assets held with Natixis, valued as at 25 September 2020:
 - i. Assets subject to a fixed charge – EUR 352,534.38
- 5) Surplus from trust assets receipts reflect an amount of GBP 379,647 received post appointment following the closure of an expired Trust Fund arrangement with the Royal Bank of Canada.
- 6) Inter-account cross currency balances reflect the transfer of cash on appointment received into the EUR account to the GBP account. Given the EUR account currently has a negative interest rate, and given the currency profile of future expenses, it is anticipated that funds in this account will be kept to a minimum required level.
- 7) Currency conversion rates being applied to the Consolidated R&P are based on Bank of England rates as at 25 September 2020 at GBP 1: USD 1.2705 and GBP 1: EUR 1.0935.

Appendix D Statement of Pre-Administration costs

Statement of Pre-Administration costs from 1 August 2020 to Appointment (17 August 2020)

	Administrator		Details
	Remuneration £	Expenses £	
Administrators' pre-appointment time	49,988	-	As detailed at section 6
Total costs incurred	49,988	-	
Less: Costs paid	-	-	
Unpaid Pre-Administration costs	49,988	-	

The above costs excludes VAT

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.

Details of the Pre-Administration work undertaken by the Administrators

The table below categorises and provides some further details of the work performed. Please refer to the 'Advisory and Pre-administration costs' section 6 of these proposals on page 13.

Classification of work function	Hours					Total hours	Average hourly rate £/hour	Total cost £
	Partner & Associate Partner	Senior manager/ Associate Director	Manager	Executive	Analyst / Staff			
Court application & hearing	2.0	1.3	-	3.0	-	6.3	758	4,777
Planning for employee communications	2.7	0.5	4.0	16.5	4.1	27.8	496	13,794
Planning for media and policyholder communications	-	-	12.5	15.5	23.5	51.5	388	19,968
Regulatory communications	-	0.5	5.0	-	-	5.5	669	3,678
Strategy planning (including US litigation)	3.0	6.5	-	-	1.4	10.9	713	7,773
Total	7.7	8.8	21.5	35.0	29.0	102.0	490	49,988

Total costs £	9,664	5,624	13,975	13,475	7,250	49,988
Avg hourly rate £/hour	1,255	639	650	385	250	490

The above costs exclude VAT

Appendix E Guide to Creditors' Committee

Liquidation/Creditors' Committees and Commissioners

A Guide for Creditors

The Guide is intended to provide you with:

- > an understanding of the role of the Committee in insolvency proceedings;
- > information on how Committees are formed; and
- > guidance on what might be expected of you should you choose to serve as a member of a Committee

to enable you to make an informed decision as to whether you wish to either seek to form a Committee or to nominate yourself to serve on a Committee.

The Guide provides only an overview. Detailed provisions regarding the membership, formation, functions and procedural operation of a Committee are set out in legislation.

Introduction

Most of us will be familiar with the term “committee” which is used to define a group of people appointed for a specific function by a larger group and typically consisting of members of that group.

In the context of an insolvency procedure, the office holder may invite creditors to form a committee either to assist generally in discharging his or her functions as an office holder or, more commonly, for a specific purpose, such as where litigation or investigation is anticipated. Such committees may be called “liquidation committee” or “creditors’ committee”, depending on the type of insolvency process, or, in sequestration in Scotland, “Commissioners”. For purposes of this guidance note we will use the term “Committee”.

Role of the Committee in Insolvency Proceedings

The primary purpose of a Committee is to assist the office holder in fulfilling his or her duties. This could involve helping them to make key decisions, for example to take legal action to recover assets, to represent the interests of the main body of unsecured creditors, or to provide the office holder with the benefit of specialist knowledge either about the company or the industry in which the company operates. The office holder should always take into account the views of the Committee but is not obliged to follow their wishes. The Committee cannot direct an office holder in relation to the conduct of the insolvency proceeding.

In any insolvency process there are a number of decisions that creditors may be asked to make, including how the office holder is to be paid out of the assets of the insolvent estate. Where there are large numbers of creditors or creditors are geographically remote, having a Committee would enable the office holder to seek approval from the Committee which is often a quicker and cheaper process than seeking a decision from the entire body of creditors.

How are Committees formed?

For a Committee to come into being, generally, there must be a minimum of three unsecured creditors who are willing to act. The maximum number of creditors who may sit on the Committee at any one time is five, so if more than five unsecured creditors express an interest in being on the Committee there must be a vote. This vote will be managed by the office holder, and other unsecured creditors will be given the opportunity of deciding which of the interested creditors get to form the Committee. You have to agree in writing to sit on the Committee so you will never be voted onto a Committee without your knowledge or agreement.

For sequestrations in Scotland, only a single unsecured creditor willing to act is required.

Who can sit on the Committee?

Any creditor of the insolvent company/individual with a debt at least part of which is unsecured may be put forward to sit on the Committee. If they cease to be an unsecured creditor for any reason they will automatically cease to be a member of the Committee.

You do not need to have any special qualifications or previous experience as a Committee member.

Where the creditor is a company, i.e. not a real person, it must be represented by an individual who will be given a letter of authority, by the company, enabling them to act on the company's behalf.

A member of the Committee may be represented by another person if they hold a letter of authority to act.

Exceptions

You cannot be on the Committee as a creditor in your own right and act for another creditor at the same time.

You cannot be represented by a body corporate, an undischarged bankrupt, a person whose estate has been sequestrated and who has not been discharged, a person to whom a moratorium period under a debt relief order applies, a disqualified director, a person subject to a bankruptcy restriction order or undertaking or a debt relief restrictions order or undertaking.

What will I have to do as a Committee member?

Business of the Committee is conducted through meetings (physical or by way of conference call or other remote attendance). Decisions may also be made by written correspondence and resolutions. For the purposes of this Guide, reference to meetings include all such forms.

The frequency of meetings and reporting by the office holder to the Committee will generally be agreed between the office holder and members at the first meeting of the Committee. The first meeting of the Committee must be held within six weeks of its formation – as indicated it is not uncommon for meetings to be held by conference call.

At the meetings the office holder will update the Committee on relevant matters and may seek guidance or formal approval for specific courses of action. In particular you will be asked to approve the basis of calculation of the remuneration of the office holder.

As a Committee member you would also be able to request additional information from the office holder, who will be required to provide the information unless the request is deemed to be unreasonable, frivolous or excessively costly to provide.

You should try and attend all meetings as if you fail to attend three consecutive meetings you will automatically cease to be a member (though the remaining members can decide to allow you to remain as a member). An office holder will only call a meeting when they think there is something important which requires the Committee's input. If you are unable to attend a meeting you could appoint someone to attend on your behalf.

A Committee may also be required to consider other matters appropriate to the insolvency proceeding. This may include matters in connection with the resignation of the office holder and any vacancy in office, or consideration of whether legal costs should be assessed by the court.

Can I cease to be a member of the Committee?

You can resign as a member at any time by giving the office holder written notice.

Will I get paid?

Committee members are not paid for their time acting on the Committee, this is a voluntary role. You will however be entitled to reclaim reasonable travelling expenses incurred in attending Committee meetings.

Why should I agree to be on a Committee?

As a Committee member you will be in a privileged position, assisting the office holder in his duties and being involved at each stage in the insolvency process. Serving on a Committee will give you the opportunity to have a positive impact on the insolvency process, assisting the office holder to maximise returns to creditors, providing essential information and knowledge which could assist in tracing company assets which have been misappropriated or identify conduct by the directors that could ultimately lead to their disqualification by the Insolvency Service.

It is important to consider that acting on the Committee is a responsible role and you would be required to act ethically and in good faith in all of your Committee dealings. You would be expected to avoid any situations where a conflict of interest might arise. You would also be unable to obtain any of the company or individual's assets without the prior agreement of the Committee.

Does a Committee always have to be appointed?

There is no requirement for there to be a Committee in every insolvency process. There may be insufficient creditors willing to form a Committee or in a straightforward insolvency process there may be no need for a Committee.

A Guide for Creditors

This booklet has been produced by R3, the Association of Business Recovery Professionals, in conjunction with the Recognised Professional Bodies (“RPBs”). R3 is the leading professional association representing insolvency practitioners and professionals within the insolvency, restructuring and turnaround profession in the UK.

If you would like to find out more about the work of R3 or its members, please visit the R3 website at www.r3.org.uk.

The Insolvency Service also produces a number of useful guides about personal and corporate insolvency procedures and directors’ duties which can be accessed at www.gov.uk/government/collections/insolvency-service-guidance-publications.

This leaflet is not intended to be a statement of law or a substitute for specific professional or legal advice. We have made every effort to ensure that the guide is accurate but R3 cannot accept any responsibility for the consequences of any action taken in reliance of its contents.

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