



For further information, please  
refer to our guidance at  
[www.gov.uk/companieshouse](http://www.gov.uk/companieshouse)

1 Company details	
Company number	0 2 7 6 9 7 6 8
Company name in full	Flybe Limited
→ <b>Filling in this form</b> Please complete in typescript or in bold black capitals.	

2 Administrator's name	
Full forename(s)	Simon Jamie
Surname	Edel

3 Administrator's address	
Building name/number	Ernst & Young LLP
Street	1 More London Place
Post town	London
County/Region	London
Postcode	S E 1 2 A F
Country	United Kingdom

4 Administrator's name ①	
Full forename(s)	Alan Michael
Surname	Hudson
① <b>Other administrator</b> Use this section to tell us about another administrator.	

5 Administrator's address ②	
Building name/number	Ernst & Young LLP
Street	1 More London Place
Post town	London
County/Region	London
Postcode	S E 1 2 A F
Country	United Kingdom
② <b>Other administrator</b> Use this section to tell us about another administrator.	

# AM10

## Notice of administrator's progress report

### 6 Period of progress report

From date	<sup>d</sup> 0	<sup>d</sup> 5	<sup>m</sup> 0	<sup>m</sup> 9	<sup>y</sup> 2	<sup>y</sup> 0	<sup>y</sup> 2	<sup>y</sup> 0
To date	<sup>d</sup> 0	<sup>d</sup> 4	<sup>m</sup> 0	<sup>m</sup> 3	<sup>y</sup> 2	<sup>y</sup> 0	<sup>y</sup> 2	<sup>y</sup> 1

### 7 Progress report

I attach a copy of the progress report

### 8 Sign and date

Administrator's  
signature

Signature

X



X

Signature date

<sup>d</sup> 0	<sup>d</sup> 1	<sup>m</sup> 0	<sup>m</sup> 4	<sup>y</sup> 2	<sup>y</sup> 0	<sup>y</sup> 2	<sup>y</sup> 1
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# AM10

## Notice of administrator's progress report

### Presenter information

You do not have to give any contact information, but if you do it will help Companies House if there is a query on the form. The contact information you give will be visible to searchers of the public record.

Contact name Donna McNeill

Company name Ernst & Young LLP

Address 1 More London Place

Post town London

County/Region London

Postcode 

	S	E	1		2	A	F
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Country United Kingdom

DX

Telephone (0) 20 7951 2000

### Checklist

**We may return forms completed incorrectly or with information missing.**

**Please make sure you have remembered the following:**

- The company name and number match the information held on the public Register.
- You have attached the required documents.
- You have signed the form.

### Important information

**All information on this form will appear on the public record.**

### Where to send

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The Registrar of Companies, Companies House,  
Crown Way, Cardiff, Wales, CF14 3UZ.  
DX 33050 Cardiff.

### Further information

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# Continuation page

Name and address of insolvency practitioner

✓ **What this form is for**  
Use this continuation page to tell us about another insolvency practitioner where more than 2 are already jointly appointed. Attach this to the relevant form. ①  
Use extra copies to tell us of additional insolvency practitioners.

✗ **What this form is NOT for**  
You can't use this continuation page to tell us about an appointment, resignation, removal or vacation of office.

→ **Filling in this form**  
Please complete in typescript or in bold black capitals.  
All fields are mandatory unless specified or indicated by \*

## 1 Appointment type

Tick to show the nature of the appointment:

- Administrator
- Administrative receiver
- Receiver
- Manager
- Nominee
- Supervisor
- Liquidator
- Provisional liquidator

① You can use this continuation page with the following forms:  
- VAM1, VAM2, VAM3, VAM4, VAM6, VAM7  
- CVA1, CVA3, CVA4  
- AM02, AM03, AM04, AM05, AM06, AM07, AM08, AM09, AM10, AM12, AM13, AM14, AM19, AM20, AM21, AM22, AM23, AM24, AM25  
- REC1, REC2, REC3  
- LIQ02, LIQ03, LIQ05, LIQ13, LIQ14,  
- WU07, WU15  
- COM1, COM2, COM3, COM4  
- NDISC

## 2 Insolvency practitioner's name

Full forename(s)	Lucy
Surname	Winterborne

## 3 Insolvency practitioner's address

Building name/number	Ernst & Young LLP
Street	The Paragon 32 Counterslip
Post town	Bristol
County/Region	
Postcode	B S 1 6 B X
Country	United kingdom

# Continuation page

Name and address of insolvency practitioner

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- REC1, REC2, REC3  
- LIQ02, LIQ03, LIQ05, LIQ13, LIQ14,  
- WU07, WU15  
- COM1, COM2, COM3, COM4  
- NDISC

## 2 Insolvency practitioner's name

Full forename(s)	Joanne Honor
Surname	Robinson

## 3 Insolvency practitioner's address

Building name/number	Ernst & Young LLP
Street	1 More London Place
Post town	London
County/Region	London
Postcode	S E 1 2 A F
Country	United Kingdom

TO ALL KNOWN CREDITORS

1 April 2021

Ref: AH/JR/LW/SE/DM  
Switchboard: (0) 20 7951 2000  
Donna McNeill  
[Donna.McNeill@parthenon.ey.com](mailto:Donna.McNeill@parthenon.ey.com)

Dear Sirs

## **Flybe Limited (in Administration) (“the Company” or “Flybe”)**

### **High Court of Justice Business and Property Courts of England and Wales Insolvency and Companies List (ChD), Number CR-2020-001582**

We refer to the appointment of Alan Hudson, Simon Edel, Joanne Robinson and Lucy Winterborne as joint administrators (“Joint Administrators”) of the Company on 5 March 2020. The Joint Administrators, act as agents of the Company only and without personal liability. Under the terms of the appointment any act required or authorised to be done by the Joint Administrators can be done by any of them.

We write, in accordance with Rule 18.3 of the Insolvency (England and Wales) Rules 2016 (“the Rules”), to provide creditors with a report on the progress of the Administration. This report covers the period from 5 September 2020 to 4 March 2021 (“the Period”) and should be read in conjunction with the Joint Administrators’ Statement of Proposals (“the Proposals”) dated 29 April 2020, and the first progress report for the period 5 March 2020 to 4 September 2020 (“First Progress Report”), including the definitions contained therein.

Statutory information about the Company, the administration and the office holders is given at Appendix 1. A copy of the Proposals and the First Progress Report can be obtained at [https://www.ey.com/en\\_uk/ey-flybe-limited-administration](https://www.ey.com/en_uk/ey-flybe-limited-administration).

## **1. Summary of Progress**

### **1.1 Sale of business and assets**

As previously reported, since appointment the Joint Administrators have actively pursued a sale of the business and assets of the Company. This has resulted in the submission of a large volume of offers ranging from bids for the majority of the remaining Flybe business, to offers in respect of discrete assets of the Company.

This is notwithstanding that the COVID-19 pandemic and resulting impact on travel generally has resulted in considerable uncertainty surrounding the future of the airline industry, as well as potential bidders facing capital constraints and decreased appetite.

Set out below is a summary of the work undertaken to realise the Company’s assets during the Period:

- **Group business sale**

Following a broad marketing of the business, we entered into an exchange of contracts for the sale of the Flybe business and certain assets to Thyme Opco Limited on 19 October 2020. Completion of the transaction is subject to confidential conditions being met (“the Transaction”). The Transaction includes a transfer of slots as part of the sale of the Flybe business, company name, brand, intellectual property and certain stock and equipment, as well as the transfer of current staff and critical contracts.

Thyme Opco Limited will shortly before the anticipated date for completion be renamed “Flybe Limited” (“the Purchaser”) and in preparation for the Transaction completion, the Company has filed with the Registrar of Companies an application to be renamed “FBE Realisations 2021 Limited”. Because of current capacity limitations being experienced by the Registrar of Companies, the usual same-day change of name service is unavailable, but it is expected that the Company’s change of name will become effective shortly.

Nominal consideration will be payable upon completion with the prospect of deferred (or upside) consideration, which may be available to the Company and its creditors in due course. Conditions which would give rise to deferred consideration being paid to the Company are confidential but are linked to the future performance of the successor Flybe business. Creditors will be notified should any future deferred consideration become payable in respect of the Transaction.

It should be noted that, as a condition to the sale, with effect from 24 August 2020 the Flybe operational and administrative costs (including the Joint Administrators’ costs and legal costs) incurred in relation to the Transaction have been and continue to be funded by the Purchaser.

As set out in further detail below, certain other assets of the Company were excluded from the Transaction. Notably, cash, claims, engines, debtors, and certain other equipment and stock are excluded from the Transaction and remain assets of the Company which the Joint Administrators will continue to realise for the benefit of creditors.

- **Sale of Flybe Aviation Services Limited (“FAS”) shares**

As previously reported, on 2 June 2020, the Joint Administrators completed the sale of Flybe’s entire issued share capital in FAS for consideration of £4.54m. Additionally, tooling owned by FAS with a net book value of £334k was transferred to Flybe, bringing the total gross consideration arising from the FAS transaction to £4.9m.

As noted previously, the gross consideration was subject to a £0.5m deduction payable to Exeter Airport, the landlord of the leased property occupied by FAS, and a £1.125m retention amount was placed into escrow as conditional sale proceeds. The conditional sale proceeds were held subject to the final agreed balance of valid FAS creditor liabilities and the recovery of value by FAS from additional stock included as part of the FAS transaction.

We are pleased to confirm that this process has now concluded and that escrow funds in the sum of £1.125m were released in full to the Company on 11 February 2021. Accordingly, the final net recovery from the FAS transaction is £4.4m, exceeding the anticipated best case previously reported to creditors of £4.1m. The £4.54m cash element of the FAS transaction (i.e. excluding tooling of £334k) is reflected in the Receipts and Payments account at Appendix 2 as ‘Shares in FAS’.

## Engines and inventory

### ○ Engines

The Company's engines are subject to fixed charge security granted in favour of the Security Trustee for the benefit of the Senior Lenders, from which the Joint Administrators have sought to obtain value for the benefit of the estate, as follows:

#### CF-34 engine

On 4 December 2020, the Joint Administrators sold the Company's right, title and interest to the Company's second and remaining CF-34 engine for a gross consideration of USD 2.2m.

Due to the condition of the engine, it was agreed that USD 750k would be retained by the purchaser to fund the cost of repairing and reassembling the engine, and a further USD 75k would be paid to allow for its release. Following the identification of further damage by the purchaser, it was agreed that the estimated cost of USD 379k for the additional repairs would also be held in escrow pending completion of the work, at a cost of USD 3k in escrow fees.

We are pleased to report that following negotiation, we were able to reduce the extent of the additional repairs and they were completed at a cost of USD 128k, with the remaining balance of USD 251k being released from escrow for the benefit of the estate shortly after the end of the Period. Accordingly, the net return to the estate is USD 1.244m.

#### PW150 engines

As previously reported, Flybe holds title to nine PW150 engines. A third-party marketing agent has been appointed by the Joint Administrators in respect of the sale of the Company's right, title and interest in the nine PW150 engines. Whilst being marketed for sale, the engines have been placed into storage and maintenance to preserve their value.

Further, the Joint Administrators are in the process of establishing title in respect of a tenth PW150 engine. This is subject to ongoing discussions with a number of counterparties, including the Company's insurers. We currently anticipate that this engine would be subject to floating charge security in favour of the Security Trustee for the benefit of the Senior Lenders, if title can be established.

### ○ Inventory

At the date of appointment, the Company's inventory primarily consisted of equipment, spares, consumables and tooling with an estimated net book value of £6.5m. Inventory is subject to the floating security granted by the Company in favour of the Security Trustee for the Senior Lenders.

The sale of the Company's right, title and interest in and to, certain inventory and stock is now substantially complete, including the following:-

- (i) the sale of spares and parts which the Company had agreed prior to the Joint Administrators' appointment completed post-appointment for net realisations of USD 0.2m (£143k);
- (ii) a lot primarily consisting of surplus parts and some tooling which were not needed for either the Transaction or for any ongoing MRO requirements sold for net realisations of USD 641k (£458k);



- (iii) As detailed in the First Progress Report, in light of the competitive bids received for the assets identified as suitable to operate an MRO business, including inventory, tooling and consumables (“MRO Assets”), the MRO Assets were marketed for sale on a standalone basis to both MRO operators and other interested parties. On 21 September 2020, a transaction completed for the sale of the MRO Assets for total consideration of £700k plus VAT;

Under the terms of the sale of the MRO Assets, the purchaser was granted a licence to occupy certain areas of the Company’s premises at New Walker Hangar for an initial period of six months. Shortly after the Period, the licence to occupy was extended for a further six months, with the Joint Administrators retaining the option to terminate at short notice, if required;

- (iv) a lot primarily comprising aircraft parts, rotables, consumables and tools which had been excluded from the Transaction and other sales referenced in this report for total consideration of USD 1.25m (£893k);
- (v) miscellaneous spares and parts sales, consisting mainly of aircraft parts, consumables, a PW150 stand and IT equipment located at various third party repairers and the Company’s Exeter premises, which had been marketed for sale by specialist agents, resulting in net realisations of £64k and USD 42k (£30k) to date;
- (vi) equipment contained within the Company’s Training Academy, which had been sold alongside the freehold of the Training Academy property, for consideration of £100k;
- (vii) certain inventory and equipment included in the Transaction; and
- (viii) certain other inventory sold in the course of the maintenance activities undertaken during the administration, contributing to the net income achieved, as detailed in the First Progress Report.

A small amount of inventory remains, which is currently being marketed for sale by specialist agents on behalf of the Joint Administrators.

To support the sales process, we have engaged specialist agents with experience of selling regional aircraft parts. Notwithstanding the context of COVID-19 and its impact on the airline industry globally, our agents were able to generate significant demand and competitive tension in a very challenging market, conducting a full marketing process with global reach. Consequently, although recovery levels varied across the various tranches of inventory sold, they consistently exceeded initial expectations.

It should also be noted that the Company’s inventory included a material level of parts subject to retention of title (“ROT”) claims. Negotiations in respect of these claims have now all been concluded and payments made or inventory returned, where appropriate.

- ***Maintenance, repair and overhaul (“MRO”)***

As detailed in the First Progress Report, the Company’s 65 leased aircraft have been returned to their respective financiers or lessors. Movements in the Period, consisting of MRO escrow releases and residual income, have brought the total income for fleet maintenance to £10.9m. This relates to the line maintenance, heavy maintenance, return to service and Continuing Airworthiness Management Organisation undertaken during the administration.

- ***Sale of Training Academy***

On 10 November 2020, the Joint Administrators completed the sale of the Company's right, title and interest in and to the Training Academy freehold property to Devon County Council. Total consideration of £3.625m was apportioned £3.525m to the freehold property, and £100k to certain machinery and business assets.

The freehold property was subject to a fixed charge in favour of the Company's pension scheme trustee, BRAL; the sale of machinery and business assets constitutes a floating charge realisation for the Security Trustee for the benefit of the Senior Lenders.

In the Period, net proceeds of £3.1m has been paid to BRAL under their fixed charge security over the Training Academy.

- ***Sale of carbon credit allowances***

On 9 February 2021, the Joint Administrators completed an arm's length sale of the Company's right, title and interest in an additional allocation of 818 European Union Aviation Allowances and 424 Swiss Aviation Allowances ("Carbon Credit Allowances") for total consideration of €39k.

The Carbon Credit Allowances are secured by way of the floating charge granted by the Company under first ranking debentures dated 21 February 2019 and 15 January 2020 granted by the Company to the Security Trustee for the benefit of the Senior Lenders.

The Environment Agency has confirmed that the Company will have no further entitlement to Carbon Credit Allowances from 2019, 2020 or for 2021.

- ***Landing slots***

As referenced in the 'Group business sale' section of this report, the Company's right, title and interest in the landing slots held at various airports in the UK and Europe were included in the Transaction.

There were no other willing third parties interested in acquiring the business and assets of the Company (including the landing slots).

## **1.2 Cash at bank, credit card acquirers and debtors**

- ***Cash at bank***

As previously reported, upon appointment, the Joint Administrators immediately secured cash equivalent to £5.3m from Barclays Bank PLC ("Barclays"). Since the First Progress Report, we have maintained a dialogue with Barclays, monitoring the level of bonds, guarantees and indemnities ("BGIs") and their risk exposure to assess if further amounts can be released to the Company.

In the Period, £1.5m has been released for the benefit of creditors taking cash at bank recovery to £6.8m. This was the final recovery of the Company's cash at bank as at the date of appointment. The Company's Barclays account is now closed.

- **Credit card acquirers**

At the date of the administration, various credit card providers held Flybe cash totalling £58.6m. The level of recoveries from credit card providers is dependent on the level of exposure for each provider and the level of eligible chargebacks paid out during the period of the administration. The level of chargebacks is being closely monitored by the Joint Administrators and there are ongoing discussions with the credit card providers to assess the level of releases back to the Company. In the Period, we have negotiated the release of a further £3.5m, bringing total recoveries to approximately £6.6m. We continue to work to recover the balance of funds.

- **Potential class action claim**

The Joint Administrators have been approached by several parties concerning the prospect of enrolling the Company in litigation to recover unlawfully levied Multilateral Interchange Fees (“MIFs”). Litigation can take the form of a class action or a standalone basis. To date, the Joint Administrators have been approached by several law firms seeking to represent the Company in this matter. Based on initial discussions, there is a strong case for significant recoveries to be received by the Security Trustee as a floating charge realisation for the benefit of the Senior Lenders, however, the value is subject to formal quantification. Any action is likely to take some years to conclude; the intention is to enrol the Company in litigation on a fully funded basis to ensure floating charged assets are not eroded. There are currently discussions with a number of third party litigation funds in this regard and we shall update in our next report.

- **Trade debtors**

At the time of the Joint Administrators’ appointment, the Company had trade debtors with a total book value of £23.3m, comprising general trade debtors, IATA receivables (including BSP travel agents) and insurance reclaims. In the Period, a further £2.1m has been recovered, bringing total recoveries to approximately £3.7m.

As previously reported, the Company’s largest debtor is Virgin Atlantic Airways Limited (“VAA”) with a value of £14.8m on the Company’s debtor’s ledger as at the date of appointment. On 4 September 2020, VAA’s restructuring plan was approved by the High Court, resulting in a 20% reduction to Flybe’s claim based on VAA’s assessment of £9.1m (rather than the £14.8m per the Company’s books and records); the difference relating to the accounting treatment of certain costs arising under the relevant arrangements.

Following the sanction of the VAA restructuring plan, we have in the relevant Period received the first two instalments of approximately £1.6m with an aggregate of £5.8m remaining to be paid in seven further quarterly instalments. Since the Period, a third instalment of £828k has been received which leaves a remaining balance of £5.0m to be received in six quarterly instalments.

We are continuing to pursue other outstanding debtor balances owing as at the date of appointment which include amounts owing from IATA, 162 travel agents and 42 trade debtors, with the estimated aggregate amount remaining to collect being estimated at £2.0m. We have engaged a specialist debt collector agency to recover certain of these balances; resulting in £1.1m of the debtor book being recovered to date. We estimate that further recoveries will potentially require legal action to pursue recovery. The pace of debtor recoveries has been severely impacted by the various COVID-19 relief measures (currently in place until June 2021), which are likely to be further extended. VAT bad debt relief is also being considered, where applicable. Further time is therefore required for the Joint Administrators to work out the remaining debtor book and to maximise the recovery for the Company’s Senior Lenders.

### **1.3 Civil Aviation Authority (“CAA”) and the Company’s Operating Licence**

As previously reported, following the Company’s entry into administration the CAA’s Consumer and Markets Group (“CMG”) wrote to the Joint Administrators with its proposal to suspend or revoke the Company’s Operating Licence (“OL”) and its related route licences. Whilst it was the CAA’s decision to revoke the OL, a revocation and appeals process commenced which led to the Joint Administrators submitting an appeal of that decision to the Secretary of State for Transport, the Rt Honourable Grant Schapps MP (“the Secretary of State”). However, as creditors will recall from the First Progress Report, during the course of that appeal process, the relevant EU legislation changed and, on 9 July 2020, the CAA withdrew its decision to revoke the Company’s OL.

In January 2021, despite the Transaction exchange, the CAA’s CMG re-commenced steps to revoke the Company’s OL and route licences. We wrote to the CAA stating that the revocation of the OL was not appropriate and would undermine the Transaction, since the ability to transact in respect of the landing slots is subject to the Company holding a valid OL. A CAA panel hearing in respect of this revocation proposal took place and the CAA panel subsequently decided on 9 March 2021 to revoke the Company’s OL (“the 2021 CAA Decision”). The CAA decision has no effect if the Company appeals the decision to the Secretary of State.

In response to the 2021 CAA Decision, on 23 March 2021, the Joint Administrators appealed to the Secretary of State to direct the CAA to reverse the 2021 CAA Decision, or vary it to simply suspend the Company’s OL, on the basis that we disagreed with the reasons for the revocation decision set out by the CAA and CMG.

Whilst the appeals process is ongoing, the Company’s OL remains valid.

### **1.4 VAT**

The Company remains in a VAT group with its parent, Connect Airways Limited.

In the Period, a total of £2.9m in VAT claims have been submitted to HMRC, of which £1.7m has been received. The balance of £1.2m is expected to be fully recovered, however a proportion of this sum is due to the Purchaser, to the extent it relates to payments funded by them as part of the Transaction.

## **2. Extension to the Initial Period of Appointment**

On 2 March 2021, the Court granted an order to extend the administration of the Company and the term of office of its Joint Administrators by a period of three years until 2:30 a.m. on 5 March 2024, pursuant to paragraph 76(2)(a) of Schedule B1 to the Insolvency Act 1986.

The reasons for seeking the extension were to allow the Joint Administrators sufficient time to conclude their work, with the objective of achieving the best possible realisation of the Company’s business and assets for the Company’s creditors as a whole.

The key work remaining is summarised in the ‘Future conduct of the administration’ section of this report.

### **3. Receipts and Payments Account**

A summary of our receipts and payments for the Period from 5 September 2020 to 4 March 2021 is attached at Appendix 2. It does not reflect estimated future realisations or costs.

### **4. Investigations**

The Joint Administrators have concluded their investigations and made their confidential submission on the conduct of all persons who were directors, shadow directors or de-facto directors of the Company during the three-year period preceding the Administration to the Insolvency Service, in accordance with the Company Directors Disqualification Act 1986. We have also carried out the work required by Statement of Insolvency Practice Number 2 (Investigations by Office Holders) ("SIP 2").

We are not carrying out any further SIP 2 investigations and no specific investigations or actions have been requested by creditors. However, in the six-month period to 4 March 2021, we have continued to assist and facilitate enquiries from the Insolvency Service as well as take actions to preserve records and data relevant to the Company in administration.

### **5. Joint Administrators' remuneration and expenses**

#### **5.1 Joint Administrators' remuneration**

The statutory provisions relating to remuneration are set out in 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 me.

In certain circumstances, creditors are entitled to request further information about our remuneration or expenses, or to apply to court if they consider the costs to be excessive (Rules 18.9 and 18.34 of the Insolvency (England and Wales) Rules 2016). Further information is provided in 'A Creditors' Guide to Administrators' Fees' referred to above.

On 3 September 2020, the Joint Administrators' remuneration was fixed on the basis of time properly given by them and their staff in dealing with matters arising by resolution of the creditors' committee. As previously reported, a creditors' committee was formed at the request of creditors. The creditors' committee comprises two former employees of the Company and the pension trustees, BRAL Trustees.

In the Period, remuneration of £2,867,073 plus VAT has been charged in respect of the administration. In the Period, fees of £9,027,881 plus VAT, together with pre-administration fees of £64,348 plus VAT were drawn, with approval from the creditors' committee.

As referenced earlier in this report, the Joint Administrators' fees are being funded by the Purchaser, to extent that they are incurred in relation to the Transaction. For reasons of confidentiality, we are unable to disclose the amount of funding received by the Joint Administrators in respect of their fees, or in respect of any other professional or legal fees, which are also being met by the Purchaser either directly or indirectly. Since these costs are not being borne by the Company's estate, there is no incremental cost to the administration and therefore no requirement to disclose them to comply with Statement of Insolvency Practice 9.

An analysis of the time spent, a narrative explanation, and a comparison with the fee estimate dated 29 April 2020 is attached as Appendix 4 to this report.

Our remuneration has exceeded the fee estimate initially provided to creditors. The primary reasons for this are: -

- At the time of preparing the original fee estimate, it was unclear how long our discussions with respect to the sale of the Flybe group business would take. Creditors will recall that these discussions have been protracted due to the number of interested parties involved and the volume of vendor and buyer due diligence required to support this interest. However, as referenced earlier in this report, with effect from 24 August 2020, the operational and administrative costs (including the Joint Administrators' costs and legal costs) incurred in relation to the Transaction have been fully funded by the Purchaser to mitigate the cost burden on the estate.
- Throughout the Flybe group business sale discussions, the Joint Administrators carefully considered the pros and cons of these discussions (and likelihood of success) and whether continuing would be in the best interests of the creditors. Importantly, the Joint Administrators have also consulted the Senior Lenders with respect to the protracted sale discussions given that:-
  - The Senior Lenders, through the Security Trustee, hold the primary economic interest in the Administration outcome given their fixed and floating charges over the majority of the Company's assets; and
  - The professional and operational costs associated with these extended sale discussions will ultimately be met by them (i.e. from the realisation of their charged assets).
- Whilst the group business sale has been pursued, the process to realise value from the Company's PW150 engines has been prolonged due to the ongoing impact of COVID-19, which has continued to suppress market appetite for the Company's remaining assets. As referenced earlier in this report, due to the current market conditions, the Joint Administrators intend to maintain and store the engines whilst the market recovers.
- Complexities arising from sold engines has also required extended negotiations to realise value for the estate, whilst the sale of the Company's inventory has been truncated due to the ongoing COVID-19 restrictions in place.
- Further, as set out in the trade debtors section of this report, the pace of debtor recoveries has been adversely impacted by the various COVID-19 relief measures.

We will not draw remuneration in excess of the fee estimate provided with the Proposals without requisite creditor approval.

The request for approval will specify all of the following: -

- the reasons why the office-holder has exceeded, or is likely to exceed, the fees estimate;
- the additional work the office-holder has undertaken or proposes to undertake;
- the hourly rate or rates the office-holder proposes to charge for each part of that additional work;

- the time that additional work has taken, or the office-holder expects that work will take;
- whether the office-holder anticipates that it will be necessary to seek further approval; and
- the reasons it will be necessary to seek further approval.

## **5.2 Joint Administrators' statement of expenses incurred**

In the Period, expenses totalling £2,079,395 plus VAT have been incurred; expenses to date total £15,968,172 plus VAT. These expenses represent operating expenses incurred by the Company (but not the Joint Administrators' remuneration) and include, but are not limited to legal costs, employee costs, rent and rates, and insurance. This exceeds the initial estimate, provided to creditors at the time of the proposals of £11,923,951. The increase reflects the extended process to achieve a sale of the group business and other asset sales, as detailed in the preceding Joint Administrators' remuneration section of this report.

Accordingly, an updated estimate of expenses, together with an analysis of the expenses incurred in the Period, and cumulatively for the Administration is provided at Appendix 3 to this report.

As referenced in the Joint Administrators' remuneration section of this report, the expenses of the administration are being funded by the Purchaser, to extent that they are incurred in relation to the Transaction since 24 August 2020. For reasons of confidentiality, we are unable to disclose the amount of funding received by the Joint Administrators in respect of such costs. However, since these costs are not being borne by the Company's estate, there is no incremental cost to the administration and therefore no requirement to disclose them to comply with Statement of Insolvency Practice 9.

## **6. Distributions to creditors**

### **6.1 Secured Creditors**

In our previous report to creditors, we provided a detailed narrative of the secured creditor claims against the Company. In summary, our current understanding is as follows: -

- the outstanding secured creditor debt due to the Senior Lenders is estimated at £136.2m. Security granted by the Company in favour of the Security Trustee for the benefit of the Senior Lenders was registered at Companies House;
- aircraft and engines subject to £127.3m in fleet / aircraft mortgages secured against specific aircraft and engines have been returned to the Company's fleet financiers and lessors; these parties do not hold any security over the Company's residual assets (aside from minor insurance claims);
- Lloyds Bank PLC (trading as Cardnet) currently has security over cash collateral accounts totalling £11,503,585 against an exposure of £11,636,901. In the Period, Cardnet has released £897k to the Company and there are further discussions to fully understand their latest exposure position (taking into account various chargeback claims) in order to negotiate further releases to the Company. In relation to AIB Merchant Services ("AIBMS"), the latest communication from them is that Board approval is required prior to the release of any funds. This Board meeting has been delayed to 25 March 2021. A further update will be provided in the next report as to the outcome of this Board decision.

Ultimately, legal action may be required in order to recover further funds from credit card providers. We will only take such action and pursue acquirers where we are advised that the action will result in an upside to the administration.

AMEX and PayPal have released a further £1.9m and £855k respectively in the Period. Both of these acquirers will shortly advising final amounts to be released to the Company prior to closing out their position. This will be subject to final refund and chargeback claims;

- the Training Academy freehold property was subject to a fixed charge in favour of BRAL Trustees. As referenced earlier in this report, the property was sold for £3.525m in the Period, with net realisations of £3.1m being paid to BRAL Trustees in respect of their security; and
- as previously reported, a significant number of charges remain registered at Companies House, a large proportion of which are historic. The Joint Administrators have undertaken work to establish the correct status of these charges, however no further steps are proposed to clarify the position at this time.

In the Period, payments totalling £6.6m have been paid to secured charge holders. Of this: -

- £3.5m has been paid to the Security Trustee for the benefit of the Senior Lenders (£2m from fixed charged realisations and £1.5m from floating charged realisations); and
- £3.1m has been paid to BRAL Trustees under their fixed charge security over the Training Academy.

## 6.2 Preferential Creditors

The current estimate of preferential creditors is approximately £3,200,000 in respect of claims for employees' salaries, holiday pay and pension contributions.

Preferential creditors' claims can only be fully adjudicated once judgments in respect of all the protective award cases have been issued and payments made by the Redundancy Payments Service. As such, we currently estimate that preferential dividends will be paid in full towards the end of this year.

## 6.3 Non-preferential Creditors

Since the last progress report, the Joint Administrators have continued to receive claims from the Company's creditors, most notably, substantial claims from financiers and lessors. We now consider that the total non-preferential unsecured claims will be between £600m - £650m, this includes accruals and provisions in the directors' statement of affairs. It is possible that this figure will be materially higher once all claims have been received and an adjudication process is complete

We note that currently, the five largest claims are:-

BRAL Trustees	£96,500,000
NAC Aviation*	£90,578,757
Norddeutsche Landesbank Girozentrale	£82,930,860
Environment Agency	£51,885,049
GE Engine Service LLC	£17,126,790

\* aggregate value of claims received from NAC Aviation 2 Limited, NAC Aviation 19 Limited, and NAC Aviation 23 Limited



- **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.

At the time of the Proposals, it was noted that the Joint Administrators intended 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 benefit of doing so. This was based on the large number (c.900,000) of claims, now understood to be worth in the region of £600m - £650m, sharing a maximum prescribed part of £600,000.

## **7. End of the Administration**

As referenced in section 2 of this report, the Joint Administrators made an application to Court to seek an extension to the period of the administration, beyond the statutory period of one year.

On 2 March 2021, the Court granted an order to extend the administration of the Company and the term of office of its Joint Administrators by a period of three years until 2:30 a.m. on 5 March 2024, pursuant to paragraph 76(2)(a) of Schedule B1 to the Insolvency Act 1986.

## **8. Future conduct of the Administration**

The Joint Administrators will continue to deal with the Administration in line with the stated objective. Future tasks will include, but are not limited to, the following:

- (i) maintaining and selling the Company's remaining engines and inventory through our appointed agents;
- (ii) liaising with debtors in relation to the outstanding amounts owing to the Company and collecting in the same, and progressing other routes of recovery for the benefit of creditors;
- (iii) considering the merits of joining the potential class action claim in respect of MIFs and assisting with pursuit of this claim (if ultimately joined);
- (iv) assisting redundant employees with any claims against the Redundancy Payments Office or the Company, and dealing with protective award claims and subsequent payments by the Redundancy Payment Service (which will impact and potentially create further preferential creditor claims for employees);
- (v) dealing with landlords regarding retained leasehold premises and suppliers;
- (vi) calculating the Corporation Tax and VAT positions of the Company, for periods to the appointment and during the administration. Obtaining final clearances;
- (vii) making distributions to the secured and preferential creditors (as applicable);
- (viii) making distributions to the unsecured creditors under the prescribed part or otherwise (as applicable) and dealing with their enquiries; and

- (ix) dealing with the statutory requirements of the Company's administration, including reporting to creditors as necessary; and finalising the administration including the payment of all administration liabilities.


## 9. Other matters

If there are any matters concerning the Company's affairs which with you consider may require investigation, and consequently should be brought to our attention, please forward the details to me in writing as soon as possible.

## 10. Next report

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

Yours faithfully  
For and on behalf of the Company



S J Edel  
Joint Administrator

Alan Hudson, Simon Edel, Joanne Robinson and Lucy Winterborne are licensed in the United Kingdom to act as an Insolvency Practitioner by The Insolvency Practitioners Association.

The affairs, business and property of the Company are being managed by the Joint Administrators, Alan Hudson, Simon Edel, Joanne Robinson and Lucy Winterborne who act as agents of the Company only and without personal liability.

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

## Appendix 1

### Flybe Limited (in Administration)

#### Information about the proceedings, the company and the office holders, as required by Rule 18.3(1) of the Insolvency (England and Wales) Rules 2016

Name of court:	High Court of Justice Business and Property Courts of England and Wales, Insolvency and Companies List
Court reference:	CR-2020-001582
Registered name of the company:	Flybe Limited
Registered office address of the company:	1 More London Place, London, SE1 2AF
Registered number:	2769768
Country of incorporation (for a company incorporated outside the United Kingdom):	N/A
Date of appointment of the joint administrators:	5 March 2020
Details of any changes of administrator:	None
Full names of the administrators:	Alan Michael Hudson, Simon Jamie Edel, Joanne Honor Robinson and Lucy Winterborne
Office holder number(s):	9200, 9810, 19890 and 21130
Administrators' address(es):	
Alan Hudson	Simon Edel
Ernst & Young LLP	Ernst & Young LLP
1 More London Place,	1 More London Place,
London, SE1 2AF	London, SE1 2AF
Joanne Robinson	Lucy Winterborne
Ernst & Young LLP	Ernst & Young LLP
1 More London Place,	The Paragon,
London, SE1 2AF	32 Counterslip, Bristol, BS1 6BX
Telephone number:	(0) 20 7951 2000
Name of alternative person to contact with enquiries about the case:	Donna McNeill

## Flybe Limited (in Administration)

## Joint Administrators' Summary of Receipts and Payments from 5 March 2020 to 4 March 2021

	Directors' Statement of Affairs - Estimated to Realise	GBP Equivalent	GBP			EUR			USD		
			Position as at 4 September 2020	Movement in Period	Position as at 4 March 2021	Position as at 4 September 2020	Movement in Period	Position as at 4 March 2021	Position as at 04-Sep-20	Movement in Period	Position as at 04-Mar-21
<b>RECEIPTS</b>											
<u>Fixed Charge</u>											
Property (Training Academy)	3,500,000	3,525,000	-	3,525,000	3,525,000	-	-	-	-	-	-
Shares in FAS	<i>Uncertain</i>	4,540,385	3,415,385	1,125,000	4,540,385	-	-	-	-	-	-
Leased Engines	85,462,700	-	-	-	-	-	-	-	-	-	-
Mortgaged Engines	17,144,100	2,424,786	-	2,500	2,500	-	-	-	2,400,000	996,015	3,396,015
		10,490,170	3,415,385	4,647,500	8,062,885	-	-	-	2,400,000	996,015	3,396,015
<u>Floating Charge</u>											
Cash at Bank (unrestricted)	6,437,608	6,790,954	4,476,459	1,490,887	5,967,346	627,321	573	627,894	396,291	6	396,297
Third Party Funding (excluding Transaction funding)	-	255,900	242,839	13,061	255,900	-	-	-	-	-	-
Derivatives	580,000	580,000	580,000	-	580,000	-	-	-	-	-	-
Card receipts	4,005,755	6,631,855	3,017,647	2,811,685	5,829,332	-	932,337	932,337	-	236	236
Petty Cash	-	23,340	14,931	-	14,931	9,771	-	9,771	-	-	-
Fleet Maintenance	-	10,851,608	9,832,978	695,114	10,528,092	344,712	-	344,712	37,583	-	37,583
Trade Debtors	12,863,838	3,678,069	1,432,261	2,070,573	3,502,834	107,083	639	107,722	115,470	-	115,470
Other Debtors	-	189,883	157,341	16,888	174,229	-	18,190	18,190	-	-	-
Insurance rebates	2,500,000	541,239	30,713	118,565	149,278	-	40,505	40,505	493,837	5,786	499,623
Refund of pre-payment (Note 2)	-	6,183	6,122	61	6,183	-	-	-	-	-	-
Bank Interest	-	17,011	16,136	875	17,011	-	-	-	-	-	-
Chattel sales	-	1,600	1,600	-	1,600	-	-	-	-	-	-
Airport Slots	<i>Uncertain</i>	-	-	-	-	-	-	-	-	-	-
Spares and Parts	<i>Uncertain</i>	2,388,836	-	864,209	864,209	-	-	-	199,982	1,933,123	2,133,105
Carbon Credits	7,253,792	7,082,099	-	39,482	39,482	8,183,521	-	8,183,521	-	-	-
<u>Cash at Bank (restricted) Cash Collateral held by:</u>											
Fixed Assets - Software	<i>Uncertain</i>	-	-	-	-	-	-	-	-	-	-
Fixed Assets - Plant and Equipment	50,000	-	-	-	-	-	-	-	-	-	-
Intercompany Debtors	<i>Uncertain</i>	-	-	-	-	-	-	-	-	-	-
Other Receivables	<i>Uncertain</i>	-	-	-	-	-	-	-	-	-	-
<b>RECEIPTS TOTAL</b>		<b>49,528,747</b>	<b>23,224,412</b>	<b>12,768,899</b>	<b>35,993,311</b>	<b>9,272,408</b>	<b>992,244</b>	<b>10,264,652</b>	<b>3,643,163</b>	<b>2,935,165</b>	<b>6,578,328</b>

## Flybe Limited (in Administration)

## Joint Administrators' Summary of Receipts and Payments from 5 March 2020 to 4 March 2021

PAYMENTS	Directors' Statement of Affairs - Estimated to Realise	GBP Equivalent	GBP			EUR			USD		
			Position as at 4 September 2020	Movement in Period	Position as at 4 March 2021	Position as at 4 September 2020	Movement in Period	Position as at 4 March 2021	Position as at 04-Sep-20	Movement in Period	Position as at 04-Mar-21
Wages		5,377,824	5,205,032	172,792	5,377,824	-	-	-	-	-	-
Legal Fees		3,812,728	2,576,831	1,234,381	3,811,212	-	1,762	1,762	-	-	-
Rent and Rates		1,558,949	1,555,084	3,865	1,558,949	-	-	-	-	-	-
Facilities Management and Security		293,950	238,503	55,447	293,950	-	-	-	-	-	-
Testing and Maintenance		193,442	179,042	13,608	192,650	-	-	-	1,108	-	1,108
Transportation		134,333	134,333	-	134,333	-	-	-	-	-	-
Equipment Leasing		63,626	63,626	-	63,626	-	-	-	-	-	-
IT & Finance Systems		822,225	594,267	181,263	775,530	29,580	24,680	54,260	-	-	-
Agents		571,755	212,322	359,426	571,748	-	-	-	-	10	10
Regulatory and License Payments		28,725	28,725	-	28,725	-	-	-	-	-	-
Interest Charges		2,212	-	-	-	1,713	856	2,570	-	-	-
Bank Charges		3,149	1,841	1,061	2,902	44	149	194	52	60	112
Employee Expenses		54,830	50,171	4,659	54,830	-	-	-	-	-	-
Sundry Expenses		188	170	18	188	-	-	-	-	-	-
Customs Duty		103,023	26,259	76,764	103,023	-	-	-	-	-	-
Insurance payments		244,609	339,735	(95,126)	244,609	-	-	-	-	-	-
Intercompany Loan (FAS) (Note 3)		-	-	-	-	-	-	-	-	-	-
Joint Administrators' pre-appointment fees		64,348	-	64,348	64,348	-	-	-	-	-	-
Joint Administrators' fees		9,027,881	-	9,027,881	9,027,881	-	-	-	-	-	-
Administrator's Expenses		30,965	-	30,965	30,965	-	-	-	-	-	-
<b>PAYMENTS TOTAL</b>		<b>22,388,761</b>	<b>11,205,941</b>	<b>11,131,350</b>	<b>22,337,292</b>	<b>31,338</b>	<b>27,447</b>	<b>58,785</b>	<b>1,161</b>	<b>70</b>	<b>1,230</b>
Intracompany Transfers											
Receipts		13,103,994	10,464,065	2,639,929	13,103,994	-	-	-	-	-	-
Payments		12,468,237	-	-	-	9,163,521	946,820	10,110,341	2,375,456	2,895,551	5,271,007
Payment to Senior Lenders		3,500,000	-	3,500,000	3,500,000	-	-	-	-	-	-
Payment to BRAL in respect of sale of the Training Academy		3,089,735	-	3,089,735	3,089,735	-	-	-	-	-	-
<b>NET RECEIPTS/PAYMENTS TOTAL</b>		<b>21,186,009</b>	<b>22,482,536</b>	<b>(2,312,257)</b>	<b>20,170,278</b>	<b>77,549</b>	<b>17,977</b>	<b>95,526</b>	<b>1,266,546</b>	<b>39,545</b>	<b>1,306,091</b>
Net Input/(Output) VAT		1,223,132	769,922	482,988	1,252,910	-	-	-	(40,000)	(1,662)	(41,662)
Cash at Bank		20,124,986	22,598,472	(3,516,993)	19,081,479	107,129	17,977	125,106	1,268,130	41,207	1,309,337
<u>Accruals:</u>		-	-	-	-	-	-	-	-	-	-
Pension Control Account	-	30,871	-	(30,871)	(30,871)	-	-	-	-	-	-
Payroll Deductions Control Account	-	40	-	40	40	-	-	-	-	-	-
Trade Creditors	-	469,024	(751,054)	308,279	(442,776)	(29,580)	-	(29,580)	(1,108)	0	(1,108)
PAYE/NIC Control Account	-	171,367	-	(171,367)	(171,367)	-	-	-	-	-	-
MRO Control Account (Note 4)	-	513,463	(134,775)	619,988	485,213	-	-	-	39,525	-	39,525
FAS Control Account	-	4,350	(30)	(4,320)	(4,350)	-	-	-	-	-	-
<b>REPRESENTED BY TOTAL</b>		<b>21,186,009</b>	<b>22,482,536</b>	<b>(2,312,257)</b>	<b>20,170,279</b>	<b>77,549</b>	<b>17,977</b>	<b>95,526</b>	<b>1,266,546</b>	<b>39,545</b>	<b>1,306,091</b>

**Flybe Limited (in Administration)**

**Joint Administrators' Summary of Receipts and Payments from 5 March 2020 to 4 March 2021**

**NOTES**

1. Currency conversion rates being applied to the Consolidated R&P to provide an indicative view of the GBP equivalent figures are based on Bank of England rates as at 4 March 2021. USD 1.3991 and EUR 1.1620
2. This is the net balance returned to the Administrators by BCLP from funds held on trust after deducting their pre-administration cost as detailed in the Proposals dated 29 April 2020.
3. FAS Intercompany Loan has been settled in full following the sale of the Company's shares in FAS on 2 June 2020.
4. Funds held separately on account by the Company, which will be drawn down as MRO work is undertaken, or otherwise returned.
5. Receipts and payments are stated net of VAT.
6. Receipts and payments are shown net of Transaction funding; due to timing differences, costs incurred in the Period will be subject to final adjustments following completion.

## Flybe Limited (in Administration)

### Summary of Joint Administrators' expenses incurred

Type of Expense	Per Estimate Dated 29 April 2020	Incurred from 5 March 2020 to 4 September 2020	Incurred from 5 September 2020 to 4 March 2021	Total incurred to 4 March 2021	Estimate to Complete
<b>Payments made from the estate which are not disbursements (see notes 1 and 2 at the end of this table)</b>					
Employee Costs	5,424,629	5,662,557	205,079	5,867,636	5,676
Legal Fees	3,640,286	4,465,378	354,817	4,820,196	1,321,596
IT & Finance Systems	1,090,100	1,082,598	375,684	1,458,282	-
Rent and rates	754,864	1,119,357	9,107	1,128,465	199,066
Insurance	517,737	352,349	(97,186)	255,162	403,304
Facilities Management and Security	144,477	303,638	69,403	373,041	11,310
Test and maintenance	124,919	232,575	(22,013)	210,562	-
Agent Fees	89,232	285,014	1,020,860	1,305,874	229,193
Transportation Costs	54,993	158,321	21,492	179,813	-
Equipment lease payment	30,090	105,733	(5,993)	99,740	-
Regulatory and License Payments	11,739	31,491	26,368	57,859	-
Bank Charges	2,500	1,920	15,091	17,011	-
Interest Charges	1,000	1,530	681	2,212	-
Sundry expenses	1,000	1,416	284	1,700	-
Public Notices	625	-	-	-	-
Customs Duty	500	41,405	103,917	145,322	-
Category 1 and Category 2 disbursements	35,261	43,495	1,803	45,298	9,006
<b>Total</b>	<b>11,923,952</b>	<b>13,888,777</b>	<b>2,079,395</b>	<b>15,968,172</b>	<b>2,179,150</b>
	Per Estimate Dated 29 April 2020	Incurred from 5 March 2020 to 4 September 2020	Incurred from 5 September 2020 to 4 March 2021	Total incurred to 4 March 2021	Estimate to Complete
<b>Category 1 disbursements (see Note 2)</b>					
Travel	21,466	19,154	181	19,335	2,853
Accommodation	9,286	12,346	963	13,309	1,598
Specific penalty bond	1,280	1,280	-	1,280	200
Office supplies	1,055	1,060	322	1,383	2,565
Parking	551	490	-	490	100
Postage, photocopying and printing	123	3,785	66	3,851	-
<b>Category 2 disbursements (note 2)</b>	-	-	-	-	-
Mileage	1,500	2,230	-	2,230	388
Telephone	-	364	53	416	-
Internal bulk copying, printing and postage	-	2,786	218	3,004	1,302
<b>Total</b>	<b>35,261</b>	<b>43,495</b>	<b>1,803</b>	<b>45,298</b>	<b>9,006</b>

#### Notes

1 Statement of Insolvency Practice 9 (SIP 9) defines expenses as amounts properly payable from the insolvency estate which are not otherwise categorised as office holders' remuneration or distributions to creditors.

2 SIP 9 defines disbursements as a type of expense which is met by, and reimbursed to, an office holder in connection with an insolvency appointment. Disbursements fall into two categories: Category 1 and Category 2.

- Category 1 disbursements are payments to independent third parties where there is specific expenditure directly referable to the appointment
- Category 2 disbursements are expenses which are directly referable to the appointment but not a payment to an independent third party. They may include shared and allocated costs.

3 Expenses are shown net of Transaction funding; due to timing differences, costs incurred in the Period will be subject to final adjustments following completion.

4 Certain Category 1 and 2 disbursements have been adjusted to more accurately reflect the nature of the cost incurred.

## Flybe Limited (In Administration)

Joint Administrators' time costs for the period from 5 September 2020 to 4 March 2021 and a comparison with the fee estimate dated 29 April 2020

	Estimated Hours as of 29 April 2020	Estimated fee as of 29 April 2020	Estimated Average Hourly Rate £/h	Actual to 4 September 2020 (Hours)	Actual to 4 September 2020 (£)	From 5 September 2020 to 4 March 2021 (Hours)	From 5 September 2020 to 4 March 2021 (£)	Cumulative to 4 March 2021 (Hours)	Cumulative to 4 March 2021 (£)	Actual Average Hourly Rate £/h
Sale of Business, Other Assets and Airport Slots	4,676	3,903,806	835	7,453	4,562,808	1,030	355,761	8,483	4,918,569	580
Fleet, Engines & Equipment	2,576	1,788,195	694	3,629	1,430,804	502	441,076	4,131	1,871,880	453
Trading, Cashflow and Funding (including Debtor & Cash Realisations)	2,397	1,498,558	625	4,210	1,632,617	2,601	895,709	6,811	2,528,326	371
Creditors, Critical Suppliers and Property	3,229	1,800,788	558	2,812	822,072	1,224	253,853	4,036	1,075,925	267
Communications, Customers & Employees	3,893	1,731,527	445	3,765	1,266,489	541	214,098	4,306	1,480,587	344
Accounting & Administration	347	157,412	454	1,122	340,472	234	83,601	1,356	424,073	313
Bank & Statutory Reporting	218	176,301	809	382	224,081	266	143,944	648	368,025	568
Job Acceptance and Strategy	674	428,159	635	1,018	487,150	263	131,651	1,281	618,801	483
Immediate Tasks & Day 1	872	491,124	563	752	339,511	-	-	752	339,511	452
VAT & Taxation	297	264,451	890	690	505,927	475	195,197	1,165	701,124	602
Regulatory	99	100,743	1,018	148	118,197	12	7,473	160	125,670	786
Investigations	535	251,858	471	1,105	397,023	385	144,711	1,490	541,734	364
<b>Total (excluding costs incurred in relation to the Transaction)</b>	<b>19,813</b>	<b>12,592,922</b>	<b>636</b>	<b>27,085</b>	<b>12,127,151</b>	<b>7,532</b>	<b>2,867,073</b>	<b>34,618</b>	<b>14,994,224</b>	<b>433</b>
								Fees paid to date £	-	<u>9,027,881</u>
								Residual £		<u>5,966,343</u>



## Flybe Limited (In Administration)

**Joint Administrators' time costs for the period from 5 September 2020 to 4 March 2021 and a comparison with the fee estimate dated 29 April 2020**

Type of work	Description of work completed / to be completed
Sale of Business, Other Assets and Airport Slots	<p>Tasks providing a direct benefit to creditors via asset realisations and preservation of critical assets:</p> <ul style="list-style-type: none"> <li>• Prior to the involvement of the Purchaser and commencement of the Transaction (i.e. prior to August 2020), progression of expressions of interest in the Group business sale, including advancing discussions with potential purchasers.</li> <li>• Continuing to liaise with key interested parties and understand level of interest in various other asset groups (aside from the assets subject to the Group business sale) and engage with senior Flybe team in order to respond to interested party questions; seeking advice from solicitors in relation the various asset sale strategies being pursued; including but not limited to:-</li> <li>• Engines (PW150s and CF34s)</li> <li>• Tooling, stock and inventory</li> <li>• Equipment at the Training Academy</li> <li>• Carbon Credit Allowances</li> <li>• Freehold Property (Training Academy)</li> <li>• The sale of the Company's shareholding in FAS</li> <li>• Identifying surplus stock not required for the Transaction, and attending to the marketing and sale of the same, located at multiple locations across the UK including at airports and with former employees – as referenced in the Inventory section of this report</li> <li>• Continuing to deal with specialist agents regarding assets located at multiple locations across the UK including at airports and those assets with former employees. Deploy cost-effective realisation strategies to collect (if required) and realise the Company's equipment</li> <li>• Engaging with Environment Agency in relation to Carbon Credit Allowances, confirming no debt crystallises with the estate from the sale of the same and verifying no further allowances available to the estate</li> </ul> <p>Note: no time associated with the Group business sale is being charged to the creditors as and from 24 August 2020 as these costs are being met by the purchaser</p>
Fleet, Engines & Equipment	<p>Tasks providing a direct benefit to creditors by preserving and realising value in assets:</p> <ul style="list-style-type: none"> <li>• Continuing to maintain tight control over working capital in the final period of MRO function wind down to ensure</li> </ul>

## Flybe Limited (In Administration)

**Joint Administrators' time costs for the period from 5 September 2020 to 4 March 2021 and a comparison with the fee estimate dated 29 April 2020**

Type of work	Description of work completed / to be completed
	<p>cash generative and minimised the potential for material bad debts, including paying outstanding liabilities and other obligations on a timely basis. Dealing with collection of outstanding residual debts from the MRO trading period</p> <ul style="list-style-type: none"> <li>• Managing the return of the owned engines on lessors' / financiers' aircraft back to Exeter. Undertaking borescope testing for owned engines to understand condition in preparation for subsequent sale</li> <li>• Assisting the lessors/financiers with the export of their aircraft, including flight plans and liaison with the CAA and assess any tax, VAT or import/export liabilities for Flybe</li> <li>• Attending to tasks associated with engine sale processes not already captured under the 'Sale of Business, Other Assets and Airport Slots heading', including segregation of stock &amp; equipment, facilitating access to information for interested parties and investigations into customs duties that may be applicable upon sale</li> </ul> <p>Note: no time associated with the Group business sale is being charged to the creditors as and from 24 August 2020 as these costs are being met by the purchaser</p>
Trading, Cashflow, and Funding (including Debtor and Cash Realisations)	<p>Tasks providing a direct benefit to creditors by preserving and realising value in assets and managing realisations / funding:</p> <ul style="list-style-type: none"> <li>• Reconciling pre-appointment and foreign exchange accounts to cash sweeps and information provided by banks. Maintain regular discussions with Barclays regarding the release of pre-appointment cash at bank until final amounts realised</li> <li>• Pursuing the recovery of material debtor balances (credit card acquirers and accounts receivable) including direct engagement with credit card acquirers and debtors to confirm debts outstanding and working with debt collection agency on realisation strategies</li> <li>• Regular cashflow report updates for the administration to ensure adequate liquidity maintenance, including regular extension of forecasting</li> <li>• Process cash receipts and ongoing monitoring of balances on internal accounting system, maintain key assumptions register to ensure consistent cash flow reporting. Linking of cashflow report to Estimated Outcome Statement and monthly review of the same</li> <li>• Ad-hoc cost control - liaising with Flybe finance, critical supplier workstreams and other workstreams for ongoing monitoring of trading commitments and expenditures relevant to the estate (but not the Group business sale transaction)</li> <li>• Liaise with tax teams to ensure appropriate tax provisions for the Flybe cashflow and attending to tax compliance</li> </ul>

## Flybe Limited (In Administration)

**Joint Administrators' time costs for the period from 5 September 2020 to 4 March 2021 and a comparison with the fee estimate dated 29 April 2020**

Type of work	Description of work completed / to be completed
	<p>tasks, e.g. VAT returns (but no replication of duties under 'VAT &amp; Taxation' below)</p> <ul style="list-style-type: none"> <li>• Approving of receipts and payments as required</li> <li>• Preparing Receipts and Payments summary for statutory reporting to creditors (6-monthly progress report) in regulated format</li> </ul>
Creditors, Critical Suppliers & Property	<p>Tasks providing a benefit to creditors and suppliers:</p> <ul style="list-style-type: none"> <li>• Maintaining dialogue with critical suppliers to ensure continuation of service with no breakage/disruption to business – including critical suppliers relating to the wind down of the MRO operations and hangar space at Exeter for recovery of the engines, stock and equipment (no costs relating to Group business sale)</li> <li>• Ongoing review of costs; contract terminations / extensions, agreement of payment terms / contract lengths with critical suppliers, including in relation to the wind down of the MRO operations; providing undertaking / commitment letters to critical suppliers for the estate where appropriate (no costs relating to the Group business sale)</li> <li>• Responding to unsecured creditor queries through supplier mailbox; dealing with further creditor queries via phone and post as appropriate</li> <li>• Facilitating and arranging lodgement of unsecured creditor claims through online and action manual claims received, including responding and attending to Retention of Title claims</li> <li>• Dealing with issues relating to creditor cross-pollination between Flybe and FAS, including detailed reconciliations with FAS and Flybe finance teams to unwind</li> </ul>
Communications, Customers & Employees	<p>Tasks providing a benefit to employee creditors and customers:-</p> <ul style="list-style-type: none"> <li>• Holding employee briefing sessions and other communications to employees relating to the Administration</li> <li>• Liaising with RPS, unions and various Pension Schemes regarding appointment and responding to inbound queries</li> <li>• Continuing to provide employee entitlement information for employees made redundant post appointment and facilitating access to this information for the RPS for GB and separately for NI; dealing with numerous Protective</li> </ul>

## Flybe Limited (In Administration)

**Joint Administrators' time costs for the period from 5 September 2020 to 4 March 2021 and a comparison with the fee estimate dated 29 April 2020**

Type of work	Description of work completed / to be completed
	<p>Award claims</p> <ul style="list-style-type: none"> <li>• Responding to ad-hoc queries (email and phone) from employees regarding the administration process and employee entitlements</li> <li>• Undertaking the complex process of reviewing the various RPS claims in conjunction with individual employee claims; ascertaining any issues to be rectified, and actioning the same by liaising with the employee / RPS as appropriate</li> <li>• Ongoing consideration / challenge of the GB RPS preferential claim in relation to Protective Awards and pension</li> <li>• Continuing to respond to incoming queries from customers on the progress of the Administration and process for recovery of amounts paid or claim lodgement with the Joint Administrators</li> <li>• Dealing with ad-hoc enquiries from other stakeholders including government MPs and the media on progress of the Administration</li> </ul>
Accounting & Administration	<p>Tasks providing an indirect benefit to creditors:</p> <ul style="list-style-type: none"> <li>• Overall financial management of the administration, processing daily and weekly payments (as necessary), updating internal accounting systems and preparation of bank account reconciliations</li> </ul>
Bank & Statutory Reporting	<p>Tasks providing a direct benefit to the senior lenders and reports as required by statute:</p> <ul style="list-style-type: none"> <li>• Regular reporting to the Company's Senior Lenders providing details on key administration strategy and recommendations, including requesting authority for the sale of assets subject to fixed and floating charges</li> <li>• Preparing estimated outcome statements, including and cash flow updates for the Senior Lenders</li> <li>• Providing regular updates to the Pension Scheme (in their capacity as security holder for the Training Academy) in relation to the sale of the freehold property and dealing with various title registrations in relation to the same</li> <li>• Preparation and submission of the Joint Administrators' Proposals, progress reports and final report; compliance with the statutory requirements of the administration</li> </ul>

### Flybe Limited (In Administration)

**Joint Administrators' time costs for the period from 5 September 2020 to 4 March 2021 and a comparison with the fee estimate dated 29 April 2020**

Type of work	Description of work completed / to be completed
	<ul style="list-style-type: none"> <li>• Statutory filings at Companies House</li> </ul>
Job Acceptance and Strategy	<p>Tasks providing an indirect benefit to creditors:</p> <ul style="list-style-type: none"> <li>• Initial planning of the Administration strategy, including meetings with the Company's directors, preparation and review of Court appointment documentation and attendance at Court</li> <li>• Regular meetings (during trading and M&amp;A process) with Flybe leadership team to discuss critical matters</li> <li>• Strategic planning and meetings (weekly and ad-hoc) throughout the Administration to follow progress of the Administration, ensure alignment of activities and making sure that strategic priorities of the Administration are met</li> </ul>
Immediate Tasks & Day 1	<p>Tasks providing an indirect benefit to creditors and required by statute</p> <ul style="list-style-type: none"> <li>• Coordinating attendance by over 60 EY staff at 26 airports and the head office across the UK and Europe immediately following the appointment to address customers, employees and key stakeholders</li> <li>• Coordinating attendance with Civil Aviation Authority and key Flybe airport locations</li> </ul>
VAT & Taxation	<p>Tasks required by statute and potentially providing a direct and/or indirect benefit to creditors:</p> <ul style="list-style-type: none"> <li>• General tax compliance</li> <li>• Strategic tax planning advice on capital gains, VAT/input tax and corporation tax in relation to various actions taken during the administration</li> <li>• Providing detailed advice on proposed transaction structures including, most notably, for the sale of the shareholding in FAS and the various alternative possible transaction structures for the Transaction, as well as the sale of other assets (such as the mortgaged engines)</li> <li>• Preparing corporation tax returns for the Company, including preparing detailed analysis in respect of the MRO wind-down and the sale of Company assets</li> <li>• Preparing monthly VAT returns for the Company, including preparing detailed reconciliations for returns to support VAT recoveries</li> </ul>

### Flybe Limited (In Administration)

**Joint Administrators' time costs for the period from 5 September 2020 to 4 March 2021 and a comparison with the fee estimate dated 29 April 2020**

Type of work	Description of work completed / to be completed
Regulatory	Tasks required by statute: <ul style="list-style-type: none"> <li>• Managing communications with other regulatory bodies including the Insolvency Service and Financial Conduct Authority</li> </ul>
Investigations	Tasks required by statute: <ul style="list-style-type: none"> <li>• Preparation and submission of confidential CDDA report as required by statute, which is a detailed report on the conduct of the directors in the period leading up to the appointment</li> <li>• Recovering company records (physical and IT) from Company locations</li> <li>• Supporting record recovery and investigations by government authority</li> </ul>

inventory