



WDFC UK Limited - in administration (the Company)

Recovery and Reorganisation
Grant Thornton UK LLP
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Spinningfields
Manchester
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Joint Administrators' progress report for the
period 31 August 2018 to 27 February 2019

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For all queries in respect of a Wonga loan
or claim please contact the customer care
centre at customercare@wonga.com or
on 020 7138 8330

Contents

1	Executive summary	4
2	Background to the appointment of Administrators	6
3	Progress report	9
4	Creditors	12
5	Redress Creditors	14
6	Investigations into the affairs of the Company	19
7	Fees and costs	20
8	Future strategy	21

Appendices

A	Abstract of the Administrators' receipts and payments	22
B	Statement of Insolvency Practice 9 disclosure	23
C	Statutory information	40
D	Notice about this report	41

Please be aware fraudsters have been known to masquerade as legitimate administrators. Fraudsters will contact creditors asking for an upfront fee or tax. The joint administrators would never ask for such a payment nor instruct a third party to make such a request.

Definitions

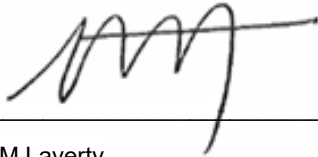
The following definitions are used either within the body of this report, the appendices to it, or both.

Administration	The administration of the Company
Administrators/our/us/we	Chris Lavery, Daniel Smith and Andrew Charters, acting as Joint Administrators
CMC	Claims management company, a company or other organisation offering claims management services to Redress Creditors
Court	The Courts of England and Wales
Creditors	Secured, preferential and unsecured creditors (including Redress Creditors)
CVL	Creditors' voluntary liquidation
DISP	Dispute Resolution: Complaints sourcebook, part of the FCA Handbook
FCA	Financial Conduct Authority
FCA Handbook	The handbook published by the FCA which sets out the rules and guidance made by the FCA under the Financial Services and Markets Act 2000
FOS	Financial Ombudsman Service
Gross Loan Book	The value of outstanding loans, before provisions for bad or doubtful debts
HMRC	HM Revenue & Customs
Insolvency Rules	The Insolvency (England and Wales) Rules 2016
Kreos	Kreos Capital V (UK) Limited, a company registered in England and Wales with company number 09728300 and whose registered address is at 25 Old Burlington Street, London W1S 3AN
Prescribed Part	The part of the proceeds which must be set aside from floating charge assets as described in section 4.3 below
Redress Claims	A redress claim that a customer (current or former) has, or may have, against the Company
Redress Creditors	Customers (current and former) of the Company (trading as Wonga UK) who were sold an unaffordable loan and are due redress
The Company / WDFC / Wonga UK	WDFC UK Limited – in administration, formally Wonga.com Limited, a company registered in England and Wales with company number 06374235 and whose registered address is 4 Hardman Square, Spinningfields, Manchester M3 3EB
The Group	WGL and its subsidiaries as a collective entity
VAT	Value added tax
WDSL	WDFC Services Limited, a company registered in England and Wales with company number 07880328 and whose registered address is at 4 Hardman Square, Spinningfields, Manchester M3 3EB
WGL	Wonga Group Limited, formerly Quickbridge (UK) Limited, a company registered in England and Wales with company number 05897177 and whose registered address is at 4 Hardman Square, Spinningfields, Manchester M3 3EB
WWL	Wonga Worldwide Limited, a company registered in England and Wales with company number 07452661 and whose registered address is at 4 Hardman Square, Spinningfields, Manchester M3 3EB

1 Executive summary

- This progress report for the Company's administration covers the period from 31 August 2018 to 27 February 2019
- Our proposals were approved on 9 November 2018 by a resolution from the secured and unsecured creditors
- The objective of the Administration is to achieve a better result for the Company's creditors as a whole than would be likely if the Company were wound up
- The strategy of the Administration is to undertake an orderly wind down of the activities of the Company and the wider Wonga Group seeking to maximise asset realisations and returns to Creditors
- The key work completed in this period is:
 - The Administrators have continued to proactively collect the UK loan book
 - The Gross Loan Book on appointment totalled £77.2 million and collections to date are c£21 million
 - The Administrators are conducting a market sounding exercise in order to determine the level of interest in the remaining Wonga UK loan book
 - The Administrators have received and acknowledged receipt of potential Redress Claims, the number of claims currently totals c49,000 in number (c24,000 received pre-appointment and an additional c25,000 received post-appointment)
 - The Administrators have been designing, building and testing an online claims portal (the Online Claims Portal – see section 5.3) to enable Redress Claims to be submitted by current and former customers where they believe that they have a claim in respect of an unaffordable loans
 - The Administrators have also developed an automated assessment tool for the timely and cost efficient assessment of Redress Claims
 - All claims received will be assessed in due course and we believe that the automated assessment tool is a fair and reasonable assessment process. Those who have a successful claim will be considered a Redress Creditor and will rank as an unsecured creditor. In due course, the Administrators will advise of any dividend payment to such creditors. The dividend payment will not be the full value of the accepted claim, but is expected to be significantly less
 - The Administrators continue to wind down the operations of the business as far as possible, subject to the work noted above
 - As a regulated entity, the Administrators continue to provide regular updates to the FCA and have in the period engaged with the FOS
- Secured and preferential creditors are estimated to recover their accepted claims in full
- The return to the unsecured creditors is currently unknown due to both the level of Redress Creditors (see section 5 below) and ultimate realisations from Wonga UK
- Based upon the Directors' Statement of Affairs the funds available to unsecured creditors could exceed £41 million before costs of realisation. This remains subject to several variables including the final level of realisations from the loan book, recovery of inter-company balances from other Group companies, the costs associated with processing Redress Claims and dealing with the administration process
- As set out in section 5.2 below, the Administrators have applied to the Court for permission to distribute funds to unsecured creditors in the Administration. This is because we anticipate funds will be available to unsecured creditors other than the Prescribed Part. A hearing date is listed for 25 April 2019
- The application also seeks an extension to the period following the final date for proofs (claims) in which the Administrators are required under the Insolvency Rules to make a distribution to creditors

- The Administration is currently due to end on 30 August 2019. Due to the time required to realise the assets and due to the complexity and volume of creditor claims we expect to adjudicate on, the Administration will take more than 12 months and the Administrators are therefore seeking the approval of the Court for an extension of the administration period

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Chris M Lavery
Joint Administrator

27 March 2019

2 Background

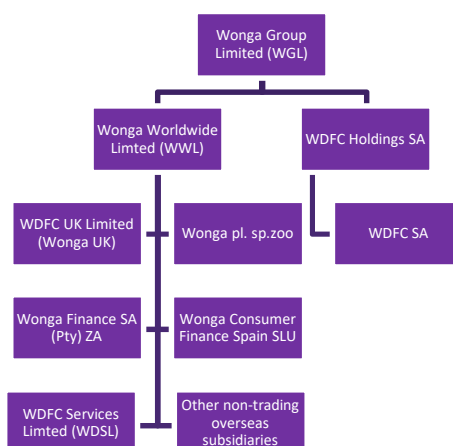
2.1 Background leading to Administration

This report should be read in conjunction with the Administrators' statement of proposals which were circulated on 24 October 2018.

WGL was incorporated on 4 August 2006 and its UK trading subsidiary company, Wonga UK, was incorporated on 18 September 2007.

The main trading activity of the Group carried out through Wonga UK, which commenced trading in 2008, was the provision of short-term loans that borrowers applied for via the Company's website or by mobile phone with automated lending decisions utilising loan approval technology developed by the Group. Initially, the Group operated only in the UK, through Wonga UK, but by 2011 it had established a number of operations overseas, including a customer services support centre in South Africa.

At the date of our appointment WGL held investments in Poland, South Africa and Spain, the investments in India and Norway also remain to be realised by WWL and WGL. At the time of the appointment of Administrators the Group structure can be summarised as follows:



Change in regulation in UK

As detailed in the Administrators' proposals, in order to tackle consumer detriment and malpractice in the consumer credit industry and promote effective competition, in November 2014 the FCA introduced new regulations. These regulations placed a cap on the total fees and charges and total repayments which could be charged on high-cost short-term loans. These changes impacted the consumer lending industry but, whilst some of Wonga UK's competitors ceased to trade, the directors and shareholders opted to remodel and continue the UK business.

During 2018, two factors further changed the outlook for both the UK business and the wider Group:

- An interim determination from FOS
- An increase in the level of redress complaints

FOS interim determination

DISP provides that borrower complaints will be considered (i) six years after the event complained of (six-year rule) or (ii) if later, three years from the date on which the complainant became aware (or ought reasonably to have become aware) that he or she had cause for complaint (three-year rule).

Wonga UK's assessment of its potential redress liability in relation to borrower complaints and subsequent cash outflow was based on a time limit of six years.

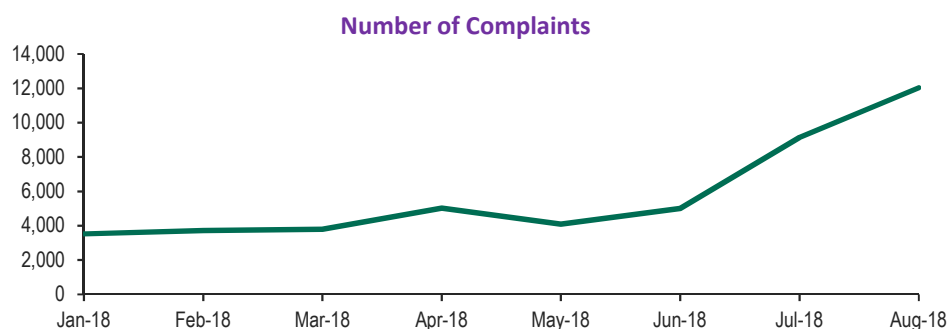
In late March 2018, Wonga UK received an update on the likely outcome of an interim determination by FOS that a borrower complaint that was older than six years may be considered within the time limits for a valid complaint. In this individual case FOS applied an interpretation of the three-year rule that extended the time limits in a manner that was not reflected in Wonga UK's previous assessment.

At that time, if the interim determination was upheld, it would result in a significantly higher level of potential redress liability than was originally forecast. This would have a negative unquantified impact on redress provisioning and consequential impact on the forecast cashflow prepared by Wonga UK and therefore a negative impact on the wider Group.

On 28 August 2018, FOS confirmed its final decision on the borrower complaint on the same terms as the interim determination.

Increase in complaints

The second event to impact on the Group was a significant uplift in claims from UK borrowers during July and August 2018, compared to recent historical experience.



It was found that the July 2018 complaints level had increased to around double the historic run-rate. This increase arose primarily from submissions from CMCs in late July; however, there was also a significant increase in direct complaints from borrowers.

In August 2018 complaints continued to increase and had risen to three times higher than the level received earlier in 2018. The Group assessed that the cashflow impact of this level of increased claims would be beyond the resources of the Group.

In an attempt to preserve the UK business and maximise the recovery to all creditors, including Redress Creditors, the Wonga UK directors considered the viability of commencing a process for the accelerated sale of the UK business and assets through the administration process.

However, following constructive dialogue with FCA, on 29 August 2018 the directors resolved that they would need to cease lending activities in the UK with immediate effect. The only option available was a wind-down of the business and collect-out of the loan book following the appointment of administrators.

Accordingly, upon consent being received from the Companies' secured lender and the FCA as required, on 31 August 2018 the boards of directors filed the notices of appointment of Administrators in court in accordance with paragraph 22 of Schedule B1 to the Insolvency Act 1986 for Wonga UK, WGL, WWL and WDSL.

This progress report relates to WDFC UK Limited only. A separate progress report is being issued in relation to the other three companies.

2.2 Objective of the Administration

As detailed in the Administrators' statement of proposals, the Administrators must perform their functions with the objective of:

- Rescuing the Company as a going concern, or
- Achieving a better result for the Company's creditors as a whole than would be likely if the Company were wound up (without first being in administration), or
- Realising property in order to make a distribution to one or more secured or preferential creditors.

In this instance, as the Company had ceased lending on 29 August 2018 and had an unquantified liability to Redress Creditors, it was not possible to achieve the first objective.

The second objective will be pursued through the collection of the outstanding loan book and orderly wind down of the operations.

3 Progress report

3.1 Business operations during wind down of operations

To achieve the orderly realisation of the loan book it has been necessary to continue to operate certain aspects of the Company on a 'business as usual' basis. This has been necessary to facilitate repayment of loans, protect borrower data and to enable the Company to continue to respond to borrower queries, changes to borrower's details and begin the process of dealing with Redress Claims.

Therefore, we have arranged for the continuation of services across most aspects of the Company's activity, including, where necessary, settling arrears or making payments to secure essential services. The requirement for these services is under constant review and have been, or will be, wound down as appropriate as soon as the Administrators are in a position to do so.

The business operates through a number of complex IT systems which the Administrators have sought to downsize and restructure as far as possible to minimise cost, whilst keeping the key systems operational. This approach supports the purpose of the Administration and ensures that customer data is retained, safely and securely.

The Company did not employ any UK staff and on our appointment had 146 employees based in its customer service call centre, located in South Africa. Currently 111 staff remain employed in South Africa to continue to provide customer support and to support Redress Claims adjudication once the process is commenced. The reduction in employees has principally been as a result of natural attrition, rather than through redundancies. The Administrators continuously monitor the performance of the customer service centre to ensure that all customers are being treated appropriately, given the circumstances of the Administration.

All of the UK employees providing support to Wonga UK are employees of WGL, and therefore the arrangements for continued employment are the responsibility of WGL. The workforce has been rationalised as part of the wind down process to ensure it meets the needs of the Administration and, as at 27 February, WGL continues to employ 32 staff (187 at the time of the Administrators' appointment). The Company will be recharged by WGL the cost of the relevant employees that are supporting the wind down activities of the Company and this will be reflected in future receipts and payments accounts.

As part of the wind down process it has been necessary to agree retention payments with certain key employees to ensure that we retain their skills, experience and knowledge to support the objectives of the Administration. Retention payments have only been agreed where necessary following consideration of any other suitable options.

3.2 Loan book collections

The Wonga UK Gross Loan Book as at 31 August 2018 comprised of 206,207 loans with an outstanding balance of £77.2 million. This is analysed further below:

Loan book as at 31 August 2018

£'mil	Current		Arrears		Total			
Loan product	Loans	£	Loans	£	Loans	GBV (£)	Provision	NBV (£)
Short Term Loan (STL)	22,078	6.3	93,818	32.3	115,896	38.6	(31.7)	6.9
Flexi Loan 3 (FL3)	12,481	3.6	40,112	16.4	52,593	20.0	(17.0)	3.0
Flexi Loan 6 (FL6)	24,323	10.5	13,269	7.7	37,592	18.3	(10.4)	7.9
Wonga Personal Loan (WPL)	126	0.3	-	-	126	0.3	(0.0)	0.3
Loan book	59,008	20.8	147,199	56.4	206,207	77.2	(59.1)	18.1

Wonga UK provided four loan products to customers, as follows:

1. Short Term Loan: A one month product with a single repayment at the maturity date of the loan;
2. Flexi Loan 3: A three month product with three monthly repayments due throughout the term of the loan;
3. Flexi Loan 6: A six month product with six monthly repayments due throughout the term of the loan; and
4. Wonga Personal Loan: A 12 to 24 month product with monthly repayments due throughout the term of the loan

The Short Term Loan product had the most loans and largest aggregate balance owing as at 31 August 2018.

The loan book on appointment consisted of both loans that were current (i.e. loans that were within terms) and in arrears (i.e. one or more repayments were overdue). As at 31 August 2018 £56.4 million (or 73.1%) of the loan book was considered to be in arrears, of which a significant proportion was aged greater than 180 days.

Collections during the period 31 August 2018 to 27 February 2019

Despite the administration appointment, we can report that c£21 million has been collected during the period to 27 February 2019, exceeding the net book value (Gross Loan Book less provisions for bad and doubtful debt) of £15.1 million which was presented in the Directors' Statement of Affairs. Please note that the net book value presented in the Directors' Statement of Affairs is a provision applied on a "business as usual" basis and prudence, required by financial accounting policies, and therefore may not accurately reflect the actual outcome of the Administration. The Administrators' team have focused on ensuring the collection process continues on a business as usual basis.

Loan book movement as at 27 February 2019

£'mil Loan product	Opening balance as at 31-Aug-18		Collections	Accrued interest/fees	Net movement	Closing balance as at 27-Feb-19	
	Loans	£				Loans	£
Short Term Loan (STL)	115,896	38.6	(7.7)	0.4	(7.3)	92,504	31.4
Flexi Loan 3 (FL3)	52,593	20.0	(4.2)	0.8	(3.4)	41,367	16.6
Flexi Loan 6 (FL6)	37,592	18.3	(9.0)	3.3	(5.7)	22,358	12.6
Wonga Personal Loan (WPL)	126	0.3	(0.1)	0.0	(0.1)	104	0.2
Loan book	206,207	77.2	(21.0)	4.5	(16.5)	156,333	60.7

The Administrators have deployed various initiatives following the appointment which have significantly improved loan recoveries over the Directors' estimates, including:

1. Engaging with critical suppliers to retain loan management platforms;
2. Updating customer contact strategies and collection correspondence, including SMS, voice messages and emails;
3. Reengaging with debt collection agents to assist with the recovery of delinquent loans;
4. Undertaking data cleansing activities to identify the status of customers in arrears; and
5. Liaising with regulatory bodies (including the FCA) in respect of collection activity to ensure that we are compliant and are dealing with all customers fairly, including those customers who are considered vulnerable.

As shown in the table above, these initiatives have resulted in approximately 50,000 loans being recovered in full, realising c£21 million of assets for the Company's creditors.

Loan book as at 27 February 2019

The Administrators are continuing to collect the outstanding Gross Loan Book amounting to £60.7 million as at 27 February 2019 and consisted of c156,333 loans.

As reflected in the table below, there are only a small number of loans which remain current (i.e. within terms), meaning the vast majority of outstanding loans are now considered to be delinquent. The Administrators will continue to work with customers and debt collection agents to recover outstanding loans in the most cost efficient manner, whilst continuing to monitor customers ensuring customer service is maintained to the highest standard.

Loan book as at 27 February 2019

£'mil	Current		Arrears		Total	
Loan product	Loans	£	Loans	£	Loans	GBV (£)
Short Term Loan (STL)	-	-	92,504	31.4	92,504	31.4
Flexi Loan 3 (FL3)	-	-	41,367	16.6	41,367	16.6
Flexi Loan 6 (FL6)	38	0.0	22,320	12.5	22,358	12.6
Wonga Personal Loan (WPL)	103	0.2	1	0.0	104	0.2
Loan book	141	0.2	156,192	60.5	156,333	60.7

3.3 Loan book realisation strategy

Whilst the Administrators continue to make efforts to collect the outstanding loan book, they are exploring cost effective options as an alternative to collecting the residual loan book, including a sale or placement of the book, to benefit net realisations available to Creditors.

The Administrators have received enquiries from a number of parties in relation to various Wonga UK assets, including the loan book, and recently commenced a market sounding exercise to determine the level of interest in the residual loan book.

Subject to feedback from the market, the Administrators will determine whether it is appropriate to commence a formal process for the sale of the residual loan book.

3.4 Other assets

Cash

At the date of appointment, the Company had cash balances totalling £12,390,789 (net of charges and fees). These funds were transferred to bank accounts under the control of the Administrators.

Inter-company debtors

The Company is owed £27.6 million by its associated entity WWL. The principal assets of WWL are its interest in subsidiary companies in Poland, Spain and South Africa. The subsidiary companies in Poland and South Africa are currently undergoing sale processes and the subsidiary company in Spain is currently winding down its operations following an unsuccessful sales process. The level of recovery on the inter-company lending is dependent on successful sales processes and asset realisations achieved for these businesses.

Additional assets

The Administrators carried out a marketing campaign to offer the intellectual property, including the loan management platform, for sale. However, the Administrators did not receive any offers for these assets that were capable of being completed.

The Administrators considered offering the customer database for sale but having taken legal advice concluded that it would not be possible to dispose of this asset.

4 Creditors

4.1 Secured creditors

As indicated previously, Kreos was granted a fixed and floating charge debenture over the assets of the Company on 7 April 2016. The Company's liability arises as a guarantor of the indebtedness of WGL to Kreos.

Kreos have submitted a claim for €6,427,409. Slaughter and May acting for the Administrators provided advice to confirm the validity of the security. The final value of the claim will be assessed at the time of repayment following a review of the components of the claim.

WGL, WWL and WDSL have also granted fixed and floating charge debentures over their assets to Kreos. In relation to WWL and WDSL, they act as guarantors for the debt due by WGL. Kreos also holds security over the assets of Wonga Poland and Wonga South Africa.

We anticipate that the liability to Kreos will be paid in full. Should an entity other than WGL settle the sum due to Kreos, that entity would have a claim against WGL for the amount paid.

4.2 Preferential creditors

As detailed above, there are currently 111 employees working at the Company, all located in South Africa.

Preferential creditor claims ordinarily consist of employee claims for wages and holiday pay, up to certain statutory limits. However, as the Company's employees are employed through a South African registered branch, their entitlement will be subject to local law. As such, any liabilities arising to the employees will be paid as an expense of the Administration.

As there were no arrears of wages upon the appointment, the only preferential employee liabilities will be for holiday pay. As at 27 February 2019 holiday pay liabilities total £22,450 and estimated severance pay totals £97,365.

We estimate that holiday pay will be met in full either by the employees taking holiday during the administration period or payment of outstanding balances when the South African branch closes as part of the structured process of formally winding down the local registered entity.

4.3 Prescribed part – unsecured creditors

In accordance with section 176A of the Insolvency Act 1986, a prescribed part is to be set aside from the floating charge assets and made available to the unsecured creditors of the Company. The prescribed part calculation is applied to the net property available and is calculated at 50% of the first £10,000 of net realisations and 20% of all further amounts, up to a maximum prescribed part of £600,000.

We consider preferential and secured creditors will be paid in full and the funds available to unsecured creditors will be greater than £600,000, and that therefore there is no purpose to setting aside a prescribed part.

4.4 Non-preferential unsecured creditors

The statement of affairs details unsecured creditors totalling £83,275,552.

Summary of unsecured creditors as per Directors' Statement of Affairs

£M	
Trade creditors & accruals	5.7
Inter-company creditors	32.6
Provision for Redress Creditors	45.0
Total	83.3

Trade creditors

The Company's trade creditors were largely current at the date of appointment and generally claims comprise outstanding invoices and one month's accrued charges. The contractual agreements with the majority of trade creditors sit with WGL. The costs associated with Wonga UK are recharged by way of inter-company trading and loan balances.

Intercompany creditors

The principal balance of £28.7 million is due to WGL with smaller balances due to WDSL and WWL's subsidiaries in Spain and South Africa. The principal charges associated with this balance are the aforementioned trading cost recharges and employee recharges from WGL to Wonga UK.

Dividend to creditors

As indicated above, based upon the anticipated realisations there will be funds available to unsecured creditors more than the maximum Prescribed Part of £600,000. As the level of Redress Claims is uncertain we are currently unable to indicate the level of dividend that may be available to unsecured creditors. This will depend on the level of Redress Claims. See section 5 below.

5 Redress Creditors

5.1 Redress Creditors

Introduction

As detailed in the Administrators' proposals, the Redress Creditors comprise current and former customers who believe that they were sold an unaffordable loan. As a result, these customers may have an unsecured claim for a refund which will be assessed with reference to the interest and expenses paid on those loans, plus statutory interest of 8% on the claim amount incurred from the date the interest and expenses were paid up until the date of Administration on 31 August 2018.

The claim process is explained in detail below and a high level summary of the process is as follows:

1. Claims received before the Administrators' appointment have been acknowledged
2. The complaints process can no longer be handled by the FOS and now forms part of the administration process
3. Claims received following the Administrators' appointment have been and will continue to be acknowledged
4. The Administrators are not in a position to estimate the total volume of claims however we expect them to be significantly higher than the claims currently received (c49,000)
5. The Administrators have been working to create an automated claims assessment tool that aligns with all the relevant legal and statutory requirements in order to provide a fair and reasonable assessment of claims
6. The Administrators have been working to create a claims assessment process that aligns with all the relevant legal and statutory requirements so far as reasonably practicable to provide a fair and reasonable basis for assessing claims.
7. The Administrators have designed an Online Claims Portal which will be a secure online channel for customers to submit a Redress Claim in a straightforward manner. These customers who have already submitted a claim will not need to re-submit through the Online Claims Portal
8. To submit a Redress Claim, customers will be asked to provide contact details associated with their Wonga account when they applied for their loan. Customers will not need to provide any further information in relation to their specific loans

Pre-appointment claims

At the date of the Administrators' appointment, the Company had received c11,500 claims that had been acknowledged but not yet assessed and a further c12,500 claims that had not yet been acknowledged (the backlog of unacknowledged claims was as a result of the significant increase in the volume of Redress Claims that were received by the Company in the weeks preceding the Administrators' appointment). All of these pre-appointment claimants have now received an acknowledgment confirming that the Company has received their claim. These claims were from customers (current and former) and CMCs on behalf of customers.

FOS claims

At the date of the Administrators' appointment, there were c7,000 complaints that were with the FOS. Following the Administrators' appointment, the FOS are no longer able to deal with such complaints. On 26 October 2018, after consultation with the Administrators, the FOS released a statement that the Administrators would be handling all complaints going forward (<https://www.financial-ombudsman.org.uk/news/2018.html>). The statement explains that, as a result of the Administration, the FOS would no longer be able to progress any complaints about the Company, nor accept any new cases. The FOS confirmed that all cases would be transferred to the Administrators to consider.

In late November 2018, the FOS passed c7,000 cases to the Administrators (which now form part of the 49,000 claims in hand) and anyone who has contacted the ombudsman service since 31 August 2018 has been referred back to the administrators directly (the FOS received contact from an additional 3,500 customers in the period following the Administrators' appointment to the date the FOS passed cases back to the Administrators). Following the handover, all of the c7,000 claimants were written to by the Company confirming receipt of their claim.

Post-appointment claims

Since the Administrators' appointment and at the date of this report, we have received a further c25,000 claims (bringing total claims to c49,000). At the date of this report, the Administrators continue to receive approximately 100 to 200 additional claims on a daily basis.

The Company continues to acknowledge all claims, typically within a week, explaining that the claim has been received and will be assessed by the Administrators when they are in a position to do so.

Claim assessment process

The Administrators are not in a position to estimate the total volume of Redress Creditors who will eventually claim, nor the total estimated value of these claims. However, given that the Company has received c49,000 Redress Claims to date, of a total Wonga UK population of c2 million customers, the Administrators estimate that the total number of claims will continue to increase and that the volume will be significant. The customers of the Company with successful Redress Claims will rank as unsecured creditors of the Company.

The Administrators have been working to create a claims assessment process that aligns with all the relevant legal and statutory requirements so far as reasonably practicable to provide a fair and reasonable basis for assessing claims. Equally the Administrators have sought the views of CMCs who represent a significant proportion of potential Redress Creditors.

The Administrators have designed their assessment process in a way that they believe is fair and reasonable to the Redress Creditors.

The Administrators have faced a number of legal challenges in finalising their claims assessment process and ensuring that the process adheres to the Insolvency Rules and applicable laws, whilst also being closely aligned to the claims assessment process for customers used by the FOS. The Administrators have sought advice from legal counsel (as further explained below) in relation to any areas of uncertainty in finalising the proposed methodology. The Administrators have also liaised with the FOS and the FCA to understand the FOS' typical approach for determining payday loan complaints, with the aim of ensuring that the assessment methodology will provide the greatest return to creditors as a whole, whilst ensuring that the methodology is aligned so far as reasonably practicable to the approach used by the FOS criteria for adjudication.

The Administrators will make customers aware of the Online Claims Portal where they can register their claim. The Online Claims Portal is further described in section 5.2 below and will be simple to use and will be able to verify customer details and the amount of their borrowings. Following successful identification of the customer, the Administrators will then be able to assess the customer's history of loans in the automated assessment tool. The customer will receive further notification once their claim has been assessed.

Set-off

The Administrators are aware that a number of customers with outstanding loans may submit a claim where the customer believes they were sold an unaffordable loan(s).

As part of the claim adjudication process, the automated assessment tool will recognise set-off. In such circumstances, customers will be notified during the adjudication process as to how set-off may impact an outstanding loan balance. Please note that any process of adjudication does not alter the customer's right to Equitable set-off.

Intention to apply for permission to distribute

In assessing claims made by Redress Creditors, the Administrators are aware of competing legal arguments as to whether the statutory limitation period for bringing claims under the Limitation Act 1980 should apply, or whether the potentially longer limitation period applied by the FOS under DISP 2.8.2R (DISP Limitation) should apply.

Applying the approach in the Limitation Act 1980 would have the effect of time-barring (i.e. rejecting) all claims for loans that were entered into more than six years from the date of the Administrators' appointment. DISP Limitation, in contrast, applies a more generous approach to limitation. Under DISP Limitation, the FOS will consider a complaint if it is made less than (i) six years after the event complained of or (ii) if later, three years from the date on which the complainant became aware (or ought reasonably to have become aware) that he or she had cause for complaint. The period for bringing a claim can be further extended in "exceptional circumstances" under DISP 2.8.2R(3).

DISP Limitation is the time limit for bringing a claim that the FOS would have applied to Redress Creditors prior to the Administration, and is the time limit that would apply if the statutory moratorium, which applies to companies in administration and prevents creditors taking legal action against the company in administration, were to be lifted in favour of a Redress Creditor, thereby enabling that Redress Creditor to bring a claim against the Company before the FOS.

The Administrators have been in discussions with the FCA, and have been notified that the FCA considers DISP Limitation to be the appropriate limitation period which should be applied by the Administrators. The views of certain CMCs (representing an estimated c32,000 of the 49,000 total claimants in-hand) have also been sought by the Administrators, and the responses received indicate strong support among firms representing Redress Creditors for the application of DISP Limitation.

Whilst the Administrators' legal advice was initially focussed on the Limitation Act 1980 as the appropriate statute to determine the timing of claims, the Administrators consider that there are good legal arguments which support the application of DISP Limitation as opposed to the Limitation Act 1980. The same legal arguments lead to the broader conclusion that the Administrators should apply all provisions of DISP which relate to the admission and quantification of Redress Claims (such as the "fair and reasonable" test under DISP 3.6.1R which applies to the determination of claims by the FOS).

Proposed approach

In light of the legal arguments, the views of the FCA, responses of the CMCs whose views have been canvassed, as well as the Administrators' own assessment that applying DISP Limitation could lead to a more risk averse and cost efficient claims process, the Administrators intend to assess Redress Claims in close alignment with the provisions of DISP as the administration appointment allows.

As noted above, the Administrators intend to assess claims with the assistance of an automated assessment tool. To assess and value the claims of Redress Creditors automatically this tool will consider customer information available to the Company including (but not limited to):

- the customer's loan value as a proportion of their reported income;
- the total time in loan, or number of loans, to identify repeat borrowing without a significant break; and
- additional affordability factors, e.g. payments in arrears or customer reports of hardship.

Once a claim is received and has been assessed, any Redress Creditor who is dissatisfied with the outcome (e.g. because the claim was rejected or because the Redress Creditor believes that the award should be for a higher amount) will be entitled to submit further evidence to the Administrators for manual review in order to determine and/or quantify their claim.

The Administrators consider that this methodology is consistent with the broader application of DISP. The Administrators have sought the views of the FCA (see above). Separately the Administrators have

also sought the views of CMCs. The responses received indicate support among Redress Creditors for applying DISP Limitation and an automated claims adjudication process.

The Administrators consider the use of this automated assessment tool will be more time efficient and cost effective than undertaking a manual review of each claim submitted by a Redress Creditor, and will increase the recoveries made to the creditors as a whole, including Redress Creditors whose claims are successful. The Administrators consider that the costs of undertaking a wholly manual review of each Redress Claim at the outset would likely result in little or no funds being available for distribution to Creditors (including Redress Creditors). Accordingly, the Administrators will only conduct a manual review of a creditor's claim in circumstances where the Redress Creditor is dissatisfied with the outcome of the automated assessment described above, and provides appropriate documentary evidence in support. Any manual review will inevitably result in increased costs but such costs are expected to be significantly less than the costs that would result from a manual review of each Redress Claim at the outset.

The Administrators have made an application to the Court for permission to distribute the assets on the basis of the methodology described above. As part of this application, the Administrators will draw the above matters to the attention of the Court and explain the legal and factual basis for the approach that they intend to take, including the approach of the automated assessment tool. However, the Administrators do not currently intend to seek a formal direction from the Court approving the application of DISP or the automated assessment tool.

The application also seeks (i) an extension to the period following the final date for proofs (claims) in which the Administrators are required under the Insolvency Rules to make a distribution to creditors, and (ii) an extension to the appointment of the Administrators beyond the current 12 months to 30 August 2020.

For the avoidance of doubt, the Administrators will not seek to vary or modify any rights of creditors under the Insolvency Rules, including the right of creditors to (i) appeal to the Court if they are dissatisfied with the decision with respect to their claim and (ii) appeal to the Court if they are dissatisfied with the admission of another creditor's claim.

5.2 More about how to submit a complaint

Given the large population of redress claimants the Company is expected to receive, the Administrators have been working with retained technological developers of the Company to create an Online Claims Portal. The Online Claims Portal will be a channel for customers to submit a Redress Claim in a secure and straightforward manner. The Administrators have been working with the technological developers of the Company to ensure that the Online Claims Portal is both functional and secure. The work has involved comprehensive testing to ensure functionality, ease of use and data security.

To submit a claim, customers will be asked to provide the contact details associated with their Wonga account. Customers will not need to provide any information in relation to their specific loans. If the details entered by the customer match that of a Wonga Customer, the customer will receive confirmation that their claim has been received and will be assessed by the Administrators.

We are now in the process of finalising the Online Claims Portal and expect to launch it in April 2019. **If you have received this report from the Administrators you have already submitted a claim and so will not need to log on to the Online Claims Portal to re-submit your claim.**

The Administrators will be contacting all past and present customers of Wonga by email (based on the Company's current records) with supporting advertisements in major media outlets to invite them to make a claim on the Online Claims Portal if they believe they were sold an unaffordable loan.

Once the Online Claims Portal is live (April 2019) the Company will no longer accept claims by email or phone to the Customer Care team.

It is intended that the Online Claims Portal will remain open for a number of months to ensure that all customers are given sufficient time to submit their claim. Customers will be notified about the timing of the last date of submitting claims via the Company's website and by email.

The Administrators intend to launch the Online Claims Portal as detailed above and will be updating all Wonga customers per the Company's systems directly with this information. For any updates in the interim, the Administrators recommend for creditors to review the FAQs, which are updated throughout the course of the Administration on the following link <https://www.wonga.com/help/complaints>.

Hearing date

The application to the Court for permission to distribute is due to be heard on 25 April 2019.

Important note: Objections to the proposed application

As the Administrators have made an application to the Court as outlined above, any creditor who wishes to object to the above proposal is asked to write to the Administrators at Grant Thornton UK LLP, 4 Hardman Square, Spinningfields, Manchester M3 3EB, setting out which elements of the proposal they object to and the reasons for their objection.

It is asked that all objections are received by no later than 19 April 2019.

6 Investigations into the affairs of the Company

6.1 Statutory investigations

We have undertaken an investigation into the Company's affairs to establish whether there were any potential asset recoveries, or conduct matters that required further investigation, taking into account the public interest, potential recoveries, the funds likely to be available to fund an investigation and the costs involved.

Also, within three months of our appointment as Administrators, as required by the Companies Directors Disqualification Act 1986, we reported to the Secretary of State the required facts about the Company's business and the conduct of its directors (including those acting within the past three years).

Based on the outcome of our investigations into the affairs of the Company to date, there are no matters identified that need to be reported to the creditors. However, we would be pleased to receive from any creditor any useful information concerning the Company, its dealings or conduct which may assist us.

7 Fees and costs

7.1 SIP9 disclosures

For information regarding payments, remuneration and expenses to us or our associates, please refer to the respective 'Statement of Insolvency Practice 9 disclosure' at Appendix B to this report, which covers:

- pre-appointment costs
- fee basis
- work done by us and our team during the period
- hourly charge out rates
- disbursements and expenses
- sub-contracted out work
- payments to associates
- relationships requiring disclosure
- information for creditors (rights, fees, committees)

Administrators' remuneration

The basis of an Administrator's remuneration is to be fixed by the creditors. If a creditors committee is appointed, then this is a matter for the committee. If no committee is appointed, a decision of the creditors will be required.

A committee has not been formed for the Company.

Following a decision procedure by the creditors of the Company the basis of the Administrators' remuneration has been fixed according to the time properly spent by the Administrators and their staff.

The total fees estimate for the first 12 months of the Administration is £1,773,707 plus VAT. Given the additional unforeseen time spent progressing and implementing a suitable strategy for adjudication of Redress Claims, and the increased involvement in extracting value from the loan book, the Administrators will seek to amend the fee estimate for the initial 12 months of the appointment. It is likely that the Administrators will seek the permission of the Court for the additional fees given the significant costs associated with obtaining a decision from the Company's creditors (c49,000 at this stage) and also the challenges in quantifying the creditors' claim (for voting purposes) at this juncture.

8 Future strategy

8.1 Future conduct of the Administration

We will continue to manage the affairs, business and property of the Company in order to achieve the purpose of the Administration. This will include but not be limited to:

- collecting balance of the loan book, as far as possible
- pursuing a sale of the loan book (subject to the market testing exercise)
- realising the intercompany debt due from WWL by way of dividend
- assessing and valuing the claims of Redress Creditors in order to determine the level of unsecured creditors. This will be achieved by:
 - finalising and launching the Online Claims Portal
 - instigating an awareness campaign
 - processing and monitoring Redress Claims
 - preparation and application to the Court for directions in relation to distributing assets to creditors once claims have been agreed
- payment of Administration expenses, including our remuneration
- paying a final distribution to the secured creditor, to the extent that the secured creditor has not been discharged and amounts are owing to the secured creditor from the Company
- agreeing the claims of the unsecured creditors (including Redress Creditors) and payment of a dividend
- finalisation of the Company's tax affairs, including completion of corporation tax and VAT returns and settlement of any liabilities, and
- complying with statutory and compliance obligations.

8.2 Extension of the Administration

The duration of an Administration is restricted to 12 months from the date of commencement, unless it is extended with the permission of the creditors or the Court. The Administration is currently due to end on 30 August 2019.

It has been identified that an extension to the Administration will likely be required to enable the Administrators to complete the realisation of the Company's assets and make a distribution to its creditors. The Administrators are therefore seeking to extend the Administration order by way of application to the Court. If granted, the Administration will be extended by a further 12 months to 30 August 2020.

8.3 Exit from administration

The Administration will end either by conversion to creditors voluntary liquidation or, if all matters are resolved, dissolution.

8.4 Data protection

Any personal information held by the Company will continue to be processed for the purposes of the Administration of the Company and in accordance with the requirements of data protection.

8.5 Future reporting

The date of our next report to creditors is anticipated to be by 27 September 2019.

A Abstract of the administrators' receipts and payments

WDFC UK Limited - in administration
Joint Administrators' receipts and payments account
from 31 August 2018 to 27 February 2019

Receipts	Statement of Affairs (£)	Total (£)
Cash at Bank (net of accrued charges)	16,597,193.00	12,395,593.45
Other receipts		17,517.96
Loan collections		21,024,737.60
Bank/ISA InterestGross		135,742.38
HMRC - VAT received/paid		132,140.83
Prepayments	42,253.00	0.00
Intercompany receipts	10,792,236.00	0.00
Fixed Assets	17,148.00	0.00
		<u>33,705,732.22</u>
Payments		
Sub Contractors		85,442.04
Rents		800.00
Ransom payments		346,867.17
Post-appointment refunds		14,056.10
Professional Fees		44,491.29
Bank Charges		218,269.05
WDFC UK Limited - South Africa		1,132,880.98
Office Costs		23,300.08
Termination costs		76,207.95
IT System Expenses		611,786.69
Employee Expenses		1,426.11
Debt Collection costs		373,178.82
AIB Retention		150,000.00
FL6 Cashback Payment		62,219.56
Intercompany Loan - Wonga Group Limited		3,000,000.00
PR		30,000.00
Administrators Fees		650,000.00
Administrators Expenses		12,850.50
VAT irrecoverable		486,021.20
Legal Fees (1)		134,622.17
Telephone Telex & Fax		3,484.71
Statutory Advertising		142.30
		<u>7,458,046.72</u>
Balance - 27 February 2019		<u><u>26,247,685.5</u></u>

Made up as follows

Cash at bank	26,247,685.50
	<u><u>26,247,685.50</u></u>

Payments, remuneration and expenses to the Administrators or their associates

Statement of Insolvency Practice 9 disclosure

This appendix has been prepared in conjunction with the requirements of the Insolvency Act 1986, the Insolvency (England and Wales) Rules 2016 (the Rules) and Statement of Insolvency Practice 9 (SIP9). In summary, it covers:

- Pre appointment costs
- fee basis
- work done by the Administrators and their team during the period
- hourly charge out rates
- disbursements and expenses
- sub-contracted out work
- payments to associates
- relationships requiring disclosure
- information for creditors (rights, fees, committees)

Pre-appointment costs

Pre-appointment administration costs are fees charged and expenses incurred by administrators or other qualified insolvency practitioners, before the Company entered administration but with a view to it doing so.

Prior to appointment the Administrators, were engaged by the Company through an engagement letter (the Agreement) dated 4 April 2018, under which the fee basis was time and cost and out of pocket expenses. The work undertaken was to Grant Thornton were received payment of £30,000 for this work and no further fees are due.

Cost	Work done	Why the work was necessary pre-appointment and how it furthered the achievement of an objective of administration	Paid on Account						Unpaid
			Grade	Hours	£	£	Payer	Pre / post	Unpaid
Grant Thornton UK LLP fees	<ul style="list-style-type: none"> Review of revolving cash flow forecast 	<ul style="list-style-type: none"> To enable senior management of the Company to assess the cash resources available to the Company whilst they assessed the impact of potential changes in the level of future redress claims 	Partner / Director	56.5	31,717	30,000	WDFC UK	Pre	

Additionally, Grant Thornton UK LLP was engaged by Wonga Group Limited to carry out additional analysis for the benefit of the Group including the Company. All fees relating to this work are the responsibility of Wonga Group Limited but for reasons of transparency are shown below.

Details of the pre-appointment costs are provided below:

Cost	Work done	Why the work was necessary pre-appointment and how it furthered the achievement of an objective of administration	Paid on Account						Unpaid
			Grade	Hours	£	£	Payer	Pre / post	Unpaid
Grant Thornton UK LLP fees	<ul style="list-style-type: none"> Review of revolving cash flow forecast and assessment of impact of potential redress creditors 	<ul style="list-style-type: none"> To assess, with senior management, the options, and associated risks available to the business and monitor the impact of changes in the position of the Group 	Partner / Director	432	306,880				
			Manager	742	348,391				
			Executive	249	84,649				
	<ul style="list-style-type: none"> Balance Sheet analysis and advice on solvency of the Group 	<ul style="list-style-type: none"> Preparation of Entity Priority Model to enable the Group to assess the impact of options on each Group entity and inter-company balances 	Administrator	-					
			Total	1,445	739,920	475,607	WGL	Pre	
	<ul style="list-style-type: none"> Assessment of the Group's wind-down plan 	<ul style="list-style-type: none"> Attendance as observers at meetings of directors 	Costs written off against fees		40705				
	<ul style="list-style-type: none"> Contingency planning and options review 	<ul style="list-style-type: none"> Undertake contingency planning for an administration if the directors were unable to achieve a solvent solution for the Group 	Unbilled time to be recovered as post administration expense in the administration of Wonga Group Limited, subject to creditor approval						228,737
	<ul style="list-style-type: none"> Initial actions to achieve an accelerated sale of Wonga UK 	<ul style="list-style-type: none"> To confirm that an objective of administration could be achieved and that administration, therefore, was an option for the Company 							

- To assist management with gathering and preparing information, for a potential accelerated disposal of business as a going concern; identification of potential acquirers
- The above works streams were focused on seeking to objective of rescuing the Company as a going concern

Notes:

- Partner includes director
- Manager includes associate directors and managers
- Executive includes assistant managers and executives

The above is provided for information only. The Administrators are not intending to claim pre-administration costs from WDFC UK Limited.

Post-appointment costs

Fee basis of the Administrators

On 9 November 2018 the creditors resolved that remuneration be fixed according to the time properly spent by the Administrators and their staff with a fees estimate of £1,773,707.

During the period from 31 August 2018 to 27 February 2019 (the Period) time costs were incurred totalling £1,234,214 represented by 2,802 hrs at an average of 440 £/hr (as shown in the 'Work done' section below) Description of the work done is provided in the respective section below.

As at Period end, as shown in the 'Work done' section below, we anticipate that cumulative recorded time costs are likely to exceed the time costs in the fees estimate. We anticipate that expenses will roughly be the same as the expense estimate, both of which were provided to the creditors prior to the determination of our fee basis.

The reasons for the anticipated excess are as follows:

- the collections of the debts in respect of the loan book has taken more substantial management to ensure that the collections were maintained. This has included working closely with the Wonga UK employees to review and enhance the process. As a result, collections have vastly exceeded the expected value
- the legal and regulatory complexities around the redress claims and adjudication has taken longer and involved more staff time than was anticipated. As a result, the process has added on more time than was previously estimated

Creditors should note that the Administrators are working to ensure that the costs going forward are kept to a minimum and have worked hard to get into a position to secure the assets and move forward with the wind-down of the Company. Where possible, the Administrators are utilising the skills and expertise of the employees of the Company, to ensure that costs of the Administrators and their staff are kept to a minimum.

Under r18.30 of the Rules, we are not permitted to draw remuneration in excess of the total amount set out in the fees estimate, £1,773,707, without approval. At present we expect it is likely that the Administrators will seek approval to draw remuneration in excess of our fees estimate and we reserve our right to do so in the future.

Work done by the Administrators and their team during the Period

We are required to detail costs of actual work done in the Period, including any expenses incurred in connection with it, as against any fees estimate provided. Our fees estimate was included within the Administrators' Proposals to creditors dated 24 October 2018. We are also required to provide narrative explanation of the work done. The following tables (narrative followed by numerical) set out this information for the Administrators' fees incurred together with a numerical fees estimate variance analysis. Reasons for any anticipated excess of the fees estimate are included in the 'Fee basis' section above. Details of expenses incurred in connection with work done are provided in the 'Disbursements and expenses' section below.

Area of work	Work done	Why the work was necessary	Financial benefit to creditors	Fees incurred		
Trading				464 hrs	£180,139	£/hr 388
Trading general	<ul style="list-style-type: none"> Correspondence with suppliers to renegotiate existing contracts for key suppliers and cancel any unnecessary suppliers Cash flow analysis Reviewing and approving payments for the day-to-day running of the business 	<ul style="list-style-type: none"> To secure continuity of suppliers and maintenance of key systems necessary to support asset realisations It was fundamental that the trading costs could be reduced to as low as possible, whilst maintaining relationships with key suppliers By reducing the cost of trading, this would ensure maximising the return to creditors 	<ul style="list-style-type: none"> This work was necessary to help realise financial value for the benefit of the estate and for a distribution to creditors should sufficient funds become available 			
Realisation of Assets				852 hrs	£415,914	£/hr 488
Sale of assets	<ul style="list-style-type: none"> Liaising with the Grant Thornton Corporate Finance team to review the saleability of the potential assets, including the database Review of value of the loan book Contacting potential buyers of the loan book Comprehensive review of customer states for segmentation Liaising with the regulatory bodies throughout the process 	<ul style="list-style-type: none"> To secure potential realisation of the best value from the Company's IT assets FCA involvement required as entity is still regulated 	<ul style="list-style-type: none"> This work was necessary to help realise financial value for the benefit of the estate and for a distribution to creditors should sufficient funds become available 			
Books & other debts	<ul style="list-style-type: none"> Reviewing existing strategy for management accounts in arrears and ensuring ongoing regulatory compliance Monitoring collections of arrears and liaising with meta-broker regarding collection performance 	<ul style="list-style-type: none"> Necessary to realise the loan book value (which has exceeded the estimated to realise value) As mentioned in detail in Section 3.2 of the report the administrators have collected over £20 million of the loan book 	<ul style="list-style-type: none"> This work was necessary to realise financial value for the estate and for a distribution to creditors should sufficient funds become available 			

	<ul style="list-style-type: none"> Assessing the arrangements for customer account placements with either the meta-broker or collection agencies 		
Hire Purchase, Leasing, & third party	<ul style="list-style-type: none"> Correspondence with suppliers to renegotiate existing contracts for key suppliers and cancel any unnecessary suppliers 	<ul style="list-style-type: none"> It was fundamental that the trading costs could be reduced to as low as possible, whilst maintaining relationships with key suppliers By reducing the cost of trading, this would ensure maximising the return to creditors 	<ul style="list-style-type: none"> This work was necessary to help realise financial value for the benefit of the estate and for a distribution to creditors should sufficient funds become available
Other Assets (including cash)	<ul style="list-style-type: none"> Correspondence and meetings with the landlord to understand rent deposit position and vacation of 2nd floor office space Assisting with the identification and sale of the chattels Arranging for the wiping of former employee laptops and mobile phones for the potential future sale of these Arranging for transfer of cash balances held by pre-appointment banks 	<ul style="list-style-type: none"> Necessary to identify and secure all realisable assets and assess the value of these 	<ul style="list-style-type: none"> This work was necessary to realise financial value for the estate and for a distribution to creditors should sufficient funds become available
Insurance	<ul style="list-style-type: none"> Arranging the necessary insurance and engaging JLT to assist, including their initial engagement, H&S site visit and on-going queries 	<ul style="list-style-type: none"> Necessary to ensure the safety of the assets of the business as well as the safety of the working environment for the employees 	<ul style="list-style-type: none"> This work was necessary to discharge the office holders' duties. As explained under 'Why the work was necessary', although it might not add financial value to the estate it adds value to the insolvency process
Legal/ Regulatory	<ul style="list-style-type: none"> Correspondence, including regular telephone calls and emails with the FCA to discuss the proposed sales strategy of the various assets Amendments and updates to the Wonga.com website Creation of a "Wonga" page on the Grant Thornton website in order to provide updates on the administration to creditors and customers, as well as answering any FAQs 	<ul style="list-style-type: none"> The Company continues to be regulated by the FCA, therefore their involvement is required The website continues to be running, to provide customers with updates on the administration Maintenance was required to ensure that customers were unable to apply for any additional lending from the Company. However, that they would still be able to repay their existing loans 	<ul style="list-style-type: none"> This work was necessary to discharge the office holders' duties. As explained under 'Why the work was necessary', although it might not add financial value to the estate it adds value to the insolvency process

Investigations			77 hrs	£36,610	£/hr 473
General	<ul style="list-style-type: none"> Review of the pre-administration bank statements Review of books and records of the Company Rationalising books and records held in storage Securely destroying records as appropriate Securely backing up company IT records and customer data 	<ul style="list-style-type: none"> Statutory requirement of the Administrators, as well as an exercise to ensure that all assets have been secured 			
	Debtor/director/senior employees	<ul style="list-style-type: none"> Letters and questionnaires sent to directors, as well as investigations into the directors' conduct Statutory requirement of the Administrators 	<ul style="list-style-type: none"> This work was completed solely for the purpose of complying with statutory requirements and had no direct financial benefit to creditors 		
Creditors			1,082hrs	£472,129	£/hr 436
Employees & pensions	<ul style="list-style-type: none"> The UK Company employed 146 employees in its customer service centre in South Africa The Administrators have monitored the performance of the customer service centre throughout the period, to ensure that all borrowers are being treated appropriately, given the circumstances of the Administration The Administrators have assisted in the retrenchment process in connection with the future rationalisation of the workforce in South Africa Implementation of a retention scheme for key employees Liaising with finance and HR teams in South Africa to ensure continuity of employee benefits 	<ul style="list-style-type: none"> To enable settlement of any preferential claims The customer service centre is required to remain open to handle "Business as usual" complaints for customers The customer service team will be utilised during the claims process and have undergone various upskilling and training to prepare them for the work flow once the Portal is live The Administrators see it at commercial to utilise the staff here who are experienced in handling Wonga complaints 	<ul style="list-style-type: none"> This work was necessary to discharge the office holders' duties. As explained under 'Why the work was necessary', although it might not add financial value to the estate it adds value to the insolvency process 		
	Unsecured	<ul style="list-style-type: none"> Liaising with the Company's trade creditors and corresponding with them in relation to lodging a claim A necessary part of the administration to establish the number of unsecured claims 	<ul style="list-style-type: none"> This work was necessary to discharge the office holders' duties. As explained under 'Why the work was necessary', although it did not add financial value to the estate it adds value to the insolvency process 		

Redress	<ul style="list-style-type: none"> • Meetings with various senior members of the Company, including the CEO and COO to discuss the redress creditors and the process by which they were dealt with by the Company historically • Meetings with the head of Complaints at the Company to discuss the parameters and criteria utilised for unaffordability complaints • Meetings with the various tech teams to discuss and brief the Portal build • Regular catch ups with the various tech and data teams to respond to queries and progress the Portal build • Meetings with the data experts of the Company to discuss the information stored on the Company's loan software to help build a claim assessment tool • Meetings with the FCA and the FOS to align the claim assessment criteria to that of the FOS • Correspondence with ad hoc redress creditors in relation to the status of their redress claims • Active engagement with CMCs, representing c70% of redress claimants in hand to obtain their view on the proposed assessment approach <ul style="list-style-type: none"> • The Administrators needed to create a process that would be commercial and practical to be able to process a significant volume of potential claims • Meetings with the FOS and the FCA were essential to ensure that there was no objection to the approach • Seeking the majority of the redress creditors' views was seen as necessary to ensure that their preference was being represented <ul style="list-style-type: none"> • This work was necessary to discharge the office holders' duties. As explained under 'Why the work was necessary', although it might not add financial value to the estate it adds value to the insolvency process
Administration 326 hrs £129,423 £/hr 397	
Treasury, billing & funding	<ul style="list-style-type: none"> • Setting up the Administration bank accounts • Various emails and calls to the pre-appointment bank account providers to sweep funds across to the administration bank accounts • Setting up the bond for the case • Arranging and accounting for the various receipts and payments of the Company <ul style="list-style-type: none"> • Required as part of the duties of the Administrators and their staff <ul style="list-style-type: none"> • This work was necessary to discharge the office holders' duties. As explained under 'Why the work was necessary', although it did not add financial value to the estate it adds value to the insolvency process

Tax	<ul style="list-style-type: none"> • The Grant Thornton Advisory tax team were engaged to deal with various matters including: <ul style="list-style-type: none"> - Completing and filing the necessary VAT returns for the Company - Completing and filing the necessary Corporation Tax return for the Company - Liaising with the CFO and Financial Director (FD) to discuss the Company's tax position - Continued discussions with the CFO in relation to the UK and wider Group tax implications 	<ul style="list-style-type: none"> • Necessary for the running of the administration 	<ul style="list-style-type: none"> • This work was necessary to discharge the office holders' duties. As explained under 'Why the work was necessary', although it did not add financial value to the estate it adds value to the insolvency process
Pensions	<ul style="list-style-type: none"> • The Grant Thornton Pension Advisory team were engaged to deal with various matters including: <ul style="list-style-type: none"> - Emails and telephone conferences with the Company and Administrators to discuss the pre administration policy and benefits as well as areas and cover to be maintained post administration - Pre-administration pension and benefit data gathering and assessment of cover • Relevant updates in relation to pension cover and benefits 	<ul style="list-style-type: none"> • Necessary for the running of the administration 	<ul style="list-style-type: none"> • This work was completed solely for the purpose of complying with statutory requirements and had no direct financial benefit to creditors
Case Management: Take-on	<ul style="list-style-type: none"> • Anti-Money laundering and other take-on protocols • Comprehensive UK and Worldwide conflict check across the whole of Grant Thornton UK and its member firms • Review of ethical matters for taking on the case 	<ul style="list-style-type: none"> • Required as part of the duties of the Administrators 	<ul style="list-style-type: none"> • This work was completed solely for the purpose of complying with statutory requirements and had no direct financial benefit to creditors

	<ul style="list-style-type: none"> Take-on panel with senior members of Grant Thornton UK LLP to ensure that the Administrators and their team would be able to take on the appointment, with adequate resources 		
Case Management: Appointment formalities	<ul style="list-style-type: none"> Creation of the necessary statutory documents for appointment Liaising with the necessary parties (directors and shareholders) to initiate appointment Filings of the relevant statutory forms on Companies House Advertisement of the appointment in the London Gazette 	<ul style="list-style-type: none"> Required to ensure that the appointment complies with the statutory requirements 	<ul style="list-style-type: none"> This work was completed solely for the purpose of complying with statutory requirements and had no direct financial benefit to creditors
Case Management: Case set-up	<ul style="list-style-type: none"> Setting up the Case on the Administrators' case management platform Setting up various files for the case Collation of pre administration data from the Company in relation to creditors and suppliers, etc. 	<ul style="list-style-type: none"> Required as part of the duties of the Administrators and their staff 	<ul style="list-style-type: none"> This work was completed solely for the purpose of complying with statutory requirements and had no direct financial benefit to creditors
Reports, circulars notices & decisions	<ul style="list-style-type: none"> Preparation of the Administrators' Proposals Collation of creditor contact details for Proposal circulation Review of decision responses and final outcome for fees Meetings with the former directors of the Company to discuss the Statement of Affairs and arrange for it to be finalised 	<ul style="list-style-type: none"> Required as part of the statutory duties of the Administrators 	<ul style="list-style-type: none"> This work was completed solely for the purpose of complying with statutory requirements and had no direct financial benefit to creditors
Total fees incurred in the Period			2,802 hrs £1,234,214 £/hr 440

Detailed SIP9 time cost analysis for the period and fee estimate variance analysis as at period end

Period from 31/08/2018 to 27/02/2019

Area of work	Partner		Manager		Executive		Administrator		Period total			Fees estimate			Variance		
	Hrs	£	Hrs	£	Hrs	£	Hrs	£	Hrs	£	£/hr	Hrs	£	£/hr	Hrs	£	£/hr
Trading:									464.40	180,139.00	387.90	764.00	336,160.00	440.00	299.60	156,021.00	520.76
Trading (general)	23.50	14,335.00	317.30	140,572.25	121.80	24,907.75	1.80	324.00	464.40	180,139.00	387.90						
Realisation of assets:									852.45	415,913.50	487.90	1,023.00	453,189.00	443.00	170.55	37,275.50	218.56
Sale of assets	18.75	11,606.25	58.90	24,443.50	-	-	-	-	77.65	36,049.75	451.05						
Books & other debts	33.00	22,087.50	570.90	281,846.00	2.50	612.50	-	-	606.40	304,546.00	498.04						
Hire purchase, leasing agreements & third party	1.50	915.00	50.50	20,602.50	58.50	15,662.50	-	-	110.50	37,180.00	393.43						
Other assets	17.00	12,260.00	6.50	2,727.50	-	-	-	-	23.50	14,987.50	637.77						
Insurance	-	-	0.05	15.00	0.75	221.25	-	-	0.80	236.25	295.31						
Legal/ Regulatory	32.50	22,457.50	1.10	456.50	-	-	-	-	33.60	22,914.00	619.07						
Investigations:									77.40	36,610.00	473.00	167.00	67,748.00	405.68	89.60	31,138.00	347.52
General	9.75	7,263.75	33.90	13,961.00	0.95	185.25	1.20	161.00	45.80	21,571.00	264.77						
Debtor/director/senior employees	11.00	6,710.00	19.60	8,134.00	1.00	195.00	-	-	31.60	15,039.00	195.00						
Creditors:									1,082.10	472,128.50	436.31	1,767.00	742,140.00	420.00	684.90	270,011.50	394.23
Employees & pensions	2.00	1,220.00	66.00	30,942.00	4.25	828.75	-	-	72.25	32,990.75	456.62						
Unsecured	14.50	8,845.00	42.40	19,986.00	12.55	2,447.25	1.45	242.25	70.90	31,520.50	443.61						
Redress	7.00	4,270.00	512.20	271,126.00	419.75	132,221.25	-	-	938.95	407,617.25	434.59						
Administration:									326.09	129,422.75	396.89	410.00	174,470.00	425.54	83.91	45,047.25	536.85
Treasury, billing & funding	-	-	4.80	1,807.00	31.15	6,544.25	5.15	924.50	41.10	9,275.75	225.69						
Tax	10.25	6,078.75	65.10	28,973.75	1.45	282.75	17.80	3,002.00	94.60	38,337.25	405.26						
Pensions	-	-	6.30	3,055.50	-	-	-	-	6.30	3,055.50	485.00						
Case management	18.70	11,974.00	86.15	43,297.25	18.65	5,353.75	6.20	1,131.00	129.70	61,756.00	471.20						
Reports, circulars notices & decisions	2.50	1,525.00	18.54	8,494.25	29.85	6,379.00	3.50	600.00	54.39	16,998.25	370.59						
Total	201.95	131,547.75	1,860.24	900,440.00	703.15	195,841.25	37.10	6,384.75	2,802.44	1,234,213.75	440.41	4,131.00	1,773,707.00	429.37	1,328.56	539,493.25	406.07

Notes:

- Partner includes partners and directors
- Manager includes associate directors and managers
- Executive includes assistant managers and executives
- Due to the complexity of the elements of the job, the majority of the work done in relation to the Realisation of assets has been with Managers and above
- Due to enhancements to our SIP9 reporting systems, allocation of time against areas of work may differ to previous periods, however this does not affect overall total time costs
- Adverse variances are presented in brackets
- Total time costs paid to date: £650,000

Hourly charge out rates

Time is charged in units of 6 minutes for each grade of staff used. The hourly charge out rates applied during the Period are as follows:

Grade	From 1 October 2017 to current	
	Insolvency £/hr	Pensions & Tax £/hr
Partner	510 - 745	510 - 800
Director	485 - 595	485 - 725
Associate director	445 - 495	445 - 540
Manager	340 – 420	340 - 465
Assistant manager	300 - 350	300 - 340
Executive	245 - 325	260 - 315
Administrator	165 - 240	200 - 235
Treasury	180	n/a
Support	150 - 155	n/a

The current charge out rates have applied since 1 October 2017. We reserve the right to amend our charge out rates in the future. Any amendments will be detailed within the next report following such an amendment.

Statement of expenses and disbursements incurred in the Period

This table provides details of expenses and disbursements incurred in the Period in connection with the work done by the Administrators, description of which is provided in the 'Work done' section above.

Category	Incurred in the Period (£)	Cumulatively incurred as at Period end (£)	Of which paid by the estate as at Period end (£)
Category 1 disbursements			
Insolvency Bonding	1,875	1,875	1,875
Courier Charges	89	89	9
Travel and subsistence	10,984	10,984	10,937
Category 2 disbursements			
Mileage	29	29	29
Expenses			
Debt Collection Costs:			
Critiqom	1,573	1,573	1,573
Pay360 Limited	10,751	10,751	10,751
Payment Trust Limited	190	190	190
TDX Group Limited	351,804	351,804	351,804
Worldpay UK	13	13	13
Yakara Ltd	8,847	8,847	8,847
Legal fees:			
Addleshaw Goddard	8,734	8,734	8,734
Cliffe Dekker Hofmeyr Inc	7,481	7,481	7,481
Slaughter and May	435,373	435,373	118,407
Legal Disbursements:			
Slaughter and May	45,558	45,558	-
Professional fees:			
Corporate Law Services	1,145	1,145	1,145
Pardeep Purwar & Associates	345	345	345
Pay360 Limited – Cash collecting software	43,001	43,001	43,001
Rents (trading cost):			
Cameron Baum Limited	800	800	800
Statutory Advertising:			
Gazette Direct	142	142	142

Sub-contractors:	62,260	62,260	62,260
Ardanis Technologies Limited	800	800	800
Cameron Baum Limited	22,382	22,382	22,382
Foundation for Credit Counselling			
WDFC UK Limited - South Africa:			
WDFC UK Limited (SA Branch) – Payroll and office costs of SA branch who carry out redress claims process	1,132,881	1,132,881	1,132,881
Ransom payments – settlement of pre-appointment liabilities of certain suppliers	346,867	346,867	346,867
Post-appointment refunds	14,056	14,056	14,056
Bank Charges	218,269	218,269	218,269
Office Costs	23,300	23,300	23,300
Termination costs – early closure costs to Modulr facility (future lending) offset from funds returned	76,208	76,208	76,208
IT System Expenses	611,787	611,787	611,787
Employee Expenses	1,426	1,426	1,426
AIB Retention – cash deposit retained to cover customer chargeback. Will be repaid to Wonga UK	150,000	150,000	150,000
FL6 Cashback Payment – Customer payments in respect of particular loan agreement business	62,220	62,220	62,220
Intercompany Loan - Wonga Group Limited – payment on account of management charges in respect of trading costs	3,000,000	3,000,000	3,000,000
PR – Administrators' Public Relations agents' costs arising from appointment media requirements	30,000	30,000	30,000
Telephone Telex & Fax	3,485	3,485	3,485
Total expenses and disbursements	6,684,675	6,684,675	6,322,024

Disbursements are expenses met by and reimbursed to an office holder in connection with an insolvency appointment and fall into two categories:

Category 1 disbursements

These are also known as 'out of pocket expenses' and are payments to independent third parties where there is specific expenditure directly referable to the insolvent estate; they can be drawn without prior approval and consist of the following categories:

- Travel and subsistence – these costs, which exclude mileage, are incurred by staff in attending trading premises or meetings, for example

- Office costs – these are costs such as postage or courier charges which are incurred in managing the case
- Statutory costs – these are costs such as bonding and advertising relating specifically to the case, which are required by statute

They also include expenses which have been paid using a Grant Thornton Loan, the balance of which (if any) can be seen on the Administrators' receipts and payment account at Appendix A.

Category 2 disbursements

These are expenses that are directly referable to the insolvent estate but not a payment to an independent third party. They may include shared or allocated costs that may be incurred by an office holder or their firm, and that can be allocated to the appointment on a proper and reasonable basis. Category 2 disbursements require approval in the same manner as an office holder's remuneration.

To the extent that recovery of category 2 disbursements is sought, this will be for mileage only. Accordingly, the following resolution was made by the creditors on 9 November 2018, that the Administrators out of pocket expenses at cost; mileage is charged at 45p per mile, be approved.

Mileage is charged at 45p a mile. VAT is added as appropriate. Details of these costs are also provided in the table below.

Sub-contracted out work

During the Period we have sub-contracted out the following work that could otherwise have been carried out by us or our team:

Sub-contractor	Work sub-contracted out	Reason(s) for sub-contracting out	Cost incurred (£)
TDX Group Limited	<ul style="list-style-type: none"> Collections of the book debts 	<ul style="list-style-type: none"> The arrangement existed pre-administration and was seen as commercial to continue the engagement post appointment due to the complexity of the collections 	£351,804

Payments to associates

Where we have enlisted the services of others we have sought to obtain the best value and service. In the interest of transparency, we disclose below services we have sought from within our firm or from a party with whom (to the best of our knowledge) our firm, or an individual within our firm, has a business or personal relationship:

Service provider	Services enlisted	Cost of service
Grant Thornton UK LLP	<ul style="list-style-type: none"> Tax work/advice (narrative is included within the above narrative of work done) Pensions work/advice (narrative is included within the above narrative of work done) Corporate Finance (narrative is included within the above narrative of work done) 	<ul style="list-style-type: none"> Costs are included within the above SIP9 time cost analysis

Relationships requiring disclosure

We confirm that we are not aware of any business or personal relationships with any parties responsible for approving the Administrators' fee basis, or who provide services to us as Administrators, which may give rise to a potential conflict.

Information for creditors

Provided below is information to help creditors to understand their rights in insolvency and regarding officeholders' fees, and the roles and functions of committees.

R3 is the trade association for the UK's insolvency, restructuring, advisory and turnaround jltts. Amongst other things, R3 has made available written guidance for stakeholders affected by insolvency, in particular creditors, for some of which the web links are provided below.

Where web links are provided for the information, we will supply this information by post, free of charge on request.

'Office holder' means, for example, the appointed administrator(s), liquidator(s) or trustee(s) in bankruptcy.

R3 creditor guides

- Rights of creditors during an insolvency process guides: <https://www.r3.org.uk/what-we-do/publications/professional/creditors-guides>
- Background information regarding the fees of officeholders: <https://www.r3.org.uk/what-we-do/publications/professional/fees>
- Liquidation/Creditors' committees and commissioners: <https://www.r3.org.uk/media/documents/publications/professional/R3-Guide-to-Creditors-Committees.pdf>

Creditors' and members' rights to request information about remuneration or expenses under r18.9 of the Rules

(1) The following may make a written request to the office-holder for further information about remuneration or expenses (other than pre-administration costs in an administration) set out in a progress report under rule 18.4(1)(b), (c) or (d) or a final report under rule 18.14:

- (a) a secured creditor;
- (b) an unsecured creditor with the concurrence of at least 5% in value of the unsecured creditors (including the creditor in question);
- (c) members of the company in a members' voluntary winding up with at least 5% of the total voting rights of all the members having the right to vote at general meetings of the company;
- (d) any unsecured creditor with the permission of the court; or
- (e) any member of the company in a members' voluntary winding up with the permission of the court.

(2) A request, or an application to the court for permission, by such a person or persons must be made or filed with the court (as applicable) within 21 days of receipt of the report by the person, or by the last of them in the case of an application by more than one member or creditor.

(3) The office-holder must, within 14 days of receipt of such a request respond to the person or persons who requested the information by:

- (a) providing all of the information requested;
- (b) providing some of the information requested; or
- (c) declining to provide the information requested.

(4) The office-holder may respond by providing only some of the information requested or decline to provide the information if:

- (a) the time or cost of preparation of the information would be excessive; or
- (b) disclosure of the information would be prejudicial to the conduct of the proceedings;

- (c) disclosure of the information might reasonably be expected to lead to violence against any person; or
 - (d) the office-holder is subject to an obligation of confidentiality in relation to the information.
- (5) An office-holder who does not provide all the information or declines to provide the information must inform the person or persons who requested the information of the reasons for so doing.
- (6) A creditor, and a member of the company in a members' voluntary winding up, who need not be the same as the creditor or members who requested the information, may apply to the court within 21 days of:
- (a) the office-holder giving reasons for not providing all of the information requested; or
 - (b) the expiry of the 14 days within which an office-holder must respond to a request.
- (7) The court may make such order as it thinks just on an application under paragraph (6).

Creditors' and members' rights to challenge the office-holder's remuneration and expenses under r18.34 of the Rules

- (1) This rule applies to an application in an administration, a winding-up or a bankruptcy made by a person mentioned in paragraph (2) on the grounds that:
- (a) the remuneration charged by the office-holder is in all the circumstances excessive;
 - (b) the basis fixed for the office-holder's remuneration under rules 18.16, 18.18, 18.19, 18.20 and 18.21 (as applicable) is inappropriate; or
 - (c) the expenses incurred by the office-holder are in all the circumstances excessive.
- (2) The following may make such an application for one or more of the orders set out in rule 18.36 or 18.37 as applicable:
- (a) a secured creditor,
 - (b) an unsecured creditor with either:
 - (i) the concurrence of at least 10% in value of the unsecured creditors (including that creditor), or
 - (ii) the permission of the court, or
 - (c) in a members' voluntary winding up:
 - (i) members of the company with at least 10% of the total voting rights of all the members having the right to vote at general meetings of the company, or
 - (ii) a member of the company with the permission of the court.
- (3) The application by a creditor or member must be made no later than eight weeks after receipt by the applicant of the progress report under rule 18.3, or final report or account under rule 18.14 which first reports the charging of the remuneration or the incurring of the expenses in question ("the relevant report").

C Statutory information

Company Information

Company name	WDFC UK Limited
Date of incorporation	18 September 2007
Company registration number	06374235
Former trading address	88-90 Crawford Street, London, W1H 2EJ
Former registered office	As above
Present registered office	4 Hardman Square, Spinningfields, Manchester, M3 3EB

Administration information

Administration appointment	The Administration appointment granted in the Business and Property Courts of England and Wales, 7286 of 2018
Appointor	the directors
Date of appointment	31 August 2018
Joint Administrators' names	Chris M Lavery Daniel R W Smith Andrew Charters
Joint Administrators' addresses	30 Finsbury Square, London, EC2P 2YU
Purpose of the Administration	Achieving a better result for the Company's creditors as a whole than would be likely if the Company were wound up
Estimated values of the Net Property and Prescribed Part	The Company's Net Property is estimated to exceed £600,000. The prescribed part is capped at the statutory maximum of £600,000
Prescribed Part distribution	The Administrators consider preferential and secured creditors will be paid in full and the funds available to unsecured creditors will be greater than £600,000, and that therefore there is no purpose to setting aside a prescribed part
Functions	In accordance with paragraph 100(2) of Schedule B1 to the Insolvency Act 1986, the functions of the administrators are to be exercised by any or all of them
Current administration expiry date	30 August 2019

D Notice about this report

This report has been prepared by Chris M Lavery, the Joint Administrator of WDFC UK Limited – in administration, solely to comply with the Administrators' statutory duty to report to creditors under the Insolvency (England and Wales) Rules 2016 on the progress of the Administration, and for no other purpose. It is not suitable to be relied upon by any other person, or for any other purposes, or in any other context.

This report has not been prepared in contemplation of it being used, and is not suitable to be used, to inform any investment decision in relation to the debt of or any financial interest in the Company.

Any estimated outcomes for creditors included in this report are illustrative only and cannot be relied upon as guidance as to the actual outcomes for creditors.

Any persons choosing to rely on this report for any purpose or in any context other than under the Insolvency (England and Wales) Rules 2016 do so at their own risk. To the fullest extent permitted by law, the Administrators do not assume any liability in respect of this report to any such person.

Chris M Lavery, Daniel R W Smith and Andrew Charters are authorised in the UK to act as Insolvency Practitioners by the Insolvency Practitioners Association.

The Administrators are bound by the Insolvency Code of Ethics.

The Administrators act as agents for the Company and contract without personal liability. The appointment of the Administrators are personal to them and to the fullest extent permitted by law, Grant Thornton UK LLP does not assume any responsibility and will not accept any liability to any person in respect of this report or the conduct of the Administration.

Please note you should read this progress report in conjunction with the Administrators' previous progress reports and proposals issued to the Company's creditors, which can be found on the Grant Thornton portal. Unless stated otherwise, all amounts in this progress report and appendices are stated net of VAT. For definitions of abbreviations please refer to the 'Definitions' table at the start of this progress report.

