



WDFC UK Limited - in administration (the Company)

Recovery and Reorganisation
Grant Thornton UK LLP
4 Hardman Square
Spinningfields
Manchester
M3 3EB

Joint administrators' progress report for the
period 1 March 2019 to 31 August 2019

Prepared by: Chris M Laverty, Joint Administrator

Contact details: Should you wish to discuss any matters in
this report, please email CMU@uk.gt.com.

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

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 Laverty, 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 1 March 2019 to 31 August 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 in order to maximise realisation into the estate
 - The Gross Loan Book on appointment totalled £77.2 million and collections to date are c.£23 million
 - The Administrators have undertaken an extensive process to determine whether a sale of the remaining Wonga UK loan book is viable. This process has established that, whilst there was interest in the book, a sale would not be viable to the estate
 - Accordingly, the Administrators intend on exploring alternative options to ensure maximum value is received from the remaining loan book for the benefit of the estate, including redress creditors
 - The Administrators have designed, built, tested and launched an online claims portal (the Online Claims Portal – see section 5.1) to enable Redress Claims to be submitted by current and former customers where they believe that they have a claim in respect of unaffordable loans
 - The Administrators have received and acknowledged receipt of 560,982 to 31 August 2019 Redress Claims of which 389,621 are eligible
 - The Administrators have also developed, tested and implemented an automated assessment tool for the timely and cost-efficient assessment of Redress Claims
 - **Please note, the Online Claims Portal will close on 30 September 2019 and no further claims will be admitted after this date**
 - The Administrators are currently assessing claims received and it is anticipated that all claims will be assessed shortly after 30 September 2019
 - Those who have a successful claim will be considered a Redress Creditor and will rank as an unsecured creditor and be entitled to a distribution / payment
 - **If you have received this report from the Administrators, you have already submitted a claim and so will not need to log onto the Online Claims Portal to re-submit your claim**
 - In due course, the Administrators will advise the extent of any payment to such creditors. The payment will be significantly less than the full value of the accepted claim
 - The Administrators continue to wind down the operations of the business as far as possible, subject to the work noted above. The time delay to any distribution relates to the realisation of other assets across the Wonga Group where Wonga UK has a claim
 - As a regulated entity, the Administrators continue to provide regular updates to the FCA
- 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 still being unknown
- 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, total redress claims received, the costs associated with processing Redress Claims and dealing with the administration process

- The Administrators have received approval from the Court for permission to distribute funds to unsecured creditors in the Administration. It is intended that a distribution to unsecured creditors will occur by 30 January 2020, albeit this is heavily dependent on a number of factors including the recovery against the intercompany claims Wonga UK has with other group companies
- The Administration was due to end on 30 August 2019. An extension to the Administration was needed to enable the Administrators to complete the realisation of the Company's assets and make a distribution to its creditors. The Administrators therefore sought to extend the Administration order by way of application to the Court. The application was granted and the Administration has been extended by 12 months to 30 August 2020
- A decision of creditors is being sought within this report. Please see section 8 for further detail



Chris M Laverty
Joint Administrator

25 September 2019

Potential fraud – please read

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.

2 Background

2.1 Background leading to administration

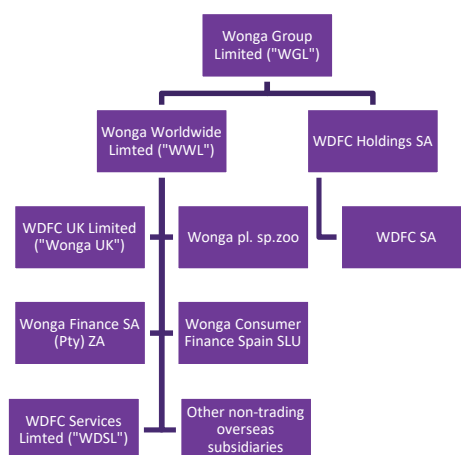
A detailed background to the administrators' appointments has been provided previously in both the Administrators' statement of proposals and also the previous progress reports which were circulated on 24 October 2018 and 27 March 2019 respectively. I provide below a summarised version of the background to the appointments.

As indicated above, this report should be read in conjunction with the prior reports to the Company's creditors. Prior reports can be viewed [here](#) and [here](#).

The Company's ultimate parent company, Wonga Group Limited (formerly Quickbridge (UK) Limited) (WGL) was incorporated on 4 August 2006 and its UK trading subsidiary company, WDFC UK Limited (formerly Wonga.com Limited), was incorporated on 18 September 2007. The activity of the Group carried out through Wonga UK, which commenced trading in 2008, was the provision 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 (via WWL) 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 and FOS interim determination

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. Whilst this had an adverse impact on the industry, Wonga UK continued to trade.

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

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

The FCA's Dispute Resolution: Complaints sourcebook (DISP) provides that borrower complaints cannot be considered more than: (i) six years after the event complained of (6-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 (3-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 6 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 6 years may be considered within the time limits for a valid complaint. In this individual case FOS applied an interpretation of the 3-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 had a negative unquantified impact on redress provisioning and negative 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.

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

In July 2018 the level of complaints had increased to around double the historic run-rate.

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 an 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 paragraphs 22 and 26 of Schedule B1 to the Insolvency Act 1986 and Rule 3.24 of the Insolvency Rules for WDFC, WGL, WWL and WDSL.

This progress report relates to WDFC UK only. A separate combined progress report is being issued in relation to WGL, WWL and WDSL.

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 the Administrators have continued to operate certain aspects of the Company on a 'business as usual' basis. This has been necessary to facilitate repayment of loans, to protect borrower data and to enable the Company to continue to respond to borrower queries, changes to borrower's details and deal with Redress Claims.

Therefore, we have arranged for the continuation of services (at a reduced, more cost-efficient level) across most aspects of the Company's activity. The requirement for these services continues to be under constant review and have been, or will be, wound down as appropriate as soon as the Administrators are able 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 staff in the UK but had 146 employees based in its customer service call centre, located in South Africa. Currently 50 staff remain employed in South Africa where they provide customer support and support for the Redress Claims process (section 5). The reduction in employees has principally been as a result of natural attrition, rather than through redundancies, albeit an initial round of redundancies occurred in July 2019. 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 WGL workforce has been rationalised as part of the wind down process to ensure it meets the needs of the Administration and, as at 31 August WGL continues to employ 18 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 their skills, experience and knowledge are retained 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

As indicated above, the Administrators have maintained loan book collections. As previously reported, the Wonga UK Gross Loan Book as at 31 August 2018 comprised of c.206,000 loans with an outstanding balance of £77.2 million.

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 31 August 2019

Despite the administration appointment, we can report that c.£23 million has been collected during the period to 31 August 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 whilst reviewing operational costs.

The Administrators have continued to deploy various initiatives which have significantly improved loan recoveries over the Directors' estimates, including:

1. Engaging and negotiating with critical suppliers to retain loan management platforms;
2. Updating customer contact strategies and collection correspondence, including SMS, voice messages and emails;
3. Ongoing engagement with debt collection agents and debt management charities 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 compliance and that all customers are dealt with fairly, including those customers who are considered vulnerable.

These initiatives have resulted in c.54,000 loans being closed during the Administration, realising c.£23 million of assets for the Company's creditors.

Loan book as at 31 August 2019

The Administrators are continuing to collect the outstanding Gross Loan Book amounting to £59.4 million as at 31 August 2019 and consisted of c.153,000 loans.

As reflected in the table below, there are only a small number (0.1%) of loans which remain current (i.e. within terms), meaning the vast majority (99.9%) of outstanding loans are now considered to be 'delinquent' or in default. The Administrators will continue to work with customers, debt collection agents and debt management charities 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 31 August 2019

| £'mil Loan product | Current | | Arrears | | Total | |
|---------------------------|-----------|------------|----------------|-------------|----------------|-------------|
| | Loans | £ | Loans | £ | Loans | GBV (£) |
| Short Term Loan (STL) | - | - | 91,142 | 31.4 | 91,142 | 31.4 |
| Flexi Loan 3 (FL3) | - | - | 40,392 | 16.2 | 40,392 | 16.2 |
| Flexi Loan 6 (FL6) | - | - | 21,108 | 11.6 | 21,108 | 11.6 |
| Wonga Personal Loan (WPL) | 94 | 0.2 | 3 | 0.0 | 97 | 0.2 |
| Loan book | 94 | 0.2 | 152,645 | 59.2 | 152,739 | 59.4 |

3.3 Loan book realisation strategy

Whilst the Administrators have continued efforts to collect the outstanding loan book, they have explored alternative options to realise value from the residual loan book, including a sale or placement of the book, to benefit net realisations available to Creditors.

The Administrators received enquiries from a number of parties in relation to various Wonga UK assets, including the loan book, and in April 2019 commenced a market sounding exercise to determine the level of interest in the residual loan book. To assist with the process, the Administrators engaged financial advisors.

A total of 33 potential investors were contacted from which 10 parties expressed an interest in conducting further due diligence with a view to purchasing the loan book. This feedback indicated that it

would be appropriate for the Administrators to commence a formal sales process. Accordingly, a number of parties were invited to participate in a non-binding offer phase and to conduct further due diligence.

Following receipt of non-binding offers, a binding offer phase commenced where certain bidders were able to conduct a final round of due diligence and submit binding offers for the acquisition of the Wonga loan book.

Upon receiving binding offers, the Administrators assessed the offers received, giving strong consideration to the following matters:

1. The attractiveness of the offer from a financial perspective and likely return to the estate;
2. The willingness and ability to complete the transaction in a timely manner;
3. The necessary regulatory permissions are held by the bidder to acquire and/or manage a loan book comprising of high-cost short-term debt
4. The bidder has the experience and resources to undertake such a transaction; and
5. How the bidder intends on servicing the loan book following the transaction, including the bidder's approach to collecting the outstanding loan book (i.e. collection strategy).

Unfortunately, despite extensive dialogue with bidders, the Administrators could not gain sufficient comfort that the criteria set out above could be met and concluded a sale of the loan book could not be achieved.

In light of the above, the Administrators are now exploring alternative options to ensure maximum value is extracted from the remaining loan book (c.£59.5 million) for the benefit of the estate, including redress creditors.

3.4 Other assets

Cash

At the date of appointment, the Company had cash balances totalling £12,395,593 (net of charges and fees). These funds have been transferred to bank accounts under the control of the Administrators.

Inter-company debtors

The Company is owed £27.6 million by its associated entity Wonga Worldwide Limited (WWL). The principal assets of WWL was its interest in subsidiary companies in Poland, Spain, South Africa and India.

The successful sale of Wonga Poland was achieved after protracted negotiation on 30 April 2019. The subsidiary company in South Africa is currently undergoing a sales process and the Joint Administrators are negotiating with parties in relation to the investments in India and South Africa. 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.

4 Creditors

4.1 Secured creditors

Kreos was granted a fixed and floating charge debenture over the assets of WGL on 7 April 2016. Kreos submitted a claim for €6,427,409 and Slaughter and May, acting for the Administrators, provided advice to confirm the validity of the security.

WWL and WDSL also granted fixed and floating charge debentures over their assets to Kreos as guarantors for the debt due by WGL. Kreos also held security over the assets of Wonga UK, Wonga Poland and Wonga South Africa.

The indebtedness to Kreos was settled in full by WWL (as guarantor) following the successful conclusion of the Wonga Poland transaction. The sum paid was £5,974,701 which included interested and fees. As a result of discharging the indebtedness to Kreos WWL, now has a claim against WGL for the full sum paid.

4.2 Preferential creditors

As detailed above, there are currently 50 employees working at the Company, all located in its branch 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 employee liabilities will be for holiday pay and severance pay. As at 31 August 2019 the approximate holiday pay liability totals approximately £13,111 and the severance pay liability is approximately £57,488.

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.

As there are no preferential creditors and the secured creditor has been paid in full, leaving behind sufficient assets to exceed the £600,000 cap, there is no purpose to setting aside a prescribed part.

4.4 Non-preferential unsecured creditors

The statement of affairs detailed unsecured creditors totalling £83,275,552 which comprised of the following:

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 will be recharged by way of inter-company trading and loan balances.

Intercompany creditors due from Wonga UK

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. However, as the level of Redress Claims is currently uncertain we are unable to indicate the level of dividend that may be available to unsecured creditors. This will depend on the level of Redress Claims which is further commented on at section 5 below.

5 Redress Creditors

5.1 Redress Creditors

Introduction

As detailed in the Administrators' proposals and the subsequent progress report, the Redress Creditors comprise current and former customers who believe that they were sold an unaffordable loan(s). As a result, these customers may have an unsecured claim for a refund of the interest and fees paid on those loans, plus compensatory interest at 8% from the date of the loan to the date of Administration, being 31 August 2018.

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

1. The complaints process can no longer be referred to the FOS and now forms part of the administration process
2. On 16 April 2019 the Administrators launched an Online Claims Portal (<https://claims.wonga.com/>) a secure online channel for customers to submit a Redress Claim in a straightforward manner. Any customers who submitted a claim prior to the launch of the Online Claims Portal do not need to re-submit their claim
3. To submit a Redress Claim, customers are simply 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
4. Once a claim has been submitted, it will be considered for assessment
5. The Administrators have created an automated claims assessment process that aligns with the relevant legal and statutory requirements to provide a fair and reasonable basis for assessing claims
6. All claims received following the Administrators' appointment have been and will continue to be acknowledged and assessed
7. The Administrators have conducted a communication campaign designed to raise awareness of customers' ability to make a claim, by email, text message and advertisements in local and national newspapers
8. The final date for submitting a claim is **30 September 2019**. After this date the Online Claims Portal will close
9. The total volume of claims received to 31 August 2019 is 560,982.

Post-appointment claims

Since the Administrators' appointment for the period to 31 August 2019, claim volumes have been significant with in excess of 560,982 claims having been received at the date of this report. The Administrators continue to receive a significant number of claims on a daily basis and the Company continues the process of acknowledging and assessing all claims.

To date, the redress claim position as at 31 August 2019 is as follows:

Redress claims overview

| | Opened Complaints | Eligible for Redress | Total Redress Amount (£) | Average claim value (£) |
|-------|-------------------|----------------------|--------------------------|-------------------------|
| Total | 560,982 | 389,621 | 460,254,469 | 1,181 |

The total value of all accepted claims received to date is in excess of £460m and will significantly exceed the money available to be shared out. As such, any distribution to creditors will be considerably smaller than the accepted claim amount. The money available to be shared out will not be known until all of Wonga's assets have been sold or realised and certain costs and deductions have been taken into account.

Statutory limitation period

As detailed extensively in the previous progress report, the Administrators considered the competing legal arguments in assessing claims made by Redress Creditors 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.

To summarise, 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 Administrators held extensive discussions with their legal advisors and with the FCA. All parties concluded that DISP Limitation was the appropriate limitation period which should be applied by the Administrators. In addition, the views of certain CMCs were sought by the Administrators, and the responses received indicate strong support among firms representing a large proportion of the Redress Creditors at the time, for the application of DISP Limitation.

Pre-appointment claims

At the date of the Administrators' appointment, the Company had received c.11,500 claims that had been acknowledged but not yet assessed and a further c.12,500 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 c.7,000 complaints that were to be adjudicated by the FOS. As confirmed previously, 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.

More about how to submit a complaint

Given the very large population of Redress Claims the Company had and was expected to receive, the Administrators worked with the retained technological developers of the Company to create an Online Claims Portal. The Online Claims Portal is a website for customers to submit a Redress Claim in a secure and straightforward manner. The work has involved comprehensive testing to ensure functionality, ease of use and data security. The creation of the Online Claims Portal has fully automated the claim receipt and assessment process creating significant cost savings and increasing the return to creditors, as against the costs of a manual process.

To submit a claim, customers have been 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.

If you have received this report from the Administrators, you have already submitted a claim and so will not need to log onto the Online Claims Portal to re-submit your claim.

The Administrators have recently contacted again all past and present customers of Wonga UK who have yet to submit a claim to remind them of the final date for claims. In addition, since the launching of the Online Claims Portal the Administrators have run national advertisement campaigns in major media outlets to invite customers to make a claim via the Online Claims Portal if they believe they were sold an unaffordable loan.

The Online Claims Portal (<https://claims.wonga.com/>) will remain open to **30 September 2019**.

For any updates in the interim, please refer to the FAQs, which are updated throughout the course of the Administration on the following link <https://www.wonga.com/help/complaints>.

Claim assessment process

The Administrators have created an automated claims assessment process that aligns with the relevant legal and statutory requirements to provide a fair and reasonable basis for assessing claims.

As indicated previously, the Administrators have dealt with a number of novel legal issues in finalising the 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 sought advice from legal counsel in relation to any areas of uncertainty in finalising the proposed methodology. The Administrators also liaised with the FOS and the FCA in preparing our assessment criteria.

The claims have been assessed against a number of affordability criteria:

a. Loan value as a proportion of income

If a loan's value was greater than 30% of the customer's income at the time that the loan was taken out, the claim for that loan has been accepted.

b. Time in loan or number of loans

Subject to the type of loan borrowed from Wonga, if the customer was a repeat borrower of Wonga loans over a significant number of loans or period of time (without a break from Wonga of at least 6 months) the claim for all loans beyond the number or period of time threshold have been accepted.

c. Additional affordability factors

In addition to the above, if there is any evidence that the loan(s) were unaffordable, e.g. payments in arrears or a record of the customer contacting Wonga and reporting hardship, the claim for all loans after this point (without a gap of at least 6 months) have been accepted.

Any loans that have been previously compensated have not been re-assessed by the Administrators.

Once an assessment has been communicated with a customer, if the customer believes that there are exceptional circumstances (i.e. additional factors that should be considered by the Administrators in addition to the criteria above) or that there is an error in the claim value, they have the right to appeal to court within 21 days. In order to reduce costs and assist customers, the Administrators have been dealing with customers appeals in the first instance.

The Administrators consider the use of this automated assessment tool is considerably more time efficient and cost effective than undertaking a manual review of each claim submitted by a Redress Creditor, and will ultimately increase the recoveries made by 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 no funds being available for distribution to Creditors (including Redress Creditors).

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 of the appeal. 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.

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.

Application to court

On 25 April 2019 the Administrators successfully applied to the Court for permission to make a distribution to creditors in the administration. The application sought to agree to (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 to 30 August 2020.

Set-off

Customers who have an outstanding loan(s) may submit a claim where they believe they were sold an unaffordable loan(s).

As part of the claim adjudication process, the automated assessment tool recognises outstanding loans and will set these off against the customers redress claim. Customers will be notified during the adjudication process as to how set-off may impact an outstanding loan balance.

Processing a dividend

Given the volume of unsecured creditors, including Redress Creditors, building and implementing a process to make distribution payments to hundreds of thousands of creditors has, and continues to be, a complex challenge. Where possible the Administrators are trying to automate this process to ensure it is completed in an orderly, cost efficient and accurate manner while providing sufficient information to the creditors who are ultimately receiving a payment.

The Administrators will contact successful claimants, as soon as they are able to in respect of the timing and amount of any payments.

This will be subject to a number of factors such as ensuring all assets (including any receivables from other companies in the Group) are realised and all costs are either known or discharged ahead of the payment date. Any delays in Wonga UK realising its assets may impede the ability of the Administrators to adhere to their preferred distribution date of 30 January 2020.

6 Investigations into the affairs of the company

6.1 Statutory investigations

We undertook 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.

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 dealing 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 collating and adjudicating on Redress Claims, and the increased involvement in extracting value from the loan book, the Administrators will seek to vary the fee estimate for the initial 12 months of the appointment, and, under r18.30 of the IA86, will seek the approval of the Company's creditors by way of a qualifying decision procedure.

In addition, a further fee estimate is provided for the period beyond the first 12 months of the administration for the period 1 September 2019 to 29 February 2020 and, again, the Administrators will seek approval by way of a qualifying decision procedure from the Company creditors.

The necessary resolutions and voting forms are appended to this report.

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
- realising the intercompany debt due from WWL by way of dividend
- collating, assessing and valuing the Redress Creditor claims in order to determine the level of unsecured creditors. This will be achieved by:
 - maintaining the Online Claims Portal
 - completing an awareness campaign
 - processing and monitoring Redress Claims
- payment of Administration expenses, including our remuneration
- 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 was due to end on 30 August 2019.

It was identified that an extension to the Administration was needed to enable the Administrators to complete the realisation of the Company's assets, identifying Redress Creditors and make a distribution to its creditors. The Administrators therefore sought to extend the Administration order by way of application to the Court. The application was granted on 30 April 2019 and the Administration has been 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 Resolutions proposed

We attach a notice for decisions of the creditors as follows:

- 1 A creditors' committee be formed. Information concerning creditors' committees can be found in Liquidation / Creditors' Committees and Commissioners: A Guide for Creditors published by the Association of Business Recovery Professionals. This can be read at or downloaded from <https://www.r3.org.uk/media/documents/publications/professional/R3-Guide-to-Creditors-Committees.pdf>
- 2 That the Joint Administrators' fees estimate be revised to £2,115,764 plus VAT (from £1,773,707) for the period from 31 August 2018 to 31 August 2019

- 3 The basis of the Administrators' remuneration be fixed according to the time properly spent by the Administrators and their staff on the administration, with a fees estimate of £652,768 (plus VAT) for the period 1 September 2019 to 28 February 2020.

With regards to resolution 2, the basis of the Administrators' remuneration remains as fixed according to time properly spent by the Administrators and their staff on the administration, a revision of the fees estimate is sought to increase the permitted cap on the level of fees in the light of the additional work that has been identified.

8.5 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.

8.6 Future reporting

The date of our next report to creditors is anticipated to be by 28 February 2020.

A Abstract of the administrators' receipts and payments

WDFC UK Limited - in administration
 Summary of receipts and payments
 from 31 August 2018 to 31 August 2019

| | Statement of Affairs (£) | 31-Aug-18 to 28-Feb-19 (£) | 01-Mar-19 to 31-Aug-19 (£) | Total (£) |
|---|-----------------------------|-------------------------------|-------------------------------|----------------------|
| Receipts | | | | |
| Cash at Bank (net of accrued charges) | 16,597,193.00 | 12,395,593.45 | - | 12,395,593.45 |
| Other receipts | | 17,517.96 | 30,099.63 | 47,617.59 |
| Loan collections | 14,424,392.00 | 21,024,737.60 | 1,972,973.86 | 22,997,711.46 |
| Bank/ISA InterestGross | | 135,742.38 | 82,264.83 | 218,007.21 |
| HMRC - VAT received/paid | | 132,140.83 | 136,981.33 | 269,122.16 |
| Prepayments | 42,253.00 | - | - | - |
| Intercompany receipts | 10,792,236.00 | - | - | - |
| Fixed Assets | 17,148.00 | - | - | - |
| | | 33,705,732.22 | 2,222,319.65 | 35,928,051.87 |
| Payments | | | | |
| Sub Contractors | | 85,442.04 | 14,122.93 | 99,564.97 |
| Rents | | 800.00 | - | 800.00 |
| Ransom payments | | 346,867.17 | 3,096.67 | 349,963.84 |
| Post-appointment refunds | | 14,056.10 | 22,851.83 | 36,907.93 |
| Professional Fees | | 44,491.29 | 144,252.52 | 188,743.81 |
| Bank Charges | | 218,269.05 | 3,307.86 | 222,114.97 |
| WDFC UK Limited - South Africa | | 1,132,880.98 | 827,562.04 | 1,960,443.02 |
| Office Costs | | 23,300.08 | 660.15 | 23,960.23 |
| Termination costs | | 76,207.95 | - | 76,207.95 |
| IT System Expenses | | 611,786.69 | 684,815.49 | 1,296,602.18 |
| Employee Expenses | | 1,426.11 | - | 1,426.11 |
| Debt Collection costs | | 373,178.82 | 259,929.93 | 632,570.69 |
| AIB Retention | | 150,000.00 | (120,000.00) | 30,000.00 |
| FL6 Cashback Payment | | 62,219.56 | 9,482.18 | 71,701.74 |
| Intercompany Loan - Wonga Group Limited | | 3,000,000.00 | 1,500,000.00 | 4,500,000.00 |
| PR | | 30,000.00 | - | 30,000.00 |
| Administrators Fees | | 650,000.00 | 750,000.00 | 1,400,000.00 |
| Administrators Expenses | | 12,850.50 | - | 12,850.50 |
| VAT irrecoverable | | 486,021.20 | 445,859.60 | 931,880.80 |
| Legal Fees (1) | | 134,622.17 | 140,525.01 | 275,147.18 |
| Telephone Telex & Fax | | 3,484.71 | 2,161.13 | 5,645.84 |
| Statutory Advertising | | 142.30 | 40,166.00 | 40,308.30 |
| | | 7,458,046.72 | 4,728,793.34 | 12,186,840.06 |
| Net Receipts/(Payments) | | 26,247,685.50 | (2,506,473.69) | 23,741,211.81 |
| Made up as follows | | | | |
| Cash at bank | | | | <u>23,741,211.81</u> |
| | | | | <u>23,741,211.81</u> |

B Statement of Insolvency Practice 9 disclosure: payments, remuneration and expenses to the administrators or their associates

Payments, remuneration and expenses to the Joint 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:

1. pre-appointment costs
2. post appointment costs
 - a. Fee basis of the joint administrators as per resolution passed for Phase 1 (with excess fees explained)
 - b. Work done by the joint administrators and their team during Phase 1
 - c. SIP9 to show the variance in the fee estimate and total fees incurred for Phase 1
 - d. Fee basis of the joint administrators for Phase 2, as per the new fee estimate below (further resolution required for creditors to approve)
3. hourly charge out rates
4. disbursements and expenses
5. sub-contracted out work
6. payments to associates
7. relationships requiring disclosure
8. information for creditors (rights, fees, committees)

1. 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 was undertaken and Grant Thornton 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 | |

- Initial actions to achieve an accelerated sale of Wonga UK
- 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

2. Post-appointment costs

a. Fee basis of the Joint Administrators as per resolution for Phase 1 (defined below)

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 fee estimate of £1,773,707 for the period 31 August 2018 to 30 August 2019 (Phase 1).

During the period from 1 March 2019 to 31 August 2019 (the Period) time costs were incurred totalling £881,550.55 represented by 1,972.51 hrs at an average of 446 £/hr (as shown in the 'Work done' section below). Description of the work done is provided in the respective section below.

The total time costs incurred for Phase 1 incurred were £2,115,764.30 represented by 4,774.95 hrs at an average of 443 £/hr. Compared to the fee estimate previously provided this is an excess of £342,057.30, for which the Joint Administrators are seeking a resolution to draw these fees. The variances for the fee estimate are laid out in the SIP9 table later in this appendix.

The reasons for the excess are as follows:

- the volume of creditors has vastly exceeded the volume that was expected, with total claims received being over 550,000 in volume. The effect of the increase in the creditor volume has resulted in a lengthening of the overall timeline for dealing with the estate
- the collection of the loan book requiring more time management than anticipated, however, a total of £23 million has been received to date
- there was a much larger proportion of customer creditors than anticipated who had no bank account information on file for which led to the administrators having to implement a communication campaign with the customer base
- the requirement of an application to court to obtain approval for a distribution using the proposed assessment methodology for redress claims
- detailed legal analysis was required for understanding the appropriate requirements for dealing with limitation and set-off matters
- the requirement for a much more detailed tax analysis on redress claims in relation to withholding tax, involving legal and HMRC
- following the creation of the assessment tool it became necessary to implement an audit of the process and outcome in order to ensure its integrity
- general employee attrition has led to the Joint Administrators' staff becoming more involved with certain aspects of the insolvency process

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. We seek approval to draw remuneration in excess of our fees estimate and set out the reasons for this excess below:

- we did not anticipate the above listed reasons in our original proposal and work to be conducted throughout the administration, therefore we did not include them in the original fee estimate.
- we consider that the work done in relation to the realisation of the loan book has added considerable value to the estate
- we consider that we have been extremely commercial and pragmatic in dealing with the significant number of redress creditors and have therefore kept these costs to an absolute minimum utilising the expertise of the tech staff as well as the automated nature of the assessment tool and Online Claims Portal

The further information required in respect of seeking this approval is included within the relevant notice of decision procedure included at Appendix E.

Work done by the Joint 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 our 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 joint 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 | | | | 232 hrs | £88,296 | £/hr380 |
| Trading general | <ul style="list-style-type: none"> Continued 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 | | | |
| Assets | | | | 727 hrs | £383,326 | £/hr527 |
| Sale of assets | <ul style="list-style-type: none"> Sale of loan book strategy commenced with engagement of agents Alantra to assist in the process Contacting potential buyers of the loan book and shortlisting potential purchasers Due diligence process with potential purchasers 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"> Continued monitoring of collections of arrears and liaising with meta-broker regarding collection performance Assessing the arrangements for customer account placements with either the meta-broker or collection agencies | <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"> Running a sales process in order to understand what value can be extracted from the remaining loan book | | | |
| Hire Purchase, Leasing, & third party | <ul style="list-style-type: none"> Continued 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"> Continued correspondence and meetings with the landlord to understand rent deposit position and vacation of 2nd floor office space Continued assistance with the identification and sale of the chattels Continued arrangement of wiping of former employee laptops and mobile phones for the potential future sale of these Continued arrangements 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"> Continued engagement with Marsh (formerly 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 | |
| Creditors | | | | 1,340 hrs £521,651 £/hr389 |
| Employees & pensions | <ul style="list-style-type: none"> As per the previous report, the UK Company employed 146 employees in its customer service centre in South Africa | <ul style="list-style-type: none"> To enable settlement of any preferential 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', | |

- The Administrators have continued to monitor 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 continued to assist in the retrenchment process in connection with the future rationalisation of the workforce in South Africa
 - Continued implementation of a retention scheme for key employees
 - Continued liaising with finance and HR teams in South Africa to ensure continuity of employee benefits
 - 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
 - The Administrators see it at commercial to utilise the staff here who are experienced in handling Wonga complaints
- although it might not add financial value to the estate it adds value to the insolvency process

Unsecured

- Continued 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
- 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

- Continued meetings with Wonga staff at the Company to discuss the assessment criteria as well as the means and process for sending the assessments
 - Continued meetings with the various tech teams to create the assessment tool and the logistics of communicating the decision to customers
 - Preparation for court hearing for application to distribute using the proposed assessment methodology
 - Regular catch ups with the various tech and data teams to respond to queries and progress the assessment tool build
 - Continued 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
 - 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
 - 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
-

- Regular monitoring of the volumes of claim submissions
- Continued meetings and correspondence with the FCA to ensure that they
- Correspondence with ad hoc redress creditors in relation to the status of their redress claims

Administration

294 hrs

£117,219 £/hr399

Treasury, billing & funding

- Various emails and calls to the pre-appointment bank account providers to sweep funds across to the administration bank accounts
- Arranging and accounting for the various receipts and payments of the Company
- Required as part of the duties of the Administrators and their staff
- 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

- The Grant Thornton Advisory tax team were engaged to deal with various matters including:
 - 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
 - Comprehensive review of the tax position for redress creditors and correspondence with the legal advisors and HMRC to resolve the position
- Necessary for the running of the administration
- 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

- The Grant Thornton Pension Advisory team were engaged to deal with various matters including:
- Necessary for the running of the administration
- This work was completed solely for the purpose of complying with statutory requirements and had no direct financial benefit to creditors

- 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
- Monitoring and relevant updates in relation to pension cover and benefits

Reports, circulars notices & decisions

- | | | |
|---|--|--|
| <ul style="list-style-type: none"> • Preparation and sending of the 6-month progress report to the creditors • Handling of any queries that arose from the report • Preparation of the witness statement for extension of administration and permission to distribute, and circulation of the statement to enable creditors the opportunity to object • Sending of relevant Notices for intention to distribute | <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

2,594 hrs £1,110,492 £/hr428

c. SIP9 to show the variance in the fee estimate and total fees incurred for Phase 1

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

Period from 01/03/2019 to 31/08/2019

| Area of work | Partner | | Manager | | Executive | | Administrator | | Period total | | | Cumulative total as at period end | | | Fees estimate | | | Variance | |
|---|---------------|-------------------|-----------------|-------------------|---------------|-------------------|---------------|-----------------|-----------------|---------------------|---------------|-----------------------------------|---------------------|---------------|-----------------|---------------------|---------------|-----------------|---------------------|
| | Hrs | £ | Hrs | £ | Hrs | £ | Hrs | £ | Hrs | £ | £/hr | Hrs | £ | £/hr | Hrs | £ | £/hr | Hrs | £ |
| Trading: | | | | | | | | | | | | 696.90 | 268,435.25 | 385.18 | 764.00 | 336,160.00 | 440.00 | 67.10 | 67,724.75 |
| Trading (general) | 0.50 | 372.50 | 175.20 | 77,636.50 | 56.80 | 10,287.25 | - | - | 232.50 | 88,296.25 | 379.77 | 696.90 | 268,435.25 | 385.18 | | | | | |
| Realisation of assets: | | | | | | | | | 442.02 | 270,819.20 | 612.69 | 1,294.47 | 696,732.70 | 530.51 | 1,023.00 | 453,189.00 | 443.00 | (271.47) | (233,543.70) |
| Sale of business | 12.50 | 9,862.50 | 144.10 | 89,735.25 | - | - | - | - | 156.60 | 99,597.75 | 636.00 | 234.25 | 135,647.50 | 579.07 | | | | | |
| Books & other debts | - | - | 271.32 | 162,916.95 | - | - | - | - | 271.32 | 162,916.95 | 600.46 | 877.72 | 467,462.95 | 532.59 | | | | | |
| Hire purchase, leasing agreements & third party | - | - | 5.50 | 2,282.50 | - | - | - | - | 5.50 | 2,282.50 | 415.00 | 116.00 | 39,462.50 | 340.19 | | | | | |
| Other assets | 7.00 | 5,340.00 | - | - | - | - | - | - | 7.00 | 5,340.00 | 762.86 | 30.50 | 20,327.50 | 666.48 | | | | | |
| Insurance | - | - | - | - | - | - | - | - | - | - | - | 0.80 | 236.25 | 295.31 | | | | | |
| General | - | - | 1.60 | 664.00 | - | - | 0.10 | 18.00 | 1.60 | 682.00 | 426.25 | 35.20 | 23,596.00 | 670.34 | | | | | |
| Investigations: | | | | | | | | | | | | 77.40 | 36,610.00 | 473.00 | 167.00 | 67,748.00 | 405.68 | 89.60 | 31,138.00 |
| General | - | - | - | - | - | - | - | - | - | - | - | 45.80 | 21,571.00 | 470.98 | | | | | |
| Debtor/director/senior employees | 0 | - | - | - | - | - | - | - | - | - | - | 31.60 | 15,039.00 | 475.92 | | | | | |
| Creditors: | | | | | | | | | 1,340.10 | 521,651.25 | 389.26 | 2,129.74 | 888,054.85 | 416.98 | 1,767.00 | 742,140.00 | 420.00 | (362.74) | (145,914.85) |
| Employees & pensions | - | - | 10.95 | 4,671.50 | 0.05 | 12.25 | - | - | 11.00 | 4,683.75 | 425.80 | 83.25 | 37,674.50 | 452.55 | | | | | |
| Unsecured | - | - | 17.00 | 7,427.50 | 13.25 | 3,246.25 | - | - | 30.25 | 10,673.75 | 352.85 | 101.15 | 42,194.25 | 417.15 | | | | | |
| General | 77.50 | 58,762.50 | 393.95 | 182,225.25 | 534.94 | 159,581.10 | - | - | 1,006.39 | 400,568.85 | 398.03 | 1,945.34 | 808,186.10 | 415.45 | | | | | |
| Administration: | | | | | | | | | 293.75 | 117,218.75 | 399.04 | 576.44 | 235,931.50 | 409.29 | 410.00 | 174,470.00 | 425.54 | (166.44) | (61,461.50) |
| Treasury, billing & funding | - | - | 1.00 | 445.00 | 49.20 | 10,412.75 | 10.85 | 1,948.00 | 50.20 | 12,805.75 | 255.09 | 91.30 | 22,081.50 | 241.86 | | | | | |
| Tax | 30.00 | 20,985.00 | 38.15 | 17,855.00 | - | - | 14.20 | 3,242.00 | 68.15 | 42,082.00 | 617.49 | 162.75 | 80,419.25 | 494.13 | | | | | |
| Pensions | - | - | - | - | - | - | - | - | - | - | - | 6.30 | 3,055.50 | 485.00 | | | | | |
| General | 8.75 | 5,810.00 | 75.50 | 32,883.75 | 40.35 | 11,051.25 | 0.35 | 63.00 | 124.60 | 49,808.00 | 399.74 | 254.30 | 111,564.00 | 438.71 | | | | | |
| Other IPs & OR | - | - | - | - | 7.40 | 1,813.00 | - | - | 7.40 | 1,813.00 | 245.00 | 61.79 | 18,811.25 | 304.44 | | | | | |
| Total | 158.75 | 118,670.00 | 1,437.55 | 701,959.50 | 971.95 | 284,591.25 | 25.50 | 5,271.00 | 2,593.75 | 1,110,491.75 | 428.14 | 4,774.95 | 2,115,764.30 | 443.10 | 4,131.00 | 1,773,707.00 | 429.37 | (643.95) | (342,057.30) |

Notes:

- Partner includes partners and directors
- Manager includes associate directors and managers
- Executive includes assistant managers and executives
- 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: £1,400,000

d. Fee basis of the Joint Administrators for Phase 2, as per the new fee estimate below (further resolution required for creditors to approve)

In addition to the excess which we are seeking approval for, we have also provided below an additional fee estimate for the work that we anticipate to be carried out from 31 August 2019 to 28 February 2020 (Phase 2). As time costs form the proposed fee basis we provide below a fees estimate and details of the expenses that will be, or are likely to be, incurred - please see the 'fees estimate' section.

Likely return to creditors

We have sought permission from court to distribute a dividend to creditors and have given notice that we intend for the distribution to take place at the end of January 2020. We are not yet in a position to estimate the size of the distribution, due to certain assets yet to be realised, as well as an ever-increasing redress population which has now reached approximately 550,000 claims.

Fees estimate for Phase 2

The fees estimate is based on all of the information available to us as at 31 August 2019. We have considered and accounted for the different levels of expertise that we anticipate will be required to do the work we anticipate necessary to reach the milestone of the next reporting period in calculating the time and cost included in the fees estimate table provided below.

Note that the fees estimate is also based on the following assumptions:

- these are the cost anticipated until 28 February 2020. There is likely to be additional costs that follow after this date. However, the Joint Administrators do not consider that they have enough insight to estimate those costs at present
- that the creditors approve the drawing of the excess fees incurred for the prior period. Please note that, should the Joint Administrators need to go to court to request permission to draw the excess, it is anticipated that there will be additional time costs of c.£50,000 as well as legal fees and expenses for a court application and hearing
- that all complex matters in relation to the case have now been dealt with, particularly in relation to the Redress Creditors
- that all remaining assets are realised during the period
- that the volume of claims and appeals will continue to be received at the rate they have been so far

Please see the 'Hourly charge out rates' section for the rates applied to the fees estimate.

| Area of work | Anticipated work | Why the work is necessary | Financial benefit to creditors | Fees and expense estimate | | |
|------------------------|---|--|---|---------------------------|----------------|----------------|
| Trading | | | | 158 hrs | £71,805 | £/hr453 |
| Trading general | <ul style="list-style-type: none"> • Continued correspondence with suppliers to renegotiate existing contracts for key | <ul style="list-style-type: none"> • To secure continuity of suppliers and maintenance of key systems necessary to support asset realisations | This work is necessary to discharge the office holders' duties. As explained under 'Why the work is necessary', although it | | | |

- suppliers and cancel any unnecessary suppliers
 - Continued cash flow analysis to ensure that the estate is ran effectively
 - Reviewing and approving POs and payments for the day-to-day running of the business
 - 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
- will not add financial value to the estate it will add value to the insolvency process

| | | | |
|---------------|----------------|-----------------|----------------|
| Assets | 591 hrs | £267,635 | £/hr453 |
|---------------|----------------|-----------------|----------------|

- | | | | |
|--------------------------------|--|---|--|
| Books & other debts | <ul style="list-style-type: none"> • Continued monitoring of collections of arrears and liaising with meta-broker regarding collection performance • Assessing the arrangements for customer account placements with either the meta-broker or collection agencies • Liaising with legal advisors to ensure on-going regulatory compliance • Implement a process for maximising the remaining value in the loan book | <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 £22 million of the loan book | <ul style="list-style-type: none"> • This work is necessary to realise financial value for the estate and for a distribution to creditors should sufficient funds become available • This work is 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"> • Continued engagement with Marsh (formerly 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 is to be completed solely for the purpose of complying with statutory requirements and has no direct financial benefit to creditors • This work is to be completed solely for the purpose of complying with statutory requirements and has no direct financial benefit to creditors |
|------------------|---|---|--|

- | | | | |
|-----------------------------|---|---|--|
| Legal and regulatory | <ul style="list-style-type: none"> • Continued correspondence, including regular telephone calls, emails and meetings with the FCA to discuss the proposed sales strategy of the various assets, the communications to customers as well as matters of winding up and closing down the company | <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 is necessary to discharge the office holders' duties. As explained under 'Why the work is necessary', although it will not add financial value to the estate it will add value to the insolvency process • This work is necessary to discharge the office holders' duties. As explained under 'Why the work is necessary', although it will not add financial value to the estate it will add value to the insolvency process |
|-----------------------------|---|---|--|

Creditors

562 hrs

£254,580

£/hr453

Employees & pensions

- The Administrators will continue to monitor 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 continued to assist in the retrenchment process in connection with the future rationalisation of the workforce in South Africa
- Continued implementation of a retention scheme for key employees
- Continued liaising with finance and HR teams in South Africa to ensure continuity of employee benefits
- To enable settlement of any employee 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
- The Administrators see it at commercial to utilise the staff here who are experienced in handling Wonga complaints
- This work is necessary to discharge the office holders' duties. As explained under 'Why the work is necessary', although it will not add financial value to the estate it will add value to the insolvency process

Trade creditors

- Continued liaising with the Company's trade creditors and corresponding with them in relation to agreeing claims and providing any updates
- A necessary part of the administration to establish the number of unsecured claims
- This work is necessary to discharge the office holders' duties. As explained under 'Why the work is necessary', although it will not add financial value to the estate it will add value to the insolvency process

Redress creditors

- Continued work to communicate the final assessments that are received
- Continued management of the appeals process, which requires a manual review of an individual's claim and any additional evidence that they have provided to support the appeal
- Agree process for updating the Company's systems following the outcome of the claims
- The appeals process was necessary as part of the assessment process and was not initially seen as something that would be built into the assessments. However, following conversations with the FCA and the FOS it was deemed as something that ought to be included in the process
- The volume of redress creditors has meant that it has taken longer than anticipated to assess and communicate the outcome of the assessment to the customers. Since all queries are handled by
- This work is necessary to discharge the office holders' duties. As explained under 'Why the work is necessary', although it will not add financial value to the estate it will add value to the insolvency process

the Customer Care team in South Africa, the Joint Administrators have ensured that the team is able to answer/ acknowledge a customers' query within a reasonable timeframe

to the estate it will add value to the insolvency process

Dividends

- The dividend process is going to be complex, considering the number of claims that are held against the estate
- For trade creditors, these have been gathered by the Joint Administrators' team using in-house systems. However, for the redress creditors, it was seen as much more efficient to calculate claims and communicate with customers using the Wonga staff and systems
- As part of the dividend process, a complex handover is required from the Wonga systems to the Joint Administrators' systems in order to process the payments
- Due to the volume of data, substantial QA will be required prior to the upload to ensure that the data is correct
- The work is necessary to ensure that the creditors are paid
- Quality assurance is key to ensuring that all the relevant data is passed to the Joint Administrators so that the process is as commercial and accurate as possible and that all the relevant data is transferred
- This work is necessary to discharge the office holders' duties. As explained under 'Why the work is necessary', although it will not add financial value to the estate it will add value to the insolvency

Administration

129.66 hrs £58,749 £/hr453

Case management

- Ongoing general case management
- Day to day oversight of administration
- Effective and efficient management of the case

Reports, circulars / notices & decisions

- Preparation of fee estimate and remuneration report for creditors
- Decision procedure by creditors for approval of proposals and basis of remuneration
- If requested convening an arranging a meeting of creditors
- Preparation of additional six-month report to creditors
- Statutory requirement
- Informing creditors of the initial appointment and providing additional information on the strategy and progress of the administration

Communication / stakeholder management

- Continued response to press inquiries in arising from the appointment of Joint Administrators
- Continue to update web pages on both Wonga and Grant Thornton websites
- To address public interest in the administration
- To make information available to potential creditors

| | | | |
|--|--|---|---|
| Compliance FCA / FOS | <ul style="list-style-type: none"> Continued regular communication and updates with FCA regarding progress of the administration | <ul style="list-style-type: none"> To maintain the compliance with regulatory requirements To ensure regulators were informed of the strategy for the administration and the | <ul style="list-style-type: none"> Independent regulatory oversight of administration process |
| Treasury, billing & funding | <ul style="list-style-type: none"> Processing and recording transactions arising during the period of the administration | <ul style="list-style-type: none"> To ensure proper recording of post administration activities | <ul style="list-style-type: none"> Support the orderly realisation of assets for the benefit of creditors |
| Closure | <ul style="list-style-type: none"> Continued winddown of the operations and systems within Wonga Further closure costs will be included in a later fee estimate once these costs are better understood | <ul style="list-style-type: none"> Statutory requirement | |
| Tax – UK | <ul style="list-style-type: none"> Preparation and submission of final pre-appointment tax returns Preparation and submission of final post - appointment tax returns Liaison with HMRC | <ul style="list-style-type: none"> Statutory compliance To establish the level of any pre-appointment tax claims or any potential tax asset To meet all post administration tax liabilities To obtain tax clearance | <ul style="list-style-type: none"> To agree taxation liabilities and obtain tax clearances necessary prior to making a distribution to creditors |
| Tax International | <ul style="list-style-type: none"> Reviewing requirements for remittance of funds from overseas inter-company debtors | <ul style="list-style-type: none"> To facilitate recovery of inter-company balances | |
| Total fees estimate | 1,441 hrs | £/hr453 | £652,768 |
| Total expense estimate | | | £221,684 |
| | | | £874,452 |

Cumulative time costs total £2,115,764 and fees of £1,400,000 (plus VAT) have been drawn to date.

3. 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 – 795 | 510 – 800 |
| Director | 485 – 705 | 485 – 725 |
| Associate director | 445 – 595 | 445 – 540 |
| Manager | 340 – 495 | 240 – 465 |
| Assistant manager | 300 – 405 | 300 – 340 |
| Executive | 245 – 350 | 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.

4. 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 joint 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 | | | |
| Postage | 1,182 | 1,182 | - |
| Travel (non-mileage) | - | 10,498 | 4,601 |
| Insolvency bonding | - | 1,875 | 1,875 |
| Exam fees | - | 5 | 5 |
| Subsistence | 717 | 1,137 | 420 |
| Courier | - | 89 | 9 |
| Accommodation | 734 | 6,345 | 5,612 |
| Category 2 disbursements | | | |
| Mileage | 7 | 36 | 29 |
| Expenses | | | |
| Sub-contractors | 14,123 | 99,565 | 99,565 |
| Rent | - | 800 | 800 |
| Ransom payments | 3,097 | 349,964 | 349,964 |
| Post-appointment refunds | 23,276 | 36,908 | 36,908 |
| Professional fees: | | | |
| Corporate Law Services | - | 1,145 | 1,145 |
| Pay360 Limited | 10,750 | 53,751 | 53,751 |
| NCC Group Security Services Limited | 7,200 | 7,200 | 7,200 |
| Pardeep Purwar & Associates | - | 345 | 345 |
| Birchwood Advisory Limited | 6,000 | 6,000 | 6,000 |
| De Pinna | 263 | 263 | 263 |
| Bank charges | 787 | 12,299 | 12,299 |
| AIB Charges | 605 | 44,634 | 44,634 |
| WDFC UK Limited – South Africa | 1,198,519 | 1,960,443 | 1,960,443 |
| Office costs | 793 | 23,960 | 23,960 |
| Termination costs | - | 76,208 | 76,208 |

| | | | |
|---|------------------|-------------------|-------------------|
| IT System Expenses | 628,448 | 1,296,602 | 1,296,602 |
| Employee expenses | - | 1,426 | 1,426 |
| Worldpay Charges | 5,857 | 130,630 | 130,630 |
| Debt collection costs | 272,073 | 632,571 | 632,571 |
| Modulr charges | - | 34,544 | 34,544 |
| Agents fees – Alantra CPA International Limited | 120,039 | 120,039 | 120,039 |
| AIB Retention | - | 30,000 | 30,000 |
| FL6 Cashback payment | 9,577 | 71,702 | 71,702 |
| Intercompany Loan – Wonga Group Limited | 3,000,000 | 4,500,000 | 4,500,000 |
| PR | - | 30,000 | 30,000 |
| Administrators’ fees | 750,000 | 1,400,000 | 1,400,000 |
| Administrators’ expenses | - | 12,851 | 12,851 |
| VAT irrecoverable | 183,922 | 417,277 | 417,277 |
| Legal fees: | - | | |
| Cliffe Dekker Hofmeyr Inc | - | 7,481 | 7,481 |
| Slaughter and May | 140,525 | 258,933 | 258,933 |
| Addleshaw Goddard | - | 8,734 | 8,734 |
| Telephone telex & fax | 2,161 | 5,646 | 5,646 |
| Statutory advertising | 40,166 | 40,308 | 40,308 |
| VAT on purchases | 261,938 | 514,604 | 514,604 |
| Total expenses and disbursements | 6,682,759 | 12,208,000 | 12,199,384 |

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 joint 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.

5. 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 |

6. 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 |

7. Relationships requiring disclosure

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

8. Information for creditors

Information to help creditors to understand their rights in insolvency and regarding officeholders' (ie administrators, liquidators or trustees in bankruptcy) fees, and the roles and functions of committees is available via Grant Thornton's website:

<https://www.grantthornton.co.uk/portal>

Alternatively, we will supply this information by post, free of charge, on request.

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 2020 |

D Notice about this report

This report has been prepared by Chris M Laverty, the joint administrator of WDFC UK Limited – in administration, solely to comply with the joint 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 joint administrators do not assume any liability in respect of this report to any such person.

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

The joint administrators are bound by the Insolvency Code of Ethics.

The joint administrators act as agents for the Company and contract without personal liability. The appointment of the joint 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 joint 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.

WDFC UK Limited - In Administration

Notice of vote by correspondence

| | |
|-----------------------|---|
| Company name | WDFC UK Limited |
| Company number | 06374235 |
| Court name and number | Business and Property Courts of England and Wales 7286 of 2018 |
| Decision date | 15 October 2019 |

NOTICE IS HEREBY GIVEN that under rules 18.30 and 18.18 of The Insolvency (England and Wales) Rules 2016 and paragraph 57 of schedule B1 of the Insolvency Act 1986, decisions of the creditors are sought as follows:

- 1 That the Joint Administrators' fees estimate be revised to £2,115,764 plus VAT (from £1,773,707) for the period from 31 August 2018 to 31 August 2019
- 2 The basis of the Administrators' remuneration be fixed according to the time properly spent by the Administrators and their staff on the administration, with a fees estimate of £652,768 (plus VAT) for the period 1 September 2019 to 28 February 2020.

And

- 3 whether a creditors' committee be formed.

A creditor who is entitled to vote should return the voting form provided with this notice to Chris Lavery at Grant Thornton UK LLP, 4 Hardman Square, Spinningfields, Manchester, M3 3EB or as an attachment to an email to cmu@uk.gt.com no later than 23:59 on the decision date.

In order for a creditor's vote to be valid a proof of debt must be received no later than the decision date, failing which the creditor's vote will be disregarded. A proof of debt should be delivered to Chris Lavery at Grant Thornton UK LLP, 4 Hardman Square, Spinningfields, Manchester, M3 3EB or as an attachment to an email to cmu@uk.gt.com. A new proof of debt is not required if you have previously submitted one in the proceedings. A proof of debt form is enclosed for completion if required.

A creditor whose debt is treated as a small debt in accordance with rule 14.31(1) of the Insolvency (England and Wales) Rules 2016 must deliver a proof of debt if they wish to vote, unless a proof of debt has previously been submitted, failing which the vote will be disregarded.

A creditor who has opted out from receiving notices may nevertheless vote if a proof of debt is delivered, unless a proof of debt has previously been submitted, failing which the vote will be disregarded.

A vote cast in a decision procedure which is not a meeting may not be changed.

A decision of the convenor is subject to appeal to the court by any creditor in accordance with rule 15.35 of the Insolvency (England and Wales) Rules 2016. An appeal under this rule may not be made later than 21 days after the decision date.

A physical meeting will be held to replace this vote by correspondence if requested not later than five business days after the date of delivery of this notice by not less than one of the following:

- 10% in value of the creditors
- 10% in number of the creditors
- 10 creditors.

DATED THIS 25th day of September 2019



Chris Lavery
Joint Administrator

VOTING FORM

Company name

WDFC UK Limited

Please delete as appropriate if you are for or against the resolutions below.

This form must be received at Grant Thornton UK LLP, 4 Hardman Square, Spinningfields, Manchester, M3 3EB or as an attachment to an email to cmu@uk.gt.com by 23.59 on 15 October 2019 in order to be counted. It must be accompanied by a proof of debt, unless you have previously submitted a proof of debt, failing which your vote will be disregarded.

Resolution(s)

- 1 That the Joint Administrators' fees estimate be revised to £2,115,764 plus VAT (from £1,773,707) for the period from 31 August 2018 to 31 August 2019 For/Against
- 2 The basis of the Administrators' remuneration be fixed according to the time properly spent by the Administrators and their staff on the administration, with a fees estimate of £652,768 (plus VAT) for the period 1 September 2019 to 28 February 2020. For/Against
- 3 Do you want a creditors' committee to be formed? Yes/No

If a creditors' committee is formed I/we

nominate the following creditors to serve as members of such committee:

- 1
- 2
- 3
- 4
- 5

A creditor is eligible to be a member of such a committee if, the person has proved for a debt; the debt is not fully secured; and neither of the following apply: the proof has been wholly disallowed for voting purposes, or the proof has been wholly rejected for the purpose of distribution or dividend. No person can be a member as both a creditor and a contributory. A body corporate may be a member of a creditors' committee, but it cannot act otherwise than by a representative appointed under rule 17.17 of the Insolvency (England and Wales) Rules 2016.

TO BE COMPLETED BY CREDITOR WHEN RETURNING FORM:

Name of creditor

Signature

Date (DD/MM/YYYY)

(If signing on behalf of the creditor, state capacity e.g. director/solicitor)

If you require any further details or clarification prior to returning your vote, please contact Becky Axon at the address above. Please note that once cast, a vote cannot be changed or withdrawn

Office use only:

Date Completed form received
(DD/MM/YYYY)

Initial



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