Neutral Citation Number: [2019] EWHC 2447 (Ch)

Case No: CR-2009-000045

IN THE HIGH COURT OF JUSTICE
THE BUSINESS AND PROPERTY COURTS OF ENGLAND & WALES
COMPANY AND INSOLVENCY LIST (ChD)

Royal Courts of Justice
7 Rolls Building, Fetter Lane
London EC4A 1NL

Date: Thursday 19 September 2019

Before :

MR JUSTICE SNOWDEN

- -

IN THE MATTER OF NORTEL NETWORKS FRANCE S.A.S.

AND IN THE MATTER OF THE INSOLVENCY ACT 1986

- -

Mr. Alex Riddiford (instructed by **Herbert Smith Freehills LLP**) for the Applicant Administrators

Hearing date: 9 September 2019

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Approved Judgment

I direct that pursuant to CPR PD 39A para 6.1 no official shorthand note shall be taken of this Judgment and that copies of this version as handed down may be treated as authentic.

MR JUSTICE SNOWDEN

MR JUSTICE SNOWDEN :

Introduction

1. This is an application (the "Application") by the joint administrators (the "Administrators") of the above named company ("NNF" or the "Company") for orders: (i) pursuant to paragraph 79(1) of Schedule B1 to the Insolvency Act 1986 (the "Act") terminating their appointment; (ii) pursuant to paragraph 98 of Schedule B1 to the Act discharging them from liability after their appointment has been terminated; and (iii) approving their recent remuneration as administrators and/or and/or nominees and/or supervisors of a company voluntary arrangement in respect of the Company.

2. The general form of the Application follows similar applications in relation to a number of other Nortel companies which I considered in judgments given in August last year and May this year: see Re Nortel Networks International Finance & Holding BV and others [2018] EWHC 2266 (Ch); and Re Nortel Networks N.V. and others [2019] EWHC 1182 (Ch).

Background

3. As is well-known, the Nortel group was a global supplier of networking solutions, operating through entities based in the US, Canada, and Europe, the Middle East and Africa (EMEA). The Company is incorporated in France and is a member of the EMEA sub-group of Nortel entities. It is a subsidiary of Nortel Networks S.A. ("NNSA") which is another French company which is in administration in England (the "NNSA Main Proceeding") and in liquidation proceedings in France (the "NNSA Secondary Proceeding") under the control of a French liquidator (the "French Liquidator").

4. The Company, NNSA and other members of the EMEA sub-group of Nortel companies were placed into administration by orders of Mr Justice Blackburne on 14 January 2009. The Administrators' term of office of the Company has been extended a number of times since, most recently by an order which I made on 17 December 2018 extending the administration until January 2020.

5. After their appointment, the Administrators managed the business, affairs and property of the EMEA debtors during the negotiation and consummation of a sale of the global Nortel business, and then participated in litigation in the US and Canada between the groups referred to as the "US Debtors", the "Canadian Debtors" and the "EMEA Debtors" over the appropriate allocation of the sale proceeds between the relevant Nortel entities. That allocation dispute was eventually settled pursuant to a "Global Settlement" entered into in October 2016 which became effective in May 2017, following which substantial sums were released to the various parties, including the Administrators, for distribution to the creditors of the various Nortel EMEA companies.

6. In April 2017, and in anticipation of the receipt of the allocation of the sale proceeds, the Administrators proposed company voluntary arrangements (the "CVAs") in respect of the Company and a number of the other Nortel EMEA companies. The

CVA in respect of the Company was duly approved by creditors, and the Administrators were appointed as supervisors of the CVA (the "CVA Supervisors"). Distributions were then made by the CVA Supervisors with the result that the creditors of the Company have been paid in full, together with interest, and the CVA in respect of the Company was terminated in accordance with its terms on 18 July 2019.

7. Realisations during the administration of the Company have amounted to €93,417,992 (including trading realisations of €70,189,054 and the recovery of pre-appointment debts totalling €17,706,960). Payments during the administration amount to €93,597,134 (including trading payments of €75,822,127 and a transfer of €8,133,790 to the CVA Supervisors for the purposes of making distributions to the Company's creditors).

8. At the time of the appointment of the Administrators, the Company had cash of €16,648,229. The Company's statutory accounts dated 31 December 2018 reported that the Company held cash of €17,636,008.17. Since 31 December 2018, the Administrators have drawn certain of their remuneration on account in accordance with the approval of the NNF creditors' committee. They have also made payments to the French tax authority of €405,896 and to legal and other professional advisers. The result is that, as at 21 August 2019, NNF held cash of €16,479,691.09.

9. Accordingly, after discharge of certain costs, including the balance of the remuneration for which approval is sought by way of the present Application, the Administrators anticipate that a sum approaching €16 million will be available for distribution to NNSA as the Company's sole shareholder.

10. The only other asset of which the Administrators are aware is an intercompany receivable from NNSA (amounting to approximately €52 million). Given that NNF has paid its creditors in full, any partial loan repayment by NNSA to NNF would simply add to the Company's cash surplus and result in a corresponding distribution of that cash by the Company to NNSA. This circularity could lead to additional expense and delay. As a result the Administrators, the joint administrators of the NNSA Main Proceeding (the "NNSA Administrators") and the French Liquidator of the NNSA Secondary Proceeding determined that the most efficient course was to implement a dissolution without liquidation of the Company through the universal transfer of all its assets and liabilities to NNSA in accordance with article 1844-5 of the French Civil Code (a "*transmission universelle de patrimoine*" or "TUP").

11. NNF and NNSA have entered into an agreement to implement the TUP which provides (among other things) as follows:

    i) If I grant the Order sought by way of the present Application to terminate the appointment of the Administrators, NNSA acting by both the French Liquidator and the NNSA Administrators shall resolve to dissolve NNF without liquidation.

    ii) As soon as reasonably possible after the passing of the resolution, the French Liquidator shall arrange for publication of the notice of the dissolution of NNF in the relevant legal journal in accordance with French law and take certain other registration formalities.

iii) Thirty days after the publication of the notice of the Company's dissolution, provided that no objections have been received by the French Commercial Court, the dissolution without liquidation shall be fully effective and the TUP shall complete.

iv) The surplus in NNF will then be transferred to the NNSA Main Proceeding and NNSA Secondary Proceeding in equal amounts.

12. Completion of the TUP is an essential step in allowing distributions to be made to the creditors of NNSA. The claim of the Company against NNSA comprises approximately one half of the claims against NNSA that are not preferential under French law. To date no distributions have been made to NNSA's creditors in the NNSA Main Proceeding and, aside from distributions to former employees in the NNSA Secondary Proceeding, only certain claims which rank with priority according to French law have been paid in the NNSA Secondary Proceeding. The completion of the TUP will be an important component in ensuring significant dividends can be paid to the unsecured creditors of NNSA by the end of this year.

13. The Administrators also believe, based upon advice from their legal advisers, that if the UK was to leave the European Union on 31 October 2019 without an agreement, there is doubt as to whether courts and other bodies in France would recognise NNF's administration thereafter. As such, the Administrators are keen to progress the TUP as soon as reasonably practicable to avoid NNF having to deal with that legal uncertainty and the risk associated therewith. In order to ensure that the TUP is completeb before 31 October 2019, NNSA, acting by both the French Liquidator and the NNSA Administrators, needs to resolve to dissolve the Company without liquidation by no later than 30 September 2019, and would wish to do so as soon as practicable.

Termination of the Administrators' Appointment

14. Paragraph 79 of Schedule B1 to the Act provides as follows:

> "(1) On the application of the administrator of a company the court may provide for the appointment of an administrator of the company to cease to have effect from a specified time.
>
> ….
>
> (3) The administrator of a company shall make an application under this paragraph if -
>
> (a) the administration is pursuant to an administration order, and
>
> (b) the administrator thinks that the purpose of administration has been sufficiently achieved in relation to the company.
>
> (4) On an application under this paragraph the court may -

(a) adjourn the hearing conditionally or unconditionally;

(b) dismiss the application;

(c) make an interim order;

(d) make any order it thinks appropriate (whether in addition to, in consequence of or instead of the order applied for)."

15. Having terminated the CVA and made final distributions to creditors, the Administrators are of the view that the purpose of the administration of the Company has been sufficiently achieved and all that remains is for NNF to be dissolved without liquidation under the TUP. They therefore seek an order that their appointment terminate on the date of dissolution of NNF, with a proviso that if for some unforeseen reason that does not occur as envisaged, they should return to the Court for further directions.

16. The former creditors of the Company, the former director of the Company and (given their indirect interest) the creditors of NNSA have all been given notice of this Application and none have objected. For my part I consider it appropriate to make the order sought by the Administrators in order to give effect to the good sense and commerciality of the TUP proposal outlined above.

Discharge from Liability

17. Paragraph 98 of Schedule B1 to the Act provides as follows:

"(1) Where a person ceases to be the administrator of a company (whether because he vacates office by reason of resignation, death or otherwise, because he is removed from office or because his appointment ceases to have effect) he is discharged from liability in respect of any action of his as administrator.

(2) The discharge provided by sub-paragraph (1) takes effect -

(a) in the case of an administrator who dies, on the filing with the court of notice of his death,

(b) in the case of an administrator appointed under paragraph 14 or 22, at a time appointed by resolution of the creditors' committee or, if there is no committee, by resolution of the creditors, or

(c) in any case, at a time specified by the court.

…

(4) Discharge -

(a) applies to liability accrued before the discharge takes effect, and

(b) does not prevent the exercise of the court's powers under paragraph 75.

18. The Administrators were appointed by the Court and they therefore seek an order pursuant to paragraph 98(2)(c) of Schedule B1 discharging them from liability in respect of any of their actions as administrators.

19. When asked to grant a discharge, the Court is naturally concerned to ascertain what, if any, liabilities the administrators in question might possibly have in respect of any of their actions. In that regard, the Administrators are not aware of any claims intimated or made against them which have not been dealt with under the Global Settlement or during the course of NNF's administration, and none of the Administrators are aware of any facts which would give rise to any such claim. Importantly in this respect, the former creditors of the Company and the creditors of NNSA have been given notice of the Administrators' intention to seek a discharge, and no objections have been raised. I therefore consider that it is unlikely in the extreme that any claims still exist in respect of the administration.

20. I therefore consider that it is appropriate to grant the Administrators, who, after termination of their appointments, will no longer have any substantial assets of the Company in their hands out of which to meet any liabilities properly incurred by them, their discharge from liability pursuant to paragraph 98 of Schedule B1.

21. It seems to me that for very much the same reasons relating to recognition that the termination of the Administrators' appointment should take effect prior to 31 October 2019, the discharge of the Administrators should also take effect prior to that date. Although the usual practice is for the court to specify a date for the discharge to take effect 28 days after the cessation of the appointment of the administrators (see Re Lehman Brothers Holdings UK Limited (in administration) [2016] EWHC 3552 (Ch) at [10]) or after the filing by the administrator of his last receipts and payments account, I see no reason why that practice should not be departed from on the particular facts of this case. On the basis that I was told that the filing of the last receipts and payments account can be done quickly following termination of the Administrators' appointment, I will make an order that the discharge should take effect on the later of the filing with the Registrar of Companies of that account as part of the Company's final progress report (together with a copy of the order that I intend to make), or 31 October 2019.

Remuneration

22. The application to approve the remuneration of the Administrators is made both in their capacity as administrators and in respect of their remuneration as CVA Supervisors pursuant to the terms of the CVA. Overall, the amount that I am being asked to approve is £1,678,692.77. That will bring the total remuneration of the Administrators and CVA Supervisors up to a total of £6.7 million.

23. The Administrators seek orders: (i) under rule 18.24(b) of the Rules fixing their remuneration in relation to the period from 3 September 2016 up until the termination

of their appointment; and (ii) that the payment of the CVA Supervisors' fees be paid under the terms of the CVA in relation to the period from 3 September 2016 up until the termination of the CVA on 17 July 2019.

24. Specifically, the Administrators seek an order under rule 18.24(b) of the Rules that their remuneration in relation to the administration of NNF be approved:

    i) from 3 September 2016 to 7 June 2019 ("Period 1") in the amount of £1,286,646.42, comprising £821,140.09 in respect of the work done in E&Y's offices in London and India ("EY London") and £465,506.33 in respect of the work done in E&Y's French office ("EY Paris"); and

    ii) from 8 June 2019 to the termination of the Administrators' appointment ("Period 2") be fixed by reference to time properly given by the Administrators and their staff not to exceed a cap of £117,020.91, comprising £55,958.49 in respect of EY London and £61,062.42 in respect of EY Paris.

25. The Administrators seek an order approving the fees of the CVA Supervisors in accordance with the terms of the CVA:

    i) from 3 September 2016 to 10 May 2017 (the "Nominee Period") in an amount of £134,714.27;

    ii) from 11 May 2019 to 7 June 2019 ("CVA Period 1") in an amount of £130,266.17; and

    iii) from 8 June 2019 to 17 July 2019 ("CVA Period 2") not to exceed a cap of £10,045.00.

26. Following an Order of Warren J of 23 February 2009 fixing their initial remuneration up to 13 February 2009, the Administrators have been drawing 80% of their time costs on account on a monthly basis as agreed by the creditors' committee in accordance with rule 2.106 of the Insolvency Rules 1986. The remaining 20% of the monthly amount has been drawn following subsequent resolutions of the committee and in accordance with rule 2.47(1) of the 1986 Rules (and from 6 April 2017, in accordance with rule 18.3(1)(f) of the 2016 Rules). The details of the remuneration drawn by the Administrators have also been included in each progress report produced by the Administrators.

27. The Administrators did not seek the approval of the NNF creditors' committee of their remuneration for any period after 2 September 2016. The Administrators have explained that this was because it was appreciated that NNF's allocation under the Global Settlement (approximately €3,558,732), combined with the cash already held by NNF, would be significantly in excess of the total claims of NNF's known creditors. The Administrators' evidence is that they no longer considered that it would be appropriate for NNF's creditors to be asked to approve their remuneration in circumstances where it would be the creditors of NNSA (rather than the creditors of NNF) who would feel the economic effect of any overpayment of such remuneration.

28. For these reasons, the Administrators determined that it would instead be more appropriate to seek the Court's approval of their remuneration for the period after 2

September 2016 prior to the termination of the administration, on notice to the NNSA Administrators (including the NNSA conflicts administrator), the French Liquidator of NNSA, and the creditors and creditors' committee of NNSA.

29. In a meeting on 13 March 2019 members of the NNSA creditors committee were provided with a pro-forma fee pack setting out details of the remuneration for the Administrators, CVA Nominees and CVA Supervisors. A meeting of the NNSA creditors' committee was held on 2 September 2019, chaired by the NNSA conflicts administrator, at which the present Application was discussed. The NNSA creditors' committee expressed the following views:

    i) They could not express a view on the remuneration application, given their "*lack of knowledge of the Administrators' work in NNF and their lack of involvement in that administration or any creditor committee oversight thereof*".

    ii) They noted that it is for this Court to carry out "*independent scrutiny and make proper determination of*" the remuneration application.

    iii) Whilst they did not expressly or implicitly consent to or support the remuneration application, they indicated that they would respect the decision of the Court on this Application, "*provided that the decision will not either delay the TUP or adversely impact the estimated outcome for the creditors of NNSA.*"

    iv) They noted that their position in relation to the present remuneration application was without prejudice to their position on the remuneration of the NNSA Administrators.

30. The NNSA Administrators wrote to each creditor of NNSA on 18 July 2019 and gave them notice of the Administrators' intention to make the present Application and the date of the hearing. The Administrators also canvassed the views of the French Liquidator and the conflicts administrator of NNSA. No objections have been raised to the remuneration application from any of those sources.

31. Extensive schedules detailing the work done, time spent and charging rates of all of the individuals involved in the cases have been prepared by the Administrators in respect of the Company in accordance with Part Six of the Practice Direction: Insolvency Proceedings [2018] Bus LR 2358 (the "Insolvency Practice Direction"). The evidence in support of those schedules explains in some detail how the Administrators have endeavoured to avoid unnecessary duplication of work; have attempted to ensure that tasks were allocated to the appropriate grade of staff member and were carried out properly and in a cost-effective manner; have determined staff charge out rates; and have apportioned fees charged centrally as between the various EMEA companies in administration.

32. As I indicated in my previous judgment, however, the reality is that on an application of this magnitude, I am not in a position, without the assistance of an experienced insolvency practitioner, to conduct a line-by-line analysis of the work done by the Administrators, or to investigate and verify the evidence of the Administrators as to how the work has been organised and carried out. In my earlier judgments I was

prepared to proceed without such assistance from an expert assessor and to adopt a broad approach which included reference to the guidelines set out in the Insolvency Practice Direction. Some of the factors which led me to approve those earlier applications are also present in the instant case.

33. So, for example, an important factor to be taken into account when assessing the proportionality of remuneration under paragraph 21.2(7) of the Insolvency Practice Direction is to recognise that the participation by the Administrators and their advisers in the cross-border insolvency proceedings for the worldwide entities in the Nortel EMEA group has been an exceptionally complex and demanding task. The size of the task can readily be seen from the fact that the global sale in which the Administrators played a significant role resulted in the receipt of US$7.3 billion (net of costs), of which the entities in the EMEA group eventually received a total of just over £1 billion. The very demanding and complex nature of the insolvency proceedings can also be seen from a review of the periodic reports that the Administrators have made to creditors and from the numerous judgments in this jurisdiction and abroad dealing with the many issues that have arisen.

34. Secondly, when considering whether the amount and basis of the remuneration claimed is fair and reasonable remuneration for the work properly undertaken or to be undertaken in accordance with paragraph 21.2(5) of the Insolvency Practice Direction, it is relevant both to inquire into the charging rates used, and to compare them and the overall amount claimed with the previously approved charge-out rates, and the amounts of remuneration on a time cost basis which have previously been approved by the creditors of the Company. It seems to me that these comparisons are expressly contemplated in paragraphs 21.4.7 to 21.4.9 of the Insolvency Practice Direction.

35. As regards charging rates, the evidence is that the rates charged by the Administrators and their UK staff at EY London have not changed during the administration. This does not apply to the charging rates for the CVA or to the rates claimed for staff in EY Paris. The latter rates have increased, but the Administrators' evidence is that they have reviewed these rates and that the increases are in line with statements made in the proposals to creditors. I do not, however have any real detail or independent evidence in this respect.

36. As to the comparison of amounts of remuneration previously approved and now claimed, at a high level there is some correlation between the amounts now claimed and the amounts previously approved. So, for example, in terms of the duration of the administration, the total amount claimed for the administration and CVA since inception is about £6.7 million. The amount now claimed of £1.678 million from September 2016 represents about 25% of that total and relates to about 25% of the total duration of the administration.

37. Likewise, a comparison of the "run rate" shows that the monthly time costs for Period 1 and CVA Period 1 of about £47,000 is almost identical to the monthly run rate for the last period that was approved by the creditors committee (between June 2014 and September 2016). The run rate for Period 2 and CVA Period 2 is significantly lower at about £30,000, although that might have been expected given that it was towards the end of the insolvency proceedings.

38. There are, however, two material differences between the instant Application in relation to NNF and the earlier applications.

39. First, in contrast to the earlier two cases, none of the NNSA creditors with an economic interest in the outcome of the Application has expressed any positive support for it, and no insolvency practitioner independent of the Administrators, whether instructed on behalf of an NNSA creditor or otherwise, has scrutinised the detailed schedules or the evidence in support of the remuneration application. That contrasts with the position in Re Nortel Networks NV [2019] EWHC 1182 (Ch) at [43]-[46], in which, in accordance with paragraph 21.4.11 of the Insolvency Practice Direction, I derived considerable comfort from the strong support of the NNUK creditors and the conclusion of PwC, instructed independently by the NNUK Pension Trustee (the 95% creditor of NNUK), that there was nothing unreasonable in the circumstances in the remuneration sought by the administrators.

40. Secondly, as I noted at [29] of the same judgment, when considering the value of the services rendered by the administrators to creditors in accordance with paragraph 21.2(4) of the Insolvency Practice Direction, it was relevant that all of the external creditors of the companies concerned in those applications had been paid in full, together with commercial interest. The same result has been achieved in the instant case, but in simplistic terms it might be said that the Company always had more than sufficient cash to pay its creditors from the outset of the administration. In that regard it may well be that the Administrators are justified in pointing out that under their control, the Company has gone from a position of having about €16 million in cash but unpaid creditors and many issues to resolve, to a position of having €16 million in cash and no creditors or issues to resolve, so that the cash is available for distribution to NNSA as its sole shareholder. But without some expert assistance it is not easy for me to form any view on whether the administration has, in fact, delivered value for money for those interested in it (in reality, NNSA and its creditors).

41. Accordingly, and having very much in mind the views of the creditors' committee of NNSA that they expect this Court independently to scrutinise the remuneration claimed, I do not consider that it would be right for me to adopt the same approach that led me to approve the earlier remuneration applications. Instead I consider that I must seek some further assistance in scrutinising the remuneration sought.

42. The obvious route in that regard is for me to appoint an expert assessor under section 70 of the Senior Courts Act 1981 and CPR 35.15. This is a course that is specifically envisaged by paragraph 21.3 of the Insolvency Practice Direction. The assessor should be instructed to produce a report for the Court expressing his independent opinion as to whether the remuneration sought by the Administrators and CVA Supervisors in the Application is fair, reasonable and commensurate with the nature and extent of the work properly undertaken or to be undertaken, having particular reference to the principles in paragraphs 21.2 and 21.4 of the Insolvency Practice Direction.

43. I am, however, also conscious that this process should not cause any more delay than is necessary, and it should not result in disproportionate expense.

44. I do not consider that the time that might be required for an appropriate report from the assessor should present an insuperable obstacle. Without limiting the assessor's

discretion to bring to my attention any matters that are of concern, there are a number of areas of cost which the Administrators have identified as those where the Court is most likely to be assisted; and there are others which are unlikely to prove controversial and where the Court is unlikely to be much assisted by detailed scrutiny from an assessor. Focussing the attention of the assessor in this way should also help to keep the costs proportionate.

45. As examples of the type of remuneration or expense which should attract greater scrutiny, the Administrators have identified their direct time costs and the costs of EY Paris other than those relating to mandatory compliance with French law. As examples of the areas which are unlikely to require detailed scrutiny, the Administrators have suggested (i) reallocated time costs, (ii) transaction time costs, (iii) EY Paris mandatory costs and (iv) EY London charging rates.

46. The first such category (reallocated time costs) are the costs of work done for the benefit of all the Nortel EMEA debtors and which have been allocated between them. Although the specific allocation proportions for the Company for the relevant periods have not been approved, the overall figures and the method of allocation between companies has been considered without objection by the NNUK Pension Trustee and the creditors committee of NNSA in relation to the earlier remuneration applications with which they were concerned.

47. The second category are the specific costs relating to the sale of the Nortel global business and the subsequent dispute over the allocation of the proceeds. Those overall costs have been closely considered on other occasions and the costs incurred in the relevant period for the purposes of this Application are very small.

48. The third category of costs relates to the costs incurred by EY Paris in order to maintain accounting and other similar functions necessary to comply with French law. These costs are essentially mandatory and are likely to have been considered by the *mandataire ad hoc* of the Company who is also the *liquidateur judiciare* of NNSA.

49. The fourth category of costs are the charging rates of EY London in the administration, which have not changed since the commencement of the administration and which have been approved by the creditors for previous periods. As indicated above, these should be contrasted with the rates charged in the CVA and by the EY Paris office, which have changed, and which should be reviewed more closely by the assessor.

50. These categories have been reviewed by the conflicts administrator of NNSA. He has confirmed that he is broadly content that the categories identified by the Administrators as not requiring detailed scrutiny are ones which, for the reasons that have been identified, would be likely to provide less benefit to creditors of NNSA.

51. In order not to delay the commencement of the TUP process, I will direct that the Administrators should receive payment of the full amount of the remuneration which they seek, together with keeping a retention on account of the potential costs of the assessment exercise (the fees of the assessor, the Administrators and their lawyers): but that such order should be on condition that the Administrators give an undertaking to repay to the Company (if it is still in existence) or to pay to NNSA (to be divided equally between the NNSA Main Proceeding and the NNSA Secondary Proceeding in

accordance with the TUP) any part of those sums that the Court may order them to refund consequent upon review of the report from the independent assessor.

52. The assessor who it is proposed to instruct is Mr. Philip Wedgwood Wallace. Mr. Wallace had a distinguished career as an insolvency practitioner, he was a partner at KPMG, and he acted as an adviser to the creditors' committee of Lehman Brothers International (Europe) in relation to the assessment of the administrators' fees in that large administration. Mr. Wallace thus appears well qualified to be an assessor. He has indicated that he ought to be able to complete his report by 11 October 2019 and will be available for a further hearing in the following week. I have reviewed a summary of the terms upon which Mr. Wallace is to be instructed and I am content with them.

53. The amount initially suggested for the retention on account of the combined costs of the assessment exercise was £200,000. I have reduced that to £150,000 in the expectation that it should be possible to achieve production of the desired report for less than that sum. In saying that, I do not intend to prejudge the question of whether, and if so, to what extent, any of the costs of the Administrators and their lawyers in relation to the assessment should be paid from that retention.