



Strand Capital Limited (in special administration)

Joint special administrators' progress report

15th June 2018



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1. Glossary

Abbreviation	Description
Company	Strand Capital Limited (in special administration)
joint special administrators / JSAs / we	Adam Henry Stephens and Henry Anthony Shinnars of Smith & Williamson LLP and Virgil Harsham Levy of LA Business Recovery Limited
SIP	Statement of Insolvency Practice (England & Wales)
Regulations	The Investment Bank Special Administration Regulations 2011 as amended by The Investment Bank (Amendment of Definition) and Special Administration (Amendment) Regulations 2017
Rules	The Investment Bank Special Administration (England and Wales) Rules 2011
IA86	Insolvency Act 1986 If preceded by S this denotes a section number
IR86	Insolvency Rules 1986 If preceded by R this denotes a rule number
CASS	FCA “Client Assets Sourcebook” rules
OWG	Optima Worldwide Group Plc
FCA	Financial Conduct Authority
FSCS	Financial Services Compensation Scheme
TPR	The Pensions Regulator
Sch B1	Schedule B1 to the Insolvency Act 1986 as amended by the Regulations If preceded by P this denotes a paragraph number
SOA	Statement of Affairs
HMRC	HM Revenue & Customs
IFA	Independent Financial Advisor
SIPP	Self-Invested Personal Pension
S&WFS	Smith & Williamson Financial Services Limited

2. Introduction

We, Adam Stephens and Henry Shinnars, of Smith & Williamson LLP, 25 Moorgate, London, EC2R 6AY and Virgil Levy, of LA Business Recovery Limited, 1 Beasley Yard, 126 High Street, Uxbridge, Middlesex UB8 1JT, all being licensed insolvency practitioners, were appointed joint special administrators of the Company on 17th May 2017.

This report provides an update on the progress in the special administration for the Company for the six month period ending 16th May 2018 this should be read in conjunction with the joint special administrators' proposals dated 6th July 2017 and the previous progress report dated 15th December 2017. Appendix I contains information in respect of the Company and the joint special administrators that is required under the Rules.

2.1 Key points to note

This is the six monthly progress report of the special administration of the Company.

Background

- The joint special administrators have various objectives to perform, as set out in the Regulations. One of these objectives, which we believe will be of particular interest to clients, is to ensure the return of client assets as soon as is reasonably practicable. Our work is primarily focusing (not exclusively) on achieving this.
- The joint special administrators faced particular challenges on appointment in that there was no wholly live business relating to the Company. This is on the basis that access to the online trading platform was not immediately forthcoming, little activity was being undertaken at the Company's premises, and it had no current employees.
- The joint special administrators' proposals were approved by creditors and clients at a combined meeting held on Friday 21st July 2017 and a resolution was passed to establish a creditors' committee.
- The first formal meeting of the creditors' committee held on the 6th September 2017 approved the joint special administrators remuneration in line with the resolutions outlined in the joint special administrators' proposals.

Current position

- One of the key roles of the joint special administrators is the return of client assets as soon as is reasonably practicable in accordance with the Regulations. This requires a reconciliation of the Company's records (both electronic and hard copy) identifying what evidence they show about the client assets held and any discrepancies. Whilst certain aspects of the client assets have been straightforward to reconcile, there have been several areas which have required additional work.
- The current position in respect of the client reconciliation is summarise below:
 - The client custody assets position in respect of the OWG Series D Bonds has now been reconciled. Clients will note that this was the only unreconciled holding of custody assets at the time of our last progress report;
 - Additional clients and client custody assets totalling 37,509,586 (number of units) have been identified by the joint special administrators in the period;
 - There is a current client cash discrepancy of £121,175.73
 - There remains an unreconciled balance in respect of the December 2016 coupon interest payment of £491,836.24 (plus accruing interest on it) in respect of the OWG bonds.

OWG representatives have been in discussions during the period with the joint special administrators in respect of the queries we have on their bonds and the interest payment. Whilst the bond position has been resolved, communications continue in respect of the coupon interest payment.

- In light of the recent developments (post-dating the reporting period of this report), we believe the client custody asset position is now reconciled. The joint special administrators will therefore shortly be commencing the process of returning client custody assets to clients. Further details in respect of this process can be found in sections 3.1.2 and 8.1.1 below.

Meanings

- For the purposes of this document, someone who is entitled to client money protection is referred to as a client, together with those for whom the Company holds client assets. Someone who is not entitled to participate in the client money pool or for whom no client assets are held is referred to as a Creditor.
- Creditors comprise suppliers of utilities and other services to the Company and are also known as unsecured creditors.
- We understand that SIPP providers and Pension Trustees are the Company's clients, as distinct from the underlying beneficial investors. We believe ISA holders are clients.

3. Progress of the special administration

We summarise work under each of the objectives of the special administration.

3.1 Objective 1- To ensure the return of client assets as soon as reasonably practicable

The joint special administrators' have been made aware of a number of companies reaching out to underlying clients, claiming that they are able to expedite the return of their assets. At this stage, it would be prudent to inform you that this is unfortunately untrue. The return of client assets will only be facilitated at such time that the joint special administrators have obtained the approval of the Courts through a formal distribution plan process.

For the avoidance of doubt, once a definitive timeline to completion has been established, the joint special administrators will ensure that all relevant parties are informed via the designated communication channels.

3.1.1 Overview of current client position

As at the date of appointment, according to the Company's own reconciliation, based on the last reconciliation available (being the 22nd March 2017) the Company had responsibility for 134,079,086 units in investments and client money of circa £12 million.

The special administration of the Company triggered a primary pooling event pursuant to CASS, which means that all client monies are notionally pooled and will be distributed on a pro-rata basis to clients with entitlements to client money in accordance with the CASS rules.

Following the re-establishment of access to the Company's trading platform and the safeguarding of client money and custody assets, due to the lack of available records, and on-going questions in respect of client holdings, the joint special administrators undertook a verification of the working draft of the client money and client custody asset reconciliation with SIPP providers, IFAs and Pension Trustees, to verify the underlying clients' individual holdings.

Through this verification of positions we were able to establish the following position. Please note for clarity we have included an overview of the reconciliation as at the time of our previous report, to highlight the developments since then:

Description	Investments (not including cash) Units	Client money £
Investments/Cash (as per Company records) (Sub Total A)	134,078,628.601	£12,643,295.75
Investments/Cash (reconciled as at 15/12/17)	133,531,600.601	£12,523,756.02
Difference in Position notified as at previous report (15/12/17)	(547,028.000)	(£119,539.73)
Updates / Developments since previous reported position		
OWG Series D Bonds Transfer / Redemption of bonds adjustment (Amount to be +/- to Sub Total A)	(1,636.000)	1,636.00
Additional client investments (not included in initial records Company records) (Amount to be added to Sub Total A)	37,509,586.000	-
Investments/Cash (as Company records should have recorded) (Total B)	171,586,578.601	£12,644,931.75
Investments/Cash (reconciled as at 15/12/17)	133,531,600.601	£12,523,756.02
Newly released OWG Series D Bonds	500,104.000	-
Additional identified OWG Series D Bonds	42,079.000	-
Replacement OWG Series D Bonds	3,209.000	-
Additional client investments reconciled	37,509,586.000	-
Sub-total (C)	134,078,628.601	£12,523,756.02
Difference (B-C)	-	(£121,175.73)
Strand Management Fees - Due and Collectable	-	£117,396.40
Overall difference	-	(£3,779.33)

Please note that the above schedule is an analysis of the total number of units held of each class of client asset. It is not an indication of the current value of any asset holdings and is not determinative of the quantum of asset holdings that will be distributed through the special administration process.

3.1.2 Client custody asset position

As can be seen from the schedule, there have been a number of developments within the period. Correspondence with OWG resulted in the release of an additional 500,104 (nominal value) bonds within the OWG Series D bonds. This, in addition to the validation of certain bonds holdings, brought the difference between the Company's books and records and what OWG records as held down to an unreconciled balance of 4,845.00 (nominal value).

Following further correspondence with OWG at the start of May 2018, we were able to resolve the residual discrepancies in respect of these bonds and can therefore confirm the Company's records now reconcile with the OWG records.

In addition to the known client custody assets (based on the records available) the joint special administrators have been made aware during the period (and subsequently confirmed) additional client custody holdings, for previously unknown clients of the Company. These custody assets are held with an additional custodian.

It is believed these clients and their holdings were recorded on a historic operating system used by the Company and for reasons unknown at present were not migrated to the Company's replacement operating platform. Our enquiries in to this system any other potential unknown clients and client asset holdings is still ongoing, but at present (based on information received post the reporting period in question) we believe this to be an isolated issue.

In light of these most recent developments (including those post-dating the reporting period), work has commenced on finalising client custody assets statements, with the intention of issuing these to clients in order to commence to process of agreeing client positions and returning client custody assets to underlying clients of the Company. A brief overview of this process is set out in 8.1.1 and further information will be released in due course.

3.1.3 Client cash position

The table provided in section 3.1.1 indicates a client cash discrepancy of £121,175.73 which relates to three principal matters, they are as follows:

- £18,087.29 - Miscalculation of the final quarter 2016 management fees. These client balances will need to be funded by the management fees due to the Company for the period up to 22nd March 2017. This Company funding requirement will be resolved upon finalising client statements;
- £101,452.44 - The records available to the joint special administrators indicate that only certain (i.e. not all) clients who had invested in OWG bonds were allocated certain cash received from OWG for the December 2016 coupon interest.

On advice, this treatment has been adjusted so that the cash received has been reallocated to OWG bondholders on a pro-rata basis as part of the reconciliation process. The £101,452.44 relates to the element of this interest received that has already been drawn upon by clients and is no longer available in the client money bank account;

- £1,636.00 - Linked to the inter account trading of OWG bonds within interest periods created a bond discrepancy of 1,636.000 (nominal value) creating an equivalent discrepancy on the client money position.

These management fees due to the Company have been calculated as totalling £117,396.40 (based on recoverable positions). These management fees due to Strand (up to 22nd March 2017) are required to be netted off against the initial shortfall in accordance with, and as required by, the relevant CASS regulations governing client money.

The Joint special administrators currently believe the initial shortfall in the client money position of £121,354.09 will exceed the management fees due to the Company, with the result being the small client money shortfall of £3,779.33.

In addition to these positions we set out in our previous report there was an additional outstanding unreconciled balance in respect of the unpaid element of the December 2016 interest payment of £491,836.24 (plus accruing interest) in respect of OWG bonds.

This outstanding unreconciled balance could not be formalised in the joint special administrators' reconciliation until the known quantum of OWG bonds held by the Company (on behalf of underlying clients) had been validated. As detailed above, the JSAs initial discrepancy on bond levels has been resolved in full, with the result that the joint special administrators' have now been able to finalise their calculations of this interest position.

At this time, OWG and the joint special administrators acting on behalf of the Company, have different interpretations as to which of them is responsible for paying the outstanding interest amount under the bonds. The joint special administrators continue to communicate with OWG in respect of this matter. Due to the legal nature of the correspondence, we cannot provide further detail at this time. However, should it become clear that the difference in position cannot resolved in correspondence, it is likely that the joint special administrators will need to apply to Court to seek directions from the court on the issue.

The joint special administrators are working hard to resolve this dispute, we are mindful that this position may generate frustration among those parties whom do not hold investments with OWG and therefore do not

consider they are affected by this position. However, the JSAs have a requirement to handle the collection and the distribution of the pool of client money strictly in accordance with the CASS regulations and cannot calculate client money balances and commence a proper client money distribution process until this position is finalised.

It should also be noted that despite securing the position of Strand Capital Nominees Limited (the principle nominee company for the stewardship of these bonds) and subsequent demand being issued on OWG for accruing coupon payments (due in July 2017; December 2017), no payment has been received by the joint special administrators' post pooling account in respect of these bonds, for onward transmission to clients who are bond holders.

Due to the practical and legal matters outstanding which preclude the return of client monies from the client money pool from happening immediately, a strategy was developed in conjunction with the FSCS, to enable an expedited payment to be made to clients in respect of all or part of their client money holdings using the compensatory procedures of the FSCS. The FSCS compensation limit of £50,000 and eligibility criteria will apply to these compensation payments.

In order to facilitate this process, the JSAs and the FSCS have and continue to contact affected individuals in order to broadly verify client money holdings, eligibility and to confirm and agree the mechanics of the process.

Payments by the FSCS, commenced at the start of May 2018, to date £5.8m of client monies has or is in the process, of being returned to clients under this scheme.

On receiving compensation from the FSCS, a claimants' rights against the Company in respect of client money are automatically transferred to the FSCS. Once a claimant has been compensated, any eventual distribution of their client money by the joint special administrators will be to the FSCS. The FSCS is, however, under an obligation to pass on client money payments it receives from the Company to the extent that either:

- i) the recoveries exceed the amount of compensation that the FSCS has paid to a claimant; or
- ii) the claimant would have recovered more in total if they had waited to receive a distribution(s) from the joint special administrators before receiving FSCS compensation.

3.1.4 Insurance

As stated in our previous report, the Company maintained an Investment Managers Insurance Policy, which provided a range of covers. This policy was to expire on 28 June 2017.

Clients and creditors will note that there were and are insufficient Company monies to settle the premium, due and a third party funded the cost. The extension of the policy was established to potentially provide an alternative source of recovery to creditors and/or clients.

The joint special administrators have taken appropriate steps to place the insurance provider on notice of claims lodged against the Company, and continue to do so. The joint special administrators, in conjunction with their lawyers, continue to liaise with the insurance provider and their lawyers in respect of matters in this regard.

3.1.5 Monies owed to the Company from client assets

It is understood that certain commission payments and fees are owed to the Company for the period from 1st January 2017 onwards.

As reported previously, contractually, management fees can continue to accrue (including post the date of special administration). However, clients will be entitled to submit counter claims (for lack of provision of service and other claims) which will result in an off-set being applied against further accruing fees. The joint special administrators having sought legal advice on the matter and have concluded that the management fees due should be calculated to the date that clients last received services from the Company i.e. the 22nd March 2017.

As stated above these management fees have been calculated as totalling £117,396.40.

The management fees due to the Company (up to 22nd March 2017) are required to be taken into account in calculating a client's client money entitlement pursuant to the relevant CASS regulations; thus reducing a client's client money entitlement.

The JSAs currently believe the initial shortfall in the client money position of £121,175.73 will exceed the management fees due to the Company, with the result being the small client money shortfall reported above.

3.2 Objective 2 - timely engagement with market infrastructure bodies and the Authorities

3.2.1 Financial Conduct Authority

Since appointment, we have liaised closely with the FCA in regard to our work completed since appointment and the status of client assets and monies. The FCA have been informed of the joint special administrators' activities to obtain access and control of client custody assets and client monies. The Company remains an FCA regulated entity, albeit with no current authority to trade.

3.2.2 Financial Services Compensation Scheme

The FSCS is a statutory compensation scheme which may compensate eligible parties who have lost money as a result of the insolvency of a regulated entity. Compensation awards depend on a number of factors, and are subject to a maximum compensatory payment of £50,000 per person.

The joint special administrators also have a legal obligation to liaise with the FSCS, and since appointment we have been in dialogue with them to ensure they are informed of the progress of the special administration. As with the FCA, there are regular periodic updates provided to the FSCS. There have also been a number of face to face meetings.

Work is also being undertaken to provide the FSCS with the information they require to continue the process of assessing clients' claims for compensation. This includes the process outlined in section 3.1.3 above.

3.2.3 The Pensions Regulator

Liaison with TPR will continue as and when appropriate, especially in relation to matters affecting the two pension funds which arranged investments via the Company.

Liaison with TPR is likely to become key once a distribution of client assets to clients is possible.

3.2.4 HM Revenue & Customs

HMRC have been and will continue to be consulted with during the special administration. Liaison with HMRC will be particularly key when the joint special administrators are in a position to distribute client assets, as clearly there will be a desire to ensure that tax efficient investment wrappers are maintained where possible.

3.3 Objective 3 – to rescue the Company as a going concern or to wind it up in the best interests of creditors

The joint special administrators continue to consider whether a sale of any of the Company's assets may be possible, including a transfer of certain elements of client assets where permitted under the Regulation. As detailed above, the joint special administrators are seeking to commence returning client custody assets to underlying clients shortly, this in conjunction with the partial return of client monies facilitated by the FSCS, means that the joint special administrators now believe that such a transfer is unlikely.

3.4 Receipts and payments account

A summary of our receipts and payments account from the date of our appointment on 17th November 2017 to 16th May 2018 is attached at Appendix II. These accounts include cumulative figures from 17th May 2017 to 16th May 2018.

Company assets and client assets have been shown separately.

3.4.1 Company/house receipts

In respect of the assets outlined in our previous report we note the following:

Book debts

As previously reported, the director estimated that the Company had book debts of £349,000 as disclosed within the statement of affairs provided. We are informed that this figure is based on the management accounts to 28th February 2017 (drafted prior to the director's appointment), and the director has raised concerns over the quantum, basis and recoverability.

We have obtained copies of the Company's nominal ledger as at 23rd May 2017 and we can identify potential debtors relating to "loan" positions correlating to the figure in question. In light of ongoing correspondence relating to the Company's financial affairs we choose not to comment further in respect of the recoverability of these balances at present.

VAT Refund

The director estimated within his witness statement forming part of the court application for the special administration that the Company would be entitled to a VAT refund of £12,000 relating to the Company's affairs prior to special administration. The joint special administrators believe the quantum of the claim is likely to be more than this in light of the costs incurred by the Company in the lead up to the special administration. It should however be noted that any such claim is likely to be offset against claims by HM Revenue & Customs. Therefore, at present the quantum of any recovery is unclear.

Detailed within the receipts and payments accounts attached as Appendix II, you will note additional VAT recoveries to the house account. This VAT recovery relates to the VAT recovered by the Company in respect of the special administration costs settled to date. The joint special administrators' sought legal advice in this regard, and have received advice that the house return is appropriate accounting for the funds received. These VAT recoveries are separate and additional to any recovery received in respect of the pre-special administration tax affairs.

Management Fees

As reported above in section 3.1.5, contractually, management fees can continue to accrue (including post the date of special administration). However, clients will be entitled to submit counter claims (for lack of provision of service and other claims) which will result in an off-set being applied against further accruing fees.

As stated above, these management fees have been calculated as totalling £117,396.40. These management fees due to Strand (up to 22nd March 2017) are required to be netted off against the initial shortfall in accordance with, and as required by, the relevant CASS regulations governing client money.

The JSAs currently believe the initial shortfall in the client money position will exceed the management fees due to the Company, and, based on this belief, we do not envisage any recovery for the Company and creditors.

3.5 Costs

To date no costs have been settled by the joint special administrators in respect of the house account. Expenses incurred but not yet settled comprise:

Description	Objective 1 incurred in period	Objective 1 paid in period	Objective 1 outstanding at period end	Objectives 2&3 incurred in period	Objectives 2&3 paid in period	Objectives 2&3 outstanding at period end
	£	£	£	£	£	£
Printing and postage of letter to creditors and clients	-	-	-	-	-	1,811.90
Extension of Investment Managers Insurance Policy	-	-	-	-	-	16,150.00
Collection of electronic books & records	-	-	-	-	-	647.59
Hire of room for creditors & clients meeting	-	-	-	-	-	620.00
Total	-	-	-	-	-	19,229.49

*Notes: Costs incurred are shown net of VAT
Total costs outstanding many include costs incurred in prior periods, but not yet paid.*

3.6 Unallocated assets

There are two Euro bank accounts holding a total of €6,158.08. Investigations are ongoing to confirm what these funds are and to whom they belong.

4. Investigations

The joint special administrators are required to investigate the affairs of the Company and the conduct of the directors and shadow directors in the three years preceding special administration. A report is then made to the Department for Business, Energy & Industrial Strategy, in accordance with the Company Directors' Disqualification Act 1986 ("CDDA"). The contents of this report are confidential.

In addition to our obligations under CDDA, shortly after appointment, we made an initial assessment of whether there could be any matters that might lead to recoveries for the estate and what further investigations may be appropriate. This assessment took into account information provided by creditors at the initial meeting and as a response to our request to complete an investigation questionnaire.

Investigations in to matters brought to our attention and more generally in to the demise of the Company continue.

Should any creditor or client (or other party) have any additional information that might assist us with our investigations, please provide that information to us as soon as possible.

It should be noted that the joint special administrators have received correspondence from parties historically associated with the Company's affairs, stating that the joint administrators reporting on the historic ownership of the Company is incorrect. The joint special administrators' reporting in this regard was based on information provided to the JSAs and publically available records. The JSAs are in dialogue with these individuals and information that is being provided is being reviewed, if deemed required and appropriate, an updated commentary in respect of the Company's history will be provided within our future reports.

5. Pre-special administration costs and expenses

Detailed below is an analysis of the joint special administrators' outstanding pre-special administration time costs and advisers' time costs in relation to the pursuit of objective 1 and costs incurred in relation to the special administration.

Charged by/service(s) provided	Unpaid pre-special administration costs in pursuit of objective 1 £	Objective 1 paid in period £	Objective 1 outstanding at period end £	Unpaid pre-special administration costs in pursuit of objectives 2 & 3 £	Objectives 2&3 paid in period £	Objectives 2&3 outstanding at period end £
Smith & Williamson LLP - Time Costs	16,781.00	16,781.00	-	43,769.25	-	43,769.25
LA Business Recovery Limited - Time Costs	9,225.80	9,225.80	-	16,510.54	-	16,510.54
Foot Anstey LLP - Legal Advice	3,020.83	3,020.83	-	-	-	-
Pinsent Masons LLP - Legal Advice	89,334.00	89,334.00	-	13,543.50	-	13,543.50
Pinsent Masons LLP - Disbursements	53,031.65	53,031.65	-	-	-	-
Total	171,393.28	171,393.28	-	73,823.29	-	73,823.29

The explanation and narrative in respect of the costs outlined above and the rationale in the progress of the special administration were outlined in the joint special administrators' proposals. Within the proposals, the joint special administrators sought approval for these outstanding pre-special administration costs as follows:

- THAT, the joint special administrators unpaid pre-special administration costs relating to the Company to be paid, as outlined in Section 13 of the joint special administrators proposals.
- THAT, the joint special unpaid pre-special administration costs incurred in pursuit of Objective 1, as outlined in Section 13 of the joint special administrators' proposals, is to be paid out of client assets held by the Company, in accordance with Rule 196 of the Special Administration Rules.

The creditors' committee approved the resolutions outlined above on 6th September 2017. As detailed above, within the reporting period the outstanding pre-special administration costs totalling £171,393.28 plus VAT have been settled from the client money pool in line with the approval and resolutions obtained. However, in the case of Objective 2&3 costs these remain outstanding.

6. Joint special administrators' remuneration

The joint special administrators are entitled to receive remuneration for services given in respect of:

- Objective 1, which will be paid out of client assets; and
- Objective 2 and objective 3, which will be paid out of Company/house assets.

The basis of the joint special administrators' remuneration in all cases may be fixed on one or more of the following bases, and different bases may be fixed in respect of different things done by them:

- as a percentage of the value of the assets they have to deal with, or
- by reference to time properly spent by the joint special administrators and their staff in attending to matters arising in the special administration, or
- as a set amount

In this case, the joint special administrators sought approval for the basis of their remuneration in respect of remuneration for services provided for all three objectives by reference to the time properly spent by the joint special administrators and their staff in attending to matters arising in the special administration.

The creditors' committee approved the resolutions outlined in the joint special administrators' proposals on 6th September 2017, namely:

- THAT, the joint special administrators' remuneration in pursuit of Objectives 2 and 3 be fixed by reference to the time properly given by the joint special administrators and their staff in attending to matters arising in the special administration, calculated at the prevailing standard hourly charge out rates used at the time when the work is performed, plus VAT.
- THAT, the joint special administrators' remuneration and costs incurred in pursuit of Objective 1 is to be paid out of client assets held by the Company, in accordance with Rule 196 of the Special Administration Rules.

Appendix IV provides a detailed analysis of the joint special administrators' time costs incurred in respect of objective 1 and objectives 2 and 3 for the period of this report and Appendix V illustrates a cumulative time analysis for the period from 17th May 2017 to 16th May 2018, which we summarise as follows:

Objective	Firm / Period	Hours	Total Costs £	Average Hourly rate £	Fees drawn £
1	Smith & Williamson LLP				
	17 th May 2017 - 16 th November 2017	1,253.55	473,833.75	377.99	-
	17 th November 2017 - 16 th May 2018	489.10	199,218.75	407.32	344,735.25
1	LA Business Recovery Limited				
	17 th May 2017 - 16 th November 2017	124.06	67,276.10	542.29	-
	17 th November 2017 - 16 th May 2018	131.77	71,127.20	539.78	39,214.50
Total		1,998.48	811,455.80	406.04	383,949.75

As detailed above, the joint special administrators have drawn £383,949.75 plus VAT against their objective 1 time costs to date. These costs were drawn from client money in line with the authority provided by the creditors committee.

Objective	Firm / Period	Hours	Total Costs £	Average Hourly rate £	Fees drawn £
2&3	Smith & Williamson LLP				
	17 th May 2017 - 16 th November 2017	435.15	172,818.38	397.15	-
	17 th November 2017 - 16 th May 2018	395.40	144,874.52	366.40	-
2&3	LA Business Recovery Limited				
	17 th May 2017 - 16 th November 2017	50.19	27,296.40	543.86	-
	17 th November 2017 - 16 th May 2018	38.90	21,398.50	550.08	-
Total		919.64	366,387.80	398.40	-

To date, no remuneration has been drawn against the objective 2&3 time costs. An analysis of these outstanding costs and the residual objective 1 and costs incurred for the benefit of clients in respect of objective 2&3 costs will be undertaken to address the correct allocation of these costs across estates and asset types in due course and the formalisation of any client asset distribution plan.

A creditors' and clients' guide to special administrators' fees can be found on the website www.ips-docs.com. Should you require a paper copy please email strandcapital@smithandwilliamson.com or telephone 020 7131 8452 and it will be sent to you at no cost.

Details of Smith & Williamson LLP's and LA Business Recovery Limited's charge out rates and policies in relation to the use of staff are provided at Appendix VI.

As regards to future fees and expenses, it is not possible to provide an estimate at this juncture. This is because it is not certain what work will be required.

6.1.1 Details of the tasks undertaken between the two firms appointed joint special administrators

Smith & Williamson LLP have undertaken the following functions in regard to the special administration:

- Taking control of all client and Company assets, maintaining client and Company monies in bank accounts and custodian services for the OWG bonds;
- A specialist Assurance & Business Services team are undertaking the reconciliation of all client monies and assets and will be responsible for preparing client CASS statements;
- A specialist forensic team have ensured all identified Company and client data is captured and stored, as required;
- Liaison with clients, creditors and other stakeholders of the Company in regard to notification of appointment and all other matters such as client money and client custody asset reconciliation and the return of client monies process outlined in section 3.1.3;
- Reviewing and arranging renewal of key Company services to be maintained post special administration, including insurance;
- Statutory HMRC filings in respect of the Company;
- Arranging and attending meetings with key Company personnel and stakeholders, including the creditors committee the FCA and FSCS;
- 3rd party verification of underlying clients data;
- Establishing initial compensation payment process with the FSCS and SIPP providers;
- Principal point of contact relating to client queries, information requests and DSARs; and
- All administrative tasks required by statute, including statutory filing and liaison with regulatory bodies.

LA Business Recovery Limited has undertaken the following functions in regard to the special administration:

- Notifying HMRC of appointment and filing relevant documents in respect of VAT matters;
- Liaison with certain clients and creditors of the Company;
- Liaison with certain of the Company's former professional advisers;
- Attending meeting with former key Company personnel and stakeholders, including the creditors committee the FCA and FSCS; and
- In respect of the majority of matters above, consulted, considered and made decisions alongside our joint special administrators, as appropriate for the progression of this case.

6.1.2 S&WFS

S&WFS, a company associated with Smith & Williamson LLP, may be required to deal with pension matters affecting the Company and clients. Payments to parties in which joint special administrators or their firm have an interest must be disclosed to, and approved by, creditors in a similar way as approval of the joint special administrators' remuneration.

In this case, the joint special administrators sought approval for the basis of S&WFS remuneration within their proposals as follows:

- By reference to the time properly spent by the S&WFS staff and their staff in attending to matters arising in the special administration.

S&WFS have not been utilised on this matter as envisaged at the time of the proposals, as such this resolution has not been presented to the creditors' committee to date. If required at a future date, the approach the creditors' committee for the appropriate sanction. For reference details of S&WFS' charge out rates are included at Appendix VI.

7. Special administration expenses

7.1 Professional advisors

We have used the professional advisers listed below. We have also indicated alongside the basis of our fee arrangement with them, which is subject to review on a regular basis.

Charged by/service(s) provided	Costs incurred in period in pursuit of objectives 1 £	Objective 1 paid in period £	Objective 1 outstanding at period end £	Costs incurred in period in pursuit of objectives 2&3 £	Objectives 2&3 paid in period £	Objectives 2&3 outstanding at period end £
Foot Anstey LLP - Legal Advice	46,119.50	30,362.00	57,264.50	3,258.00		12,884.00
Foot Anstey LLP - Disbursements	319.20	319.20	-	-		-
Pinsent Masons LLP - Legal Advice	-	15,623.00	-	25,247.00		61,256.00
Pinsent Masons LLP - Disbursements	10,764.01	14,670.01	-	6.20		6.20
Total	57,202.71	60,974.21	57,264.50	28,511.20		74,146.20

Notes: Costs incurred are shown net of VAT

Total costs outstanding may include costs incurred in prior periods, but not yet paid.

7.2 Joint special administrators' disbursements

We have incurred the following disbursements in the current period:

Description	Objective 1 incurred in period £	Objective 1 paid in period £	Objective 1 outstanding at period end £	Objectives 2&3 incurred in period £	Objectives 2&3 paid in period £	Objectives 2&3 outstanding at period end £
Postal Redirection	-	-	-	303.00	-	578.00
Statutory Advertising	-	-	-	-	-	509.00
Statutory Filings (Strand Capital Nominees Ltd)	2,393.00	-	13.00	-	-	-
Joint special administrators' Specific bond	-	-	-	675.00	-	858.34
Data Protection Renewal	-	-	-	(35.00)	-	-
Couriers	-	-	21.30	-	-	-
Travel / Subsistence	27.00	-	352.09	136.29	-	803.24
Total	2,420.00	-	2,766.39	404.29	-	2,748.58

*Notes: Costs incurred are shown net of VAT
Total costs outstanding many include costs incurred in prior periods, but not yet paid.*

7.3 Category 2 disbursements

Within the joint special administrators' proposals we outlined that we had incurred the Category 2 disbursements in regard to custodian services provided by Smith & Williamson Investment Services Limited in relation to the OWG Bonds.

In accordance with best practice, the joint special administrators sought approval to draw Category 2 disbursements as and when funds are available.

The creditors' committee approved the resolutions outlined in the joint special administrators' proposals on 6th September 2017 namely:

- THAT, the joint special administrators' category 2 disbursements, as outlined in Section 15.3 of the joint special administrators proposals, to be authorised.

Following the release of the joint special administrators' proposals, Smith & Williamson Investment Services Limited confirmed that, due to the nature of the referral and the joint special administrators' appointment, they would not be seeking to charge the costs outlined in the proposals.

7.4 Policies regarding use of third parties and disbursement recovery

Appendix VI provides details of Smith & Williamson LLP's policies in relation to the use of subcontractors and professional advisers, and the recovery of disbursements.

8. Estimated outcome for clients and creditors

8.1 Clients

As reported previously, at the outset of the special administration the director was not able to provide any information about client assets held, nor provide a list of clients. However, information has been gathered from the trading platform following special administration.

The last date to which client assets and monies were reconciled prior to appointment was 22nd March 2017. Based on the current reconciliation data available to the joint special administrators, the client money and assets position at the date of special administration, being 17th May 2017, is as follows:

8.1.1 Return of client custody assets (excluding client money)

Following the completion of the client custody asset reconciliation, statements are currently being finalised by the joint special administrators with the intention that these can be issued to all clients of the Company.

Each statement will detail the joint special administrators' analysis of what client custody assets (excluding client money) the Company (and its custodians) hold for that client and will seek confirmation from the client that:

- i) They agree with the contents of the statement; or
- ii) Alternatively, they do not accept some or all of the contents of the statement and request that the client provides evidence to support the client's position.

Section 4.1 of the joint administrators' proposals and section 2.1 of this report, details who the clients of the Company are for these purposes and therefore who statements will be issued to.

Bar Date

At the same time as issuing the Client Custody Asset Statements, the joint special administrators will set a Bar Date, which is a date by which:

- i) Clients will need to submit their claims to client custody assets held by the Company for them - the joint special administrators would anticipate that this will primarily be completed by clients providing a response on receipt of their Client Custody Asset Statement; and
- ii) Any person asserting a security interest over client custody assets held by the Company must submit their claim.

The joint special administrators consider they will be in a position to issue the Client Custody Asset Statements shortly and currently anticipate setting the Bar Date for 6 weeks after that notice is issued. The imposition of a Bar Date will assist in expediting the return of client custody assets.

Expiration of the Bar Date

Once the Bar Date has passed the joint special administrators are required to write again to any party they consider is able to make a claim:

- i) in respect of client custody assets held for them by the Company, or
- ii) to security over client custody assets, confirming that unless they respond within 14 days, the Distribution Plan will be prepared on the basis of the information available from the Company's books and records, leaving the client with limited grounds to challenge this.

Distribution Plan

Once the Bar Date has expired, the joint special administrators are required to draft a Distribution Plan. The joint special administrators and their advisors are currently working on the plan but cannot finalise it until the

Bar Date has expired and the position in respect of client claims and security claims is confirmed. The Distribution Plan will set out, amongst other things:

- A schedule of the dates on which it is intended client custody assets will be returned to clients who have submitted a claim to the joint special administrators - **clients should note that the Regulations and Rules provide that no distribution of client custody assets can take place until three months after the expiry of the Bar Date;**
- What custody assets are held by the Company and for which clients;
- The extent to which any custody assets are subject to security which will need to be discharged before the assets can be distributed to clients;
- How the costs of protecting, preserving and distributing the client custody assets during the special administration are to be apportioned to clients and paid ("**Distribution Costs**"); and
- The practical process for distributing the custody assets back to clients.

Based on the information available to them, the joint special administrators are not currently aware of any shortfall in the client custody assets under their control.

The Distribution Plan will need to be approved by the creditors' committee and the Court before it can be implemented by the joint special administrators.

Settlement of Distribution Costs and discharge of security

Before any client custody assets can be distributed to clients pursuant to the Distribution Plan it will be necessary for any security attaching to the relevant assets to be discharged and for the Distribution Costs apportioned to the client to be settled; the Distribution Plan will provide the framework for this.

In respect of the Distribution Costs, the joint special administrators have worked closely with the FSCS and it is currently proposed that where a client is eligible for FSCS compensation, with the client's agreement, the Distribution Costs could be settled (in whole or in part) by the FSCS, subject to that client remaining within the relevant FSCS compensation thresholds (currently £50,000). This will therefore be dependent on what other compensation the client has claimed from the FSCS (see section 8.1.2 below) and the level of apportioned costs.

To the extent that clients are not eligible for compensation from the FSCS or choose not to take the benefit of this option, clients will need to:

- Settle the Distribution Costs directly; or
- Direct that the joint special administrators can use their statutory powers to liquidate nominated custody assets to settle the Distribution Costs.

Distribution of client custody assets

Once an agreement is reached in respect of the discharge of any security and the settlement of the Distribution Costs, the custody assets can be returned to clients and it is currently envisaged by the joint special administrators that clients will be able to choose one or a combination of the following options under the Distribution Plan:

- Transfer of client custody assets to the client's new nominated custodian;
- Return client custody assets to the client (where applicable); or
- Liquidate in whole or in part the client custody assets with the proceeds returned to the client,

8.1.2 Return of client money

As noted above in this progress report, pursuant to the CASS rules, all client money held by the Company at the time of the commencement of the Special Administration is to be pooled in a single client money pool. In circumstances where a shortfall is identified in that pool, the joint special administrators are required to distribute to clients on a pro rata basis in accordance with their client money entitlement.

As noted above in section 3.1.3 of this report and through updates issued by the joint administrators to date, the key outstanding issue is the resolution (to our satisfaction) of the unpaid OWG interest pertaining to the December 2016 coupon.

In summary, OWG representatives have been in discussions with the JSAs and there are different interpretations of the position. OWG are currently of the opinion that OWG's obligation to bondholders in respect of this unpaid balance has been settled in full as a result of an agreement they purport was made between OWG and the Company. The records and information provided to the joint special administrators indicate that OWG's liability has not been settled and the joint special administrators' position is that it remains an outstanding obligation of OWG. Unfortunately, due to the nature of the situation, we are advised not to provide any further detail in this report.

As detailed above, if the joint special administrators' position is correct the shortfall before costs would be £3,779.33. If OWG's interpretation of the position is correct, then the client money pool would have an initial shortfall of £511,559.53 (before costs). After the adjustment for management fees and reversal of the £101,452.44 relating to the preferential interest as detailed in section 3.1.3, this would result in an estimated client money shortfall of £394,163.13 (before costs).

In light of these two conflicting positions the reconciliation of the client monies is not finalised. Once complete, the joint special administrators will communicate with all clients in accordance with the CASS rules about their client money position and the process for distribution. It is not yet possible to provide an estimate of the quantum of the likely level of distribution to clients of the Company from the client money pool. Whilst the reconciliation is not yet complete, as indicated above, it would seem likely that there will be a shortfall to clients, although it is not possible to quantify the extent of the shortfall.

Any eventual shortfall in clients' positions will form a creditor claim against the Company. Further detail of how creditor claims are calculated and proved will follow in due course.

As indicated in our correspondence to date, it is understood that compensation may be available to underlying clients' who are eligible from the FSCS.

The FSCS protects consumers when authorised firms fail or stop trading. In certain prescribed circumstances it protects private individuals and small businesses if an authorised firm becomes insolvent and cannot pay claims against it. The FSCS considers that the Company is in default and that eligible clients will have a claim in the FSCS and are working with the JSAs.

For eligible claims, the FSCS can pay up to £50,000 in compensation per client. If client money claims are paid by the FSCS, the FSCS will then assume the client's claims in respect of client money against the Company. This is done by way of an assignment (or subrogation) of rights in respect of client money to the FSCS. Section 3.1.3 of this Report provides further information on the FSCS Compensation process.

Clients may therefore receive payment in respect of their client money entitlement in one of two ways:

1. From the FSCS. If you are eligible under FSCS's rules and the FSCS pays compensation to you or your pension, then the FSCS will take over all of your client money rights against Strand and third parties in accordance with its payment terms: <https://www.fscs.org.uk/investment-payment-terms/>

The joint special administrators would then make any payments from the client money pool to the FSCS rather than to you. However, as detailed in section 3.1.3 the FSCS has certain statutory obligations to pass on payments so that clients are not disadvantaged (e.g. if the FSCS received more than £50,000 in relation to your rights from the client money pool, it would pay the excess over to you).

2. From the joint special administrators. If you are not eligible for compensation from the FSCS or choose not to accept compensation from the FSCS, the Joint Administrators would make any payments from the client money pool to you. You may be asked to confirm your bank details in due course.

As detailed in section 3.1.3 an element of this compensation has been established and is allowing the release of certain client monies whilst the joint special administrators' correspondence with OWG continues.

8.2 Secured creditors

There are no secured creditors of the Company.

8.3 Preferential creditors

There is one preferential claim in the special administration, which is for less than £1,000.

Based upon current information, it is uncertain whether there will be sufficient monies to settle the preferential claim in full. It would also appear unlikely there will be sufficient asset realisations to enable a dividend to be paid to unsecured creditors of the Company and to clients in respect of any shortfall in client assets and monies.

8.4 Unsecured creditors

Unsecured creditors' claims are broadly split into two main categories:

1. Client shortfall claims, which arise from any shortfall of client monies or client custody assets in the Company or other client asset related claims that are claims against the Company; and
2. Ordinary unsecured trade and other non- client claims, including any employees' non preferential claims.

Until the reconciliation of the client monies and client custody assets has been concluded the joint special administrators are unable to provide a reliable estimate of the total unsecured creditors.

8.5 Prescribed Part

Where a company has created a floating charge on or after 15 September 2003 there is provision for a share of the company's net property to be set aside for distribution to unsecured creditors in priority to the floating charge holder. These funds are referred to as the Prescribed Part.

As stated above, the Company has no secured (floating charge) creditors, so the Prescribed Part requirements do not apply.

9. Outstanding matters

Client statements in respect of client custody assets, are being finalised and will be issued to all clients to agree their client claims shortly. Once the individual statements are agreed with clients, we will need to establish the most effective way to return the physical assets (other than client money) to clients through the Distribution Plan.

The completion and agreement of the client statements will enable the resolution of the position in respect of potential Company assets in the form of any tax refunds and recovery of management fee positions.

The position in respect of ongoing legal correspondence relating to the OWG bonds and the outstanding interest payments, will result in client monies being formally distributed under a separate process and timeline to client custody assets.

The JSAs will continue to work with the FSCS as in respect of any compensation payments to clients. Further updates will be given as this process continues but at present no further information can be given. There is no need to contact the FSCS at this stage. The FSCS will publish more information on its website when the position is clearer.

Please be assured that we are working closely with the FSCS and the FCA to finalise the position and return client funds and assets as quickly as possible.

10. Ending the special administration

Unlike administration, a special administration does not automatically end after 12 months. Once the joint special administrators consider that the objectives of the special administration have been met it will be concluded by either:

- Putting forward proposals for a Company Voluntary Arrangement, in order to rescue the investment bank as a going concern; or
- Filing a notice with the Court and Registrar of Companies for dissolution.

It is likely that following the completion of asset recoveries, receiving tax clearances and paying distributions to clients, the latter will apply.

At present it is not possible to provide a realistic timescale for the length of the special administration.

11. Privacy and data protection

As part of our role as joint special administrators, I would advise you that we may need to access and use data relating to individuals. In doing so, we must abide by data protection requirements. Information about the way that we will use and store personal data in relation to insolvency appointments can be found at www.smithandwilliamson.com/rrsgdpr Smith & Williamson LLP and in respect of LA Business Recovery Limited www.labusinessrecovery.com/strand-capital-limited. If you are unable to download this, please contact my office and a hard copy will be provided free of charge.

To the extent that you hold any personal data on the Company's data subjects provided to you by the Company or obtained otherwise, you must process such data in accordance with data protection legislation. Please contact us if you believe this applies.

12. Creditors' rights

Creditors (within this section includes clients) have rights under Rules 201 and 202 to request further information and to challenge the joint special administrators' remuneration and/or expenses incurred. In summary:

- Within 21 days of the receipt of a progress report, a secured creditor, or an unsecured creditor (with the concurrence of at least 5% in value of the unsecured creditors, including the creditor in question or the permission of the court) or client (with the concurrence of at least 5% in value of the client assets including the client in question) may request in writing that the joint special administrators provide further information about their remuneration or expenses which have been itemised in the report.
- Any secured creditor, or an unsecured creditor or client (with the concurrence of at least 10% in value of the unsecured creditor including the creditor in question, or the permission of the court) or client (with the concurrence of at least 10% in value of the total claims in respect of the client assets held by the investment bank, or with the permission of the court), or the FCA) may within 8 weeks of receipt of a progress report make an application to court on the grounds that, in all the circumstances, the basis fixed for the joint special administrators' remuneration is inappropriate and/or the remuneration charged or the expenses incurred (including any paid) by the joint special administrators, as set out in the report, are excessive.

The above rights apply only to matters which have not been disclosed in previous reports.

On a general note, if you have any comments or concerns in connection with our conduct, please contact the joint special administrators. If the matter is not resolved to your satisfaction, you may contact Smith & Williamson LLP's Head of Legal by writing to 25 Moorgate, London EC2R 6AY or by telephone on 020 7131 4000.

Thereafter, if you wish to take the matter further you may contact the Insolvency Services directly via Insolvency Complaints Gateway. They can be contacted by email, telephone or letter as follows:

Email: insolvency.enquiryline@insolvency.gsi.gov.uk

Telephone: +44 300 678 0015

Postal address: The Insolvency Service, IP Complaints, 3rd Floor, 1 City Walk, Leeds LS11 9DA

13. Next report

The joint special administrators are required to provide a progress report within one month of the end of the next six months of the special administration or earlier if the special administration has been finalised.

As detailed above, clients will be contacted by the joint special administrators upon the release of client statements, to verify their holdings with the Company.

The joint special administrators will continue to issue updates to clients as and when appropriate, these will continue to be released to your SIPP provider, IFA and /or Pension Trustee for onward transmission as well as uploaded to our webpage: www.smithandwilliamson.com/strand-capital-limited

Thank you



Adam Stephens

On behalf of the Joint Special Administrators

Date: 15th June 2018



Appendices

I Statutory information

Relevant Court	High Court of Justice, Chancery Division, Companies Court
Court Reference	CR-2017-003691
Trading Name(s)	Strand Capital or Strand
Trading Addresses	1 Tudor Street, London, EC4Y 0AH
Former Name(s)	London Capital Trading Limited (from June 2004 to February 2011) Curvalue Trading Limited (from June 2001 to June 2004) Interactive Clearing Services Limited (from April 1999 to June 2001)
Registered Office	1 Tudor Street, London, EC4Y 0AH
Registered Number	03747386
Joint special administrators	Adam Henry Stephens and Henry Anthony Shinner both of Smith & Williamson LLP, 25 Moorgate, London, EC2R 6AY and Virgil Harsham Levy of LA Business Recovery Limited, 1 Beasley Yard, 126 High Street, Uxbridge, Middlesex UB8 1JT (IP Nos. 9748, 9280 and 19090 respectively) In accordance with P100 (2) Sch B1 1A86 the Court order authorises the joint special administrators to act jointly and severally.
Date of Appointment	17 May 2017
Appointor	High Court of Justice upon the application of the Company acting by its sole director, Joseph Reginald Salisbury Egerton
Director	Joseph Reginald Salisbury Egerton
Company Secretary	Joseph Reginald Salisbury Egerton
Shareholder	Optima Worldwide Group Plc
Director's shareholding	N/A

II Receipts and payments account

Company/house receipts and payments account to 16th May 2018

Statement of Affairs £	From 17/11/2017 To 16/05/2018 £	From 17/05/2017 To 16/05/2018 £
	ASSET REALISATIONS	
	Computer Equipment	250.00
Uncertain	Book Debts	NIL
Uncertain	VAT Refund	NIL
7,441.14	Cash at Bank	7,441.14
Uncertain	Management Fees	NIL
	VAT Recovery - Client Fund Payments	123,207.45
	Bank Interest Gross	11.57
		14.61
		123,219.02
	COST OF REALISATIONS	
	Funds Held at Natwest Bank Plc	3.85
	Bank Charges	(3.85)
		NIL
	PREFERENTIAL CREDITORS	
(84.50)	Employees Wage Arrears	NIL
		NIL
	UNSECURED CREDITORS	
(220,177.78)	Trade & Expense Creditors	NIL
(4,731.76)	Employees	NIL
		NIL
	DISTRIBUTIONS	
(387,600.00)	Ordinary Shareholders	NIL
		NIL
(605,152.90)		123,219.02
	REPRESENTED BY	
	Interest Bearing C/A	80,059.00
	VAT Control Account	50,854.20
		130,913.20

Client receipts and payments account to 16th May 2018

Statement of Affairs £	From 17/11/2017 To 16/05/2018 £	From 17/05/2017 To 16/05/2018 £
12,484,175.74		
GENERAL FIXED CHARGE		
	Primary Pool - Natwest Bank Plc	NIL
	Primary Pool - Natwest Bank Plc Interest	3,944,469.66
	Primary Pool - Funds Held at Gallium	NIL
	Primary Pool - Funds Held at Gallium Interest	476.43
		8,579,286.36
		NIL
		775.66
		<u>NIL</u>
		<u>12,525,008.11</u>
ASSET REALISATIONS		
	Bank Interest Gross	36.65
		<u>36.65</u>
		<u>36.65</u>
COST OF REALISATIONS		
	S&W - Objective 1 Pre-App Fees	16,781.00
	LA - Objective 1 Pre-App Fees	9,225.80
	Pinsent Masons - Objective 1 Pre-App Fees	89,334.00
	Pinsent Masons - Objective 1 Pre-App Disbursements	53,031.65
	Foot Anstey - Objective 1 Pre-App Fees	3,020.83
	S&W - Objective 1 Post-App Fees	344,735.25
	LA - Objective 1 Post-App Fees	39,214.50
	Pinsent Masons - Objective 1 Pos-App Fees	15,623.00
	Pinsent Masons - Objective 1 Pos-App Disbursements	14,670.01
	Foot Anstey - Objective 1 Post-App Fees	30,362.00
	Foot Anstey - Objective 1 Post-App Disbursements	319.20
	VAT Recovery - Transfer to Company Account	123,207.45
		<u>(739,524.69)</u>
		<u>(739,524.69)</u>
<u>12,484,175.74</u>		<u>(739,488.04)</u>
		<u>11,785,520.07</u>
REPRESENTED BY		
	Metro Client Trust (Interest Bearing)	36.65
	Natwest Client CASS A/c	11,785,483.42
		<u>11,785,520.07</u>

Notes and further information required by SIP 7

- None of the investments held for clients have been shown on the client receipts and payments account as the reconciliation is incomplete. The joint special administrators' pre appointment costs and special administrators' remuneration and costs have been drawn from the primary pool or Company accounts within the reporting period, in line with the approval obtained by the creditors' committee.
- No payments have been made to us from outside the estate.
- Client monies are held on a designated client account.
- All bank accounts are interest bearing.
- There are no foreign currency holdings detailed above.
- There is a further amount €6,158.08 held in a Company account. At present the joint special administrators have been unable to establish whether this is Company/house or client monies.
- All amounts in the receipts and payments account are shown exclusive of any attributable VAT. Where VAT is not recoverable it is shown as irrecoverable VAT.

III Summary of the clients and clients' assets

Current reconciliation of clients' assets to 17th May 2017:

Asset Name	ISIN	Units as stated in special administrators proposals	Company records	Understood correct holdings	Units reconciled	- Deficit + Excess
Salpha Adventurous UCITS	IE00BYX95950	256,642.906	256,642.906	256,642.906	256,642.906	-
Salpha Conservative UCITS	IE00BYX95K61	235,267.816	235,267.816	235,267.816	235,267.816	-
BlackRock Gbl PrpSecEqTrk D Inc	GB00B848DD97	14,959.672	14,959.672	14,959.672	14,959.672	-
BlackRock GF IEmMkLCBd D3RFH E	LU0995345831	3,049.910	3,049.910	3,049.910	3,049.910	-
BlackRock Idx Lnkd Gilt Trckr D Acc	GB00B83RVT96	17,197.254	17,197.254	17,197.254	17,197.254	-
BlackRock NthAmrcn EqTrk D Acc	GB00B7QK1Y37	9,592.346	9,592.346	9,592.346	9,592.346	-
BlackRock NURS II Global Equity D	GB00B8BTNJ16	11,332.897	11,332.897	11,332.897	11,332.897	-
Blueprint Industrial Engineering PLC	GB00BYY5H66	994,981.000	994,981.000	994,981.000	994,981.000	-
Cherry Homes (Class A)	GB00BYQ65R15	47,722,473.000	47,722,473.000	47,722,473.000	47,722,473.000	-
Cherry Homes (Class B)	GB00BYQ66013	63,661,234.000	63,661,234.000	63,661,234.000	63,661,234.000	-
Elaine Securities PLC	GB00BWC5HD02	2,820,174.000	2,820,174.000	2,820,174.000	2,820,174.000	-
Euler	GB00BYP4YT17	1,058,983.000	1,058,983.000	1,058,983.000	1,058,983.000	-
Fidelity I Stg Cr + Bd Gr	GB00B19CHJ19	9,941.840	9,941.840	9,941.840	9,941.840	-
Invesco Perp Corporate Bd NT Gr Acc	GB00B8N46218	104,404.770	104,404.770	104,404.770	104,404.770	-
Investec Short Dtd Bd I Gr Acc GBP	GB00B94GN522	18,255.368	18,255.368	18,255.368	18,255.368	-
Kames Abslut Rtrn Bd C Acc GBP	IE00B6SLQ646	23,766.120	23,766.120	23,766.120	23,766.120	-
Lazard Emerging Markets S Acc	GB00B8QHFR21	23,936.254	23,936.254	23,936.254	23,936.254	-
M&G Short Dated Corp Bd I GBP	GB00B8JXBQ82	24,999.518	24,999.518	24,999.518	24,999.518	-
Minerva Lending	XS1481211412	2,097,000.000	2,097,000.000	2,097,000.000	2,097,000.000	-
Optima Worldwide Group PLC 8.0% (Series A)	GB00BCLYDR27	1,281.000	1,263.000	1,263.000	1,263.000	-
Optima Worldwide Group PLC 8.0% (Series C)	GB00BNY8CJ32	1,092.000	1,124.000	1,124.000	1,124.000	-
Optima Worldwide Group PLC 8.0% (Series D)	GB00BY7S2204	10,057,050.000	9,982,050.000	9,980,414.000	9,980,414.000	-
The Meredith Property Group PLC	GB00BY4K3J36	3,373,011.000	3,373,011.000	3,373,011.000	3,373,011.000	-
Vanguard Gbl Bd Index Hdg A E	IE00B50W2R13	1,782.910	1,782.910	1,782.910	1,782.910	-
Vanguard UK ST Inv Grd Bd Idx AE	IE00B9M1BB17	2,371.020	2,371.020	2,371.020	2,371.020	-
Vernon Property PLC	GB00BWC5HG33	1,608,835.000	1,608,835.000	1,608,835.000	1,608,835.000	-
Menasat Gulf Group Holdings PLC	Unlisted	-	-	37,509,586.000	37,509,586.000	-
Total Units:		134,153,614.601	134,078,628.601	171,586,578.601	171,586,578.601	-
Cash held		£12,484,175.74	£12,643,295.75	£12,644,931.75	£12,523,756.02	(£121,175.73)

Please note that the value of these units can vary over time (and furthermore some appear to be relatively illiquid). In very broad terms, at the time of the commencement of the special administration (being 17 May 2017), the entirety of the client assets (including cash held) was in excess of £100m, you will note that the additional clients identified and their subsequent custody asset holdings has altered this position significantly.

Please note that the above schedule is a breakdown of the total number of units held of each class of client asset, it is not an indication of the current value of any holdings and does not necessarily mean that such a quantum of assets will be distributed.

To the fullest extent permitted by law, neither the joint special administrators, Strand Capital Limited, Smith & Williamson LLP or LA Business Recovery Limited assume any responsibility for the content of this information and do not accept any personal liability in respect of this document to any party.

Final Company list of clients' as at 17th May 2017:

Client Name	Address	Sum of Client money		Sum of Total units custody assets		Numbers of clients	
		Stated in proposals	Current position	Stated in proposals	Current position	Stated in proposals	Current position
@sipp	6th Floor, Mercantile Building, Galsgow, G2 6TS	£5,173.88	£8,088.68	284,949.116	284,949.116	70	70
Carey's Pensions UK LLP	1st Floor, Lakeside House, Shirwell Crescent, Furzton Lake, Milton Keynes, MK4 1GA	£190,101.83	£190,101.83	-	-	1	1
EasySIPP	2 Oakridge Office Park, Whaddon, Salisbury, SP5 3HT	£78,005.21	£154,010.52	13,088,735.925	13,088,525.925	427	427
Heritage Pensions Limited	6 Doolittle Mill, Froghall Road Ampthill, Bedfordshire, MK45 2ND	-	£807.11	10.000	10.000	1	1
Intelligent Money	The Shire Hall, High Pavement, Nottingham, NG1 1HN	£11,559,622.90	£11,575,004.97	113,194,116.992	113,193,413.992	766	766
James Hay Partnership	Dunns House, St Paul's Road, Salisbury, SP2 7BF	£21,127.64	£119,514.35	1,244.000	1,244.000	134	134
Liberty SIPP	The Exchange, Bury, Lancashire, BL9 0DN	£65,131.39	£131,498.37	668,696.000	668,696.000	56	56
London & Colonial SIPP	38-42 Perrymount Road, Haywards Heath, West Sussex, RH16 3DN	£17,226.86	£6,659.39	2,982,775.082	2,982,763.082	30	30
The Curtis Banks Limited	3 Temple Quay, Temple Back, East Bristol, Somerset, BS1 6DZ	£0.20	£0.20	510.707	510.707	1	1
Wise Pension Group Limited	Dawson House, 5 Jewry Street, London, EC3N 2EX	£32,296.82	£70,673.11	3,335,315.215	3,334,604.215	181	181
AE Solutions Pension Scheme	c/o ESRG Group Regus House, Herons Way, Chester Business Park, Chester, CH4 9QR	£0.00	£4,260.79	4,920.818	4,920.818	-	94
My Workplace Pensions (Scheme)	c/o My Workplace Pensions Limited, Guildhall Yard, Blackwell House, London, EC2V 5AE	£0.00	£23,510.29	85,089.355	85,089.355	-	612
Other clients	Details redacted	£515,489.01	£360,802.14	507,251.391	37,941,851.391	775	85
Grand Total		£12,484,175.74	£12,644,931.75	134,153,614.601	171,586,578.601	2,442	2,458

Note: as stated throughout this report and the our previous communications, the reconciliation of information on the Company platform to the individual client entitlements is not yet complete and further work is to be completed in this regard.

Please note that the above schedule is an analysis of the total number of units held of each class of client asset, it is not an indication of the current value of any holdings.

To the fullest extent permitted by law, neither the joint special administrators, Strand Capital Limited, Smith & Williamson LLP or LA Business Recovery Limited assume any responsibility for the content of this information and do not accept any personal liability in respect of this document to any party.

As soon as the joint special administrators are in a position to update this information, details will be provided to all clients.

IV Time analysis for the period

Overview

The joint special administrators' time costs have been apportioned between work undertaken in the pursuit of objective 1, and work undertaken in pursuit of objectives 2 and 3.

Furthermore, as the appointment of the joint special administrators comprises two separate firms, we have shown each firm's time costs separately for each of the apportionments between objectives.

The following pages show the apportionment of these time costs in accordance with best practice prescribed by SIP9, which can be summarised as follows:

Objective	Firm	Hours	Total Costs £	Average Hourly rate £
1	Smith & Williamson LLP	489.10	199,218.75	407.32
1	LA Business Recovery Limited	131.77	71,127.20	539.78
Total				
2&3	Smith & Williamson LLP	395.40	144,874.52	366.40
2&3	LA Business Recovery Limited	38.90	21,398.50	550.08
Total		434.30	166,273.02	382.85

Objective 1 - Smith & Williamson LLP's time costs from 17th November 2017 to 16th May 2018

Classification of work function	Hours					Total hours	Time cost	Average hourly rate
	Partner / Director	Associate director	Manager/ Assistant Manager	Other professional staff	Assistants & support staff			
Reconciliation work for the establishment of client assets data for individual client statement and pursuit of objective 1								
Work undertaken relating to CASS audit / reconciliation to establish client asset schedules and information for client statements	28.60	0.05	63.25	3.70	4.00	99.60	£45,025.50	£452.06
Identification of asset holdings								
Identification of assets, including liaising with custodians and financial institutions	18.80	0.00	69.60	14.35	0.00	102.75	£39,774.50	£387.10
Reconciling 3rd party records to company records of client assets	0.00	0.00	8.10	0.65	0.00	8.75	£2,902.00	£331.66
Ascertaining shortfalls in client assets on an investment by investment basis	0.00	0.00	0.00	0.00	0.00	0.00	£0.00	
Attributing shortfalls in client assets on an investment by investment basis	0.00	0.00	0.00	0.00	0.00	0.00	£0.00	
Recovery and realisation of client assets								
Recovery and safeguarding of client assets	3.80	0.00	43.70	7.00	0.00	54.50	£21,502.25	£394.54
Reconciling post pooling client receipts	0.00	0.00	12.05	5.50	0.00	17.55	£5,926.50	£337.69
Reconciling and verifying asset holdings	0.00	0.00	0.00	0.00	0.00	0.00	£0.00	
Client Specific matters								
Objective 2 tasks necessary to achieve objective 1	6.20	0.00	21.75	1.75	0.00	29.70	£14,153.75	£476.56
Agreeing claims and liaising with clients regarding their claim	1.10	0.00	18.30	0.00	0.00	19.40	£8,006.50	£412.71
Distribution of client assets / funds	11.70	0.00	79.10	16.30	0.00	107.10	£44,693.50	£417.31
Liaising on client claims with instructed 3rd parties	0.00	0.00	14.15	2.80	0.00	16.95	£7,236.25	£426.92
Preparing statement to each client to agree their position	0.20	0.00	32.60	0.00	0.00	32.80	£9,998.00	£304.82
Total	70.40	0.05	362.60	52.05	4.00	489.10	£199,218.75	£407.32

Explanation of major work activities undertaken

The below provides commentary on the various categories above. Readers should be aware that the Company ceased to actively manage client positions on the 22 March 2017 prior to the special administration. The Company's newly appointed director was unable to establish access to client data, which was on a 3rd party platform prior to the joint special administrators' appointment.

A considerable amount of work has been undertaken to effectively produce a CASS review on the platform data to enable the production of client statements in line with the principle of objective 1. Please also refer to the body of this report for further explanations for the work undertaken.

Reconciliation work for the establishment of client assets data for client individual statements and pursuit of objective 1

The Company did not have access to client data at the appointment of the joint special administrators. There was also no clear CASS reconciliation / audit available upon appointment. This has created very significant challenges for the joint special administrators to overcome. Therefore, a significant amount of work has been required to establish and assess the basis of data (to produce the base client data to form part of the client statements) and linking this to the date of the last internal portal reconciliation.

This work relates to CASS audit / reconciliation work to establish client asset schedules, information statements and includes the following:

- Review and assess guidance on statutory requirements relating to the reconciliation and impact on client statement reports.
- Protection of client's assets and records (including electronic) and the production of a workable client database and their holdings, including liaising with 3rd party custodians and SIPP providers to verify client holdings and details.
- Interrogation of data and systems, to identify individual client holdings and further information relating to ongoing correspondence with OWG on interest positions.
- Dealing with routine correspondence from custodians on queries raised on investment positions.
- Project team meetings, including joint special administrators' team update meetings in respect of working points on information requirements for client statements and external verification of work undertaken.
- Review of physical books and records relating to client records to establish identification of Company's clients, including additional clients identified within the reporting period.
- Releasing draft client data to SIPP providers, IFAs and Pension Trustee to validate available client data on client holdings and cash positions.
- Releasing draft client data to SIPP providers, IFAs and Pension Trustee to validate available client data on client holdings and cash positions, to enable client money compensation as outlined in section 3.1.3 above.

Identification of asset holdings

Work has been undertaken to identify client assets and establish reporting requirements with custodians and financial institutions, in order to reconcile and attribute asset holdings and investments to clients.

This work includes the following:

- Meetings and interviews of key personnel relating to the data systems and data interrogations possible to establish client position.
- Correspondence with custodians and various parties establishing external verification of client portal data, and investigations in to additional client custody asset positions.
- Correspondence with Optima Worldwide Group ("OWG") in respect of bond and interest discrepancies. An element of this work is also allocated to Objective 2&3 in respect of on-going investigations.
- Liaising with third parties in respect of ongoing correspondence with OWG.
- Interviews with key parties to understand the position in possible interest apportionments and reallocations.
- Post pooling account reconciliations and liaising with stakeholders on post special administration investment receipts.

Recovery and realisation of client assets

This section is in relation to the recovery and safeguarding of the Company's clients assets and investments, which is explained in detail through the contents of our report.

The work generally includes the following:

- Liaising with established custodian facilities for identified OWG bonds.
- Discussions with our legal advisors in respect of the contractual client matrix arising from client acknowledgement letters, interim custodian authority and subsequent agreements.
- Contact with relevant parties of reporting of post pooling transactions / receipts.
- Contact with former staff and new custodians on verification of additional client holdings.
- Dealing client identification and checks as to suitability for interim custodian requirements and internal Smith & Williamson LLP compliance requirements.
- Discussions with our legal advisors in respect of pursuit of the return of client funds to the primary pool in respect of OWG matters such as bond shortfalls and client money discrepancies.
- Discussions with the relevant regulators relating to obtaining control over funds and assets.
- Discussions with parties relating to understanding current valuation of additional investment holdings.
- Ensuring regulatory reporting requirements are maintained.
- Verification of client data (informal release of client data) to validate client custody asset holding positions, for recovery of additional OWG bonds.
- Safeguarding nominee company, Strand Capital Nominees Limited, including filing accounts and statutory returns.

Client specific matters

The Company had a significantly large number of underlying clients (circa 3,500 accounts; as the underlying beneficial owners of the various investments). An element of work has been undertaken to identify those underlying creditors as part of the client statements process. In addition, an element of the costs incurred to date in the special administration relate to the Company's obligations to clients. An element of this time has been allocated against client positions. The rationale behind such apportionments is on a case by case basis and in consideration of a possible crystallisation of a client shortfall, and the cost attributable to dealing with this going forward. The work includes the following:

- A proportion of the costs relating to discussions with key custodians SIPP providers and IFAs.
- A proportion of the costs of the ongoing management of client telephone line, email and web facilities, including FAQ documentation.
- Client management and CASS obligations looking at quantum of client investments and basis of possible claim.
- An element of the costs relating to the monitoring and responding to client queries / concerns relating to on-going security of their funds and investments. This involved the management of the designated telephone line, webpage and email address.
- A proportion of the costs involved in the extension of the discovery period on the Company's insurance policy relating to the protection of client positions, professional indemnity and run off cover, and notification of existing claims and claims received post appointment under policies as required.

- A proportion of the costs involved in the responding to client specific DSAR correspondence.
- Working with SIPP providers; IFAs and Pension Trustees on reconciliation of draft client data.
- Establishment of non-disclosure agreements with SIPP providers; IFAs and Pension Trustees for transmission of draft client data.
- Production of draft client statements to SIPP providers; IFAs and Pension Trustees on reconciliation of draft client data.
- Working with SIPP providers; IFAs and Pension Trustees on validation of draft client data for FSCS compensation payments as outlined in section 3.1.3.
- Working with SIPP providers; IFAs and Pension Trustees queries relating to FSCS compensation process and queries on data being provided.
- Liaising with the FSCS in respect of establishing and ongoing work in respect of the FSCS compensation process.
- Ongoing work with legal advisers and third parties on the outline of the client custody asset distribution plan, and draft positions relating to the FSCS determination.

Objective 1 - LA Business Recovery Limited's time costs from 17th November 2017 to 16th May 2017

Classification of work function	HOURS				Total Hours	Time cost	Average Hourly Rate
	IP/Office Holder	IP/Manager	Senior Professional staff	Support Staff			
CASS Reconciliations of client money							
CASS reconciliations of client statements, correspondence & review	1.20	0.00	0.00	0.00	1.20	672.00	560.00
Communications re: shortfall & reviews of progress of reconciliation	1.05	0.50	0.00	0.00	1.55	838.00	540.65
Consider data extracted following each reconciliation by CASS team	3.60	1.00	0.00	0.00	4.60	2,516.00	546.96
Strategy in relation to cash distributions & consider SAR provisions	8.70	8.1	0.00	0.00	16.80	8,922.00	531.07
Reconciliations of client custody							
Meetings with former officers & FSCS re: custody assets, identifying, reviewing	3.00	2.00	0.00	0.00	5.00	2,680.00	536.00
Internal JSA discussions concerning custody assets	0.30	0.35	0.00	0.00	0.65	343.00	527.69
Strategy in relation to custody asset distributions & consider SAR provisions	7.72	5.6	0.00	0.00	13.32	7,123.20	534.77
Interaction with government bodies & clients							
Discussions / meetings with key personnel & FSCS	11.68	11.40	0.00	0.00	23.08	12,240.80	530.36
Update and reviews given to FSCS & the FCA	5.60	1.00	0.00	0.00	6.60	3,636.00	550.91
Clients with cash	2.20	0.00	0.00	0.00	2.20	1,232.00	560.00
Clients with custody assets	0.70	0.00	0.00	0.00	0.70	392.00	560.00
Client Specific matters							
Discussions, strategy and correspondence relating to client money	6.79	2.55	0.00	0.00	9.34	5,077.40	543.62
Discussions, strategy and correspondence relating to custody assets	2.31	0.00	0.00	0.00	2.31	1,293.60	560.00
Correspondence & review re: OWG matters	16.12	5.95	0.00	0.00	22.07	12,002.20	543.82
Statutory reporting to clients & committee meetings	5.80	3.45	0.00	0.00	9.25	4,973.00	537.62
Seek & consider legal advice concerning the OWG & JSA responses	10.60	2.5	0.00	0.00	13.10	7,186.00	548.55
Total	87.37	44.40	0.00	0.00	131.77	71,127.20	539.78

Explanation of major work activities undertaken

Securing & Establishing Client Data, planning and matters concerning reconciliations

- Considering client data and queries from SIPP providers
- Position considered regarding the Nominee company as regards the payment due from OWG
- Discussions and correspondence with advisers and major clients concerning reconciliations
- Planning and strategy concerning approach to OWG concerning the bond coupon payment and default
- Reviews of client data and records, client listings for the proposals
- Further consideration concerning Strand Capital Nominees Ltd

Establishing client assets position / data reconciliation

- Consideration of correspondence to and from OWG concerning the payments due
- Meeting & liaising with the FSCS concerning client assets and client money matters
- Consideration with legal advisers relative to objective 1 of SAR of reconciling the OWG bonds
- Considered the OWG bond terms and instruments
- Engagement with parties in relation to information gathering for the reconciliation purpose.
- Consider client shortfall matters; reconciled client data

Correspondence, discussions and communications regarding clients' cash and custody assets

- Consider on-going correspondence with SIPP providers and IFAs.
- Consideration of the OWG bond position
- Correspondence with OWG in relation to bonds
- Discussions & meetings with the FCA, FSCS and committee members
- Internal discussions and reviews concerning approach to the OWG position
- Attending and presiding at committee meetings & conference calls
- Consideration of case progression and updates to committee members and internally
- Internal discussions with regards to updating to the FCA and FSCS
- Review and consider correspondence with clients/SIPP providers concerning their cash and custody assets

Objectives 2 & 3 - Smith & Williamson LLP's time costs from 17th November 2017 to 16th May 2018

Classification of work function	Hours					Total hours	Time cost	Average hourly rate
	Partner / Director	Associate director	Manager/ Assistant Manager	Other professional staff	Assistants & support staff			
Administration and planning								
Statutory returns, reports & meetings	0.80	0.00	17.85	7.45	2.50	28.60	£11,020.00	£385.31
Initial post-appointment notification letters, including creditors	1.40	0.00	0.00	0.00	0.50	1.90	£930.00	£489.47
Cashiering general, including bonding	0.00	0.10	0.00	1.85	0.00	1.95	£690.50	£354.10
Post-appointment taxation (VAT, PAYE/NIC, Corporation Tax)	0.70	0.00	1.10	7.20	0.00	9.00	£2,990.00	£332.22
Protection of company records (incl electronic)	0.00	0.00	1.10	5.25	0.00	6.35	£1,996.75	£314.45
Insurance & general asset protection	0.00	0.00	2.45	4.00	0.00	6.45	£2,254.75	£349.57
Correspondence with joint special administrator	2.30	0.00	8.55	2.95	0.00	13.80	£6,168.50	£446.99
Filing, file and information management	0.00	0.00	0.00	30.75	0.00	30.75	£6,675.50	£217.09
Case planning, reviews and progression (inc 6 month reviews, checklists & diary)	1.40	0.00	22.05	4.95	0.00	28.40	£12,118.50	£426.71
Travelling	1.00	0.00	0.50	0.35	0.00	1.85	£952.25	£514.73
Agents and advisers, general	0.00	0.00	4.25	0.35	0.00	4.60	£2,033.50	£442.07
Investigations								
Directors' correspondence & conduct questionnaires	4.15	0.00	3.40	1.00	0.00	8.55	£4,425.75	£517.63
Statutory books and accounting records review	0.00	0.00	5.00	2.20	0.00	7.20	£2,902.00	£403.06
SIP2 and SIP4 obligations (inc CDDA86 forms)	0.00	0.00	1.80	0.00	0.00	1.80	£819.00	£455.00
Enquiries / Interviews of directors & advisers	1.65	0.00	22.25	0.00	0.00	23.90	£11,155.00	£466.74
Realisation of assets								
Other chattel assets	0.00	0.00	0.00	0.00	0.00	0.00	£0.00	
Consideration of sale of business and liaison with interested parties	0.00	0.00	0.00	0.00	0.00	0.00	£0.00	
Other	0.00	0.00	1.80	0.00	0.00	1.80	£819.00	£455.00
Creditors								
Employee claims, including liaison with RPO and ERA	0.00	0.00	0.35	0.00	0.00	0.35	£159.25	£455.00
Unsecured creditors	0.00	0.00	0.00	1.05	0.00	1.05	£299.25	£285.00
Creditors' committee	5.60	0.00	23.35	5.95	0.00	34.90	£15,820.00	£453.30
Client Correspondence / Communications	4.00	0.00	42.75	124.60	0.00	171.35	£55,975.77	£326.68
Objective 2 activities								
Liaison with and reporting to regulatory bodies (FCA, FSCS, HMRC etc)	0.50	0.00	6.10	2.25	0.00	8.85	£3,729.25	£421.38
Forensics								
Forensics	0.00	0.00	2.00	0.00	0.00	2.00	£940.00	£470.00
Total	23.50	0.10	166.65	202.15	3.00	395.40	£144,874.52	£366.40

Explanation of major work activities undertaken

The below provides commentary on the various categories above. Readers should also refer to the body of the report for further explanations for the work undertaken.

Administration and Planning

This section of the analysis encompasses the cost of the joint special administrators and their staff in complying with their statutory obligations, internal compliance requirements, and all tax matters. This work includes the following:

- Protection of Company's and clients assets and records (including electronic).
- Dealing with routine correspondence from creditors and clients.
- Dealing with agents and legal advisers on general appointment matters, not relating to correspondence with advisers on investigation matters.
- Maintaining physical case files and electronics case details on IPS (case management software).
- Initial case reviews.
- Case bordereau and reviews.
- Case planning; administration; and general case progression, including adjustments in joint special administrators' strategy.
- Project team meetings, and logistics meetings.
- Liaising including conference calls with FCA and other parties over special administration requirements.
- Preparing progress reports and update based publications, to stakeholders.
- Maintaining and managing the joint special administrators' corporate cash book and bank accounts.
- Overseeing and managing the joint special administrators' client cash book and bank accounts.
- Dealing client identification and internal Smith & Williamson LLP compliance requirements.
- Correspondence with lawyers relating to claims lodged against insurance policy.

Investigations

Investigations include work carried out as a consequence of the obligations placed upon us to investigate the Company's affairs. The work undertaken is that described in SIP2 and SIP4 which govern both the investigations of the Company's failure and also examine the conduct of the directors. This work includes the following:

- Investigating the reasons for the failure of the Company (including enquiries with the company's directors, former directors, senior staff, regulators and other key stakeholders).
- Review and investigation of stakeholders' complaints and responses into the failing of the business and actions of company's directors.
- Review and storage of books and records.
- Ongoing review of potential legal claims.

- Interviews with key personnel.
- Legal advice on ongoing investigations, correspondence with key parties and possible s236 requirements.
- Discussions and correspondence with relevant personnel and agents.
- DSAR correspondence and responses.

Realisation of assets

This section is in relation to the realisation of the Company's assets, which is explained in detail through the contents of our report. A number of parties have expressed an interest in acquiring the Company's client book. Therefore some time has been incurred in discussions with these parties and lodging their interest.

- Maintaining client sensitive data and disposal of Company's computers.
- VAT recoveries and legal advice.

Creditors

The Company ceased trading prior to special administration. The Company had a significantly large client base in light of the underlying client base. A notable amount of work was undertaken to manage creditor and client expectations whilst the pursuit of obtaining information for the production of client statements in line with objective 1 of the SAR was being pursued.

Work under this section also includes correspondence and other contact with the creditors of the Company. The work includes the following:

- Dealing with creditor correspondence via email and telephone.
- Establishment and ongoing management of client telephone line, email and web facilities, including FAQ documentation.
- Maintaining creditors' information on IPS.
- Maintaining employee claims and liaising with Redundancy Payments Services etc.
- Management of client communications.
- Discussions with key custodians, SIPP providers and IFAs.
- A proportion of the time costs relating to client based queries on the FSCS payment process.
- Monitoring and responding to client queries / concerns relating to security of their funds and investments. This involved the management of the designated telephone line, webpage and email address. Dealing with calls and emails from clients resulted in the majority of the time recorded.

Objective 2 activities

- Discussions with FCA, HMRC and FSCS on the work undertaken relating to the initial reconciliation and establishing client statements.
- Update reports and conference calls in respect of client matters and CASS reconciliations.
- A proportion of the costs in corresponding principally with the FSCS on distribution plan, FSCS determination, client queries and media interest.

Forensics

- Discussions with key custodians, SIPP providers and IFAs.
- Retrieval of Company's electronic records, for the joint special administrators' investigations.
- Establishment of an offline version of client data and client holdings and key word interrogations.

Objectives 2 & 3 - LA Business Recovery Limited's time costs from 17th November 2017 to 16th May 2018

Classification of work function	HOURS				Total Hours	Time cost	Average Hourly Rate
	IP/Office Holder	IP/Manager	Senior Professional staff	Support Staff			
Administration & Planning							
Administrative Setup	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Case Planning	3.20	0.00	0.00	0.00	3.20	1,792.00	560.00
Maintenance of Records, files and correspondence	3.50	0.00	0.10	0.00	3.60	1,987.50	552.08
Case reviews	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Investigations							
Considering and reviewing company data & records	4.10	0.00	0.00	0.00	4.10	2,296.00	560.00
Interviewing directors and reviewing responses	1.80	0.00	0.00	0.00	1.80	1,008.00	560.00
Consideration of pre-appointment transactions; investigations into related parties	1.90	0.00	0.00	0.00	1.90	1,064.00	560.00
Creditors							
Communications/discussions/meetings with company creditors, FSCS, JSAs	1.60	3.15	0.00	0.00	4.75	2,471.00	520.21
Statutory reporting to creditors	3.45	0.00	0.00	0.00	3.45	1,932.00	560.00
Case specific matters							
On-going correspondence with OWG re: coupon - obj 2 & 3	10.30	2.80	0.00	0.00	13.10	7,168.00	547.18
VAT queries & legal advice considered	3.00	0.00	0.00	0.00	3.00	1,680.00	560.00
Total	32.85	5.95	0.10	0.00	38.90	21,398.50	555.08

Explanation of major work activities undertaken

Administration & Planning

- Collate and file all correspondence
- Planning & strategy on matters related to objectives 2 & 3

- Website & media publications re: proposals
- Apportionment of relevant time for travel
- JSAs meeting & discussion preparations

Investigations

- Reviewing company records for directors' conduct report
- Director interviews, meetings and discussions, follow-up Q&A
- Consider information available on related parties to the company and their profiles
- Consider transactions that occurred in the pre-appointment period

Correspondence, discussions and communications regarding company creditors

- Committee and FSCS meetings, discussions and internal progress updates with JSAs
- On-going correspondence with company creditors, review of progress reports
- Discussions with company creditors and FSCS related to objective 2 & 3 matters
- Correspondence with interested creditor members for the proposed creditor committee
- Apportionment of advice and discussions concerning objective 2 & 3 matters
- Consideration of progress report, format and content

Case Specific matters

- Correspondence & consideration concerning objectives 2&3 elements regarding the OWG coupon
- Legal advice sought & consideration of the handling of VAT under the Special Administration regime.

V Cumulative time analysis

Overview

The joint special administrators' time costs have been apportioned between work undertaken in the pursuit of objective 1, and work undertaken in pursuit of objectives 2 and 3.

Furthermore, as the appointment of the joint special administrators comprises two separate firms, we have shown each firm's time costs separately for each of the apportionments between objectives.

The following pages show the apportionment of these time costs in accordance with best practice prescribed by SIP9, which can be summarised as follows:

Objective	Firm / Period	Hours	Total Costs	Average Hourly rate
			£	£
1	Smith & Williamson LLP			
	17 th May 2017 - 16 th November 2017	1,253.55	473,833.75	377.99
	17 th November 2017 - 16 th May 2018	489.10	199,218.75	407.32
1	LA Business Recovery Limited			
	17 th May 2017 - 16 th November 2017	124.06	67,276.10	542.29
	17 th November 2017 - 16 th May 2018	131.77	71,127.20	539.78
Total		1,998.48	811,455.80	406.04
2&3	Smith & Williamson LLP			
	17 th May 2017 - 16 th November 2017	435.15	172,818.38	397.15
	17 th November 2017 - 16 th May 2018	395.40	144,874.52	366.40
2&3	LA Business Recovery Limited			
	17 th May 2017 - 16 th November 2017	50.19	27,296.40	543.86
	17 th November 2017 - 16 th May 2018	38.90	21,398.50	550.08
Total		919.64	366,387.80	398.40

Objective 1 - Smith & Williamson LLP's time costs from 17th May 2017 to 16th May 2018

Classification of work function	Hours					Total hours	Time cost	Average hourly rate
	Partner / Director	Associate director	Manager/ Assistant Manager	Other professional staff	Assistants & support staff			
Reconciliation work for the establishment of client assets data for individual client statement and pursuit of objective 1								
Work undertaken relating to CASS audit / reconciliation to establish client asset schedules and information for client statements	150.70	22.55	223.15	141.80	4.00	542.20	£213,701.00	£394.14
Identification of asset holdings								
Identification of assets, including liaising with custodians and financial institutions	35.10	6.00	154.90	41.90	0.00	237.90	£86,082.75	£361.84
Reconciling 3rd party records to company records of client assets	1.90	0.00	30.50	6.65	0.00	39.05	£13,099.00	£335.44
Ascertaining shortfalls in client assets on an investment by investment basis	8.00	0.50	8.10	2.45	0.00	19.05	£8,708.50	£457.14
Attributing shortfalls in client assets on an investment by investment basis	0.00	0.00	10.50	0.00	0.00	10.50	£4,777.50	£455.00
Recovery and realisation of client assets								
Recovery and safeguarding of client assets	25.15	7.50	99.55	13.35	0.00	145.55	£61,261.75	£420.90
Reconciling post pooling client receipts	0.20	0.00	28.50	15.35	0.00	44.05	£15,934.25	£361.73
Reconciling and verifying asset holdings	2.30	0.00	10.60	5.35	0.00	18.25	£7,127.00	£390.52
Client Specific matters								
Objective 2 tasks necessary to achieve objective 1	8.70	0.00	100.45	8.45	0.00	117.60	£51,376.75	£436.88
Agreeing claims and liaising with clients regarding their claim	11.45	52.25	50.85	34.95	0.00	149.50	£62,190.00	£415.99
Distribution of client assets / funds	11.70	0.00	79.10	16.30	0.00	107.10	£44,693.50	£417.31
Liaising on client claims with instructed 3rd parties	2.05	0.00	48.35	132.25	0.00	182.65	£60,852.00	£333.16
Preparing statement to each client to agree their position	1.40	0.25	115.25	12.35	0.00	129.25	£43,248.50	£334.61
Total	258.65	89.05	959.80	431.15	4.00	1,742.65	£673,052.50	£386.22

Explanation of major work activities undertaken

The below provides commentary on the various categories above. Readers should be aware that the Company ceased to actively manage client positions on the 22 March 2017 prior to the special administration. The Company's newly appointed director was unable to establish access to client data, which was on a 3rd party platform prior to the joint special administrators' appointment.

A considerable amount of work has been undertaken to effectively produce a CASS review on the platform data to enable the production of client statements in line with the principle of objective 1. Please also refer to the body of the report for further explanations for the work undertaken.

Reconciliation work for the establishment of client assets data for client individual statements and pursuit of objective 1

The Company did not have access to client data at the appointment of the joint special administrators. There was also no clear CASS reconciliation / audit available upon appointment. This has created very significant challenges for the joint special administrators to overcome. Therefore, a significant amount of work has been required to establish and assess the basis of data (to produce the base client data to form part of the client statements) and linking this to the date of the last internal portal reconciliation.

This work relates to CASS audit / reconciliation work to establish client asset schedules, information statements and includes the following:

- Review and assess guidance on statutory requirements relating to initial reconciliation and impact on client statement reports.
- Protection of client's assets and records (including electronic) and the production of a workable client database and their holdings.
- Establishing access to personnel to run queries on client data.
- Digital image of client portal and client data, with work on establishing data queries, merge reports and client data reports for statements and data transfer to the FSCS.
- Interrogation of data and systems, to identify individual client holdings.
- Dealing with routine correspondence from custodians on queries raised on investment positions.
- Project team meetings, including joint special administrators' team update meetings in respect of working points on information requirements for client statements and external verification of work undertaken.
- Review of physical books and records relating to client records to establish identification of Company's clients.
- Releasing draft client data to SIPP providers, IFAs and Pension Trustee to validate available client data on client holdings and cash positions.
- Interrogation of data and systems, to identify individual client holdings and further information relating to ongoing correspondence with OWG on interest positions.
- Releasing draft client data to SIPP providers, IFAs and Pension Trustee to validate available client data on client holdings and cash positions, to enable client money compensation as outlined in section 3.1.3 above.

Identification of asset holdings

Work has been undertaken to identify client assets and establish reporting requirements with custodians and financial institutions, in order to reconcile and attribute asset holdings and investments to clients.

This work includes the following:

- Establishing access to client portal and client data.
- Meetings and interviews of key personnel relating to the data systems and data interrogations possible to establish client position.
- Establishing oversight over the Company's client cash book and client bank accounts. In light of the bank policies in respect of special administrator appointments a significant amount of time was accrued on establishing relevant controls over client accounts.
- Correspondence with custodians and various parties establishing external verification of client portal data.

- Correspondence with Brandon Hill Capital and Optima Worldwide Group in respect of bond and interest discrepancies. An element of this work is also allocated to Objective 2&3 in respect of on-going investigations.
- Interviews with key parties to understand the position in possible interest apportionments and reallocations.
- Correspondence with custodians and various parties establishing external verification of client portal data, and investigations in to additional client custody asset positions.
- Post pooling account reconciliations and liaising with stakeholders on post special administration investment receipts.

Recovery and realisation of client assets

This section is in relation to the recovery and safeguarding of the Company's clients assets and investments, which is explained in detail through the contents of our report.

The work generally includes the following:

- Overseeing and managing the joint special administrators' client cash book and client bank accounts. In light of the bank policies in respect of special administrator appointments, a significant amount of time has been accrued on establishing relevant controls over client accounts.
- Establishing custodian facilities for identified OWG bonds.
- Discussions with our legal advisors in respect of the contractual client matrix arising from client acknowledgement letters, interim custodian authority and subsequent agreements.
- Contact with relevant parties of reporting of post pooling transactions / receipts.
- Dealing client identification and checks as to suitability for interim custodian requirements and internal Smith & Williamson LLP compliance requirements.
- Discussions with our legal advisors in respect of pursuit of the return of client funds to the primary pool in respect of terminated / un-actioned transactions.
- Discussions with the relevant regulators relating to obtaining control over funds and assets.
- Physical audit of bonds to establish bond holdings in line with statement requirements.
- Discussions with parties relating to understanding current valuation of investment holdings.
- Ensuring regulatory reporting requirements are maintained.
- Contact with former staff and new custodians on verification of additional client holdings.
- Discussions with our legal advisors in respect of pursuit of the return of client funds to the primary pool in respect of OWG matters such as bond shortfalls and client money discrepancies.
- Safeguarding nominee company, Strand Capital Nominees Limited, including filing accounts and statutory returns.

Client specific matters

The Company had a significantly large number of underlying clients (circa 3,500 accounts; as the underlying beneficial owners of the various investments). An element of work has been undertaken to identify those underlying creditors as part of the client statements process. In addition, an element of the costs incurred to date in the special administration relate to the Company's obligations to clients. An element of this time has been allocated against client positions. The rationale behind such apportionments is on a case by case basis and in consideration of a possible crystallisation of a client shortfall, and the cost attributable to dealing with this going forward. The work includes the following:

- A proportion of the costs relating to discussions with key custodians SIPP providers and IFAs.
- A proportion of the costs Establishment and ongoing management of client telephone line, email and web facilities, including FAQ documentation.
- Client management and CASS obligations looking at quantum of client investments and basis of possible claim.
- An element of the costs relating to the monitoring and responding to client queries / concerns relating to on-going security of their funds and investments. This involved the management of the designated telephone line, webpage and email address.
- A proportion of the costs involved in the extension of the discovery period on the Company's insurance policy relating to the protection of client positions, professional indemnity and run off cover, and notification of existing claims and claims received post appointment under policies as required.
- A proportion of the costs involved in the responding to client specific DSAR correspondence.
- Working with SIPP providers; IFAs and Pension Trustees on reconciliation of draft client data.
- Establishment of non-disclosure agreements with SIPP providers; IFAs and Pension Trustees for transmission of draft client data.
- Production of draft client statements to SIPP providers; IFAs and Pension Trustees on reconciliation of draft client data.
- Working with SIPP providers; IFAs and Pension Trustees on validation of draft client data for FSCS compensation payments as outlined in section 3.1.3.
- Working with SIPP providers; IFAs and Pension Trustees queries relating to FSCS compensation process and queries on data being provided.
- Liaising with the FSCS in respect of establishing and ongoing work in respect of the FSCS compensation process.
- Ongoing work with legal advisers and third parties on the outline of the client custody asset distribution plan, and draft positions relating to the FSCS determination.

Objective 1 - LA Business Recovery Limited's time costs from 17th May 2017 to 16th May 2018

Classification of work function	HOURS				Total Hours	Time cost	Average Hourly Rate
	Office Holder	IP/Manager	Senior Professional staff	Support Staff			
CASS reconciliations of client money							
CASS reconciliations of client money (data access / queries)	10.50	7.20	0.00	0.00	17.70	9,480.00	535.59
Job planning re: objective 1 matters & review/update progress of reconciliations	24.11	0.00	0.00	2.80	26.91	14,271.60	530.35
Reviewing books & records (including electronic data) in relation to client assets	15.60	0.00	0.00	0.00	15.60	8,736.00	560.00
CASS reconciliations of client statements - correspondence & review	1.20	0.00	0.00	0.00	1.20	672.00	560.00
Considerations of shortfall & reviews of progress of reconciliation	1.05	0.50	0.00	0.00	1.55	838.00	540.65
Consider data extracted following reconciliations by CASS team	3.60	1.00	0.00	0.00	4.60	2,516.00	546.96
Strategy in relation to cash distributions & consider SAR provisions	8.70	8.1	0.00	0.00	16.80	8,922.00	531.07
Identification of asset holdings							
Bond Investments - identifying how held / considering OWG bond instruments	5.00	4.50	0.00	0.00	9.50	5,050.00	531.58
Fund Investments - identifying how held	0.10	2.00	0.00	0.00	2.10	1,056.00	502.86
Reconciliations of client custody assets							
Meetings with former officers & FSCS re: custody assets, identifying, reviewing	3.00	2.00	0.00	0.00	5.00	2,680.00	536.00
Internal JSA discussions	0.30	0.35	0.00	0.00	0.65	343.00	527.69
Strategy in relation to distributions & consider SAR provisions	7.72	5.6	0.00	0.00	13.32	7,123.20	534.77
Interaction with government bodies & clients							
Discussions & meetings with key personnel & FSCS	11.68	11.40	0.00	0.00	23.08	12,240.80	530.36
Update and reviews given to FSCS & the FCA	5.60	1.00	0.00	0.00	6.60	3,636.00	550.91
Clients with cash	2.20	0.00	0.00	0.00	2.20	1,232.00	560.00
Clients with custody assets	0.70	0.00	0.00	0.00	0.70	392.00	560.00
Recovery and realisation of client assets							
Recovery of assets from 3rd parties - client money	1.40	0.00	0.00	0.00	1.40	784.00	560.00
Recovery of assets from 3rd parties - Fund Investments	0.20	0.00	0.00	0.00	0.20	112.00	560.00
Recovery of assets from 3rd parties - Bond Investments	0.20	0.00	0.00	0.00	0.20	112.00	560.00
Client specific matters							
Agreeing client claims & liaising with clients regarding their claim	6.10	0.00	2.50	0.00	8.60	4,666.00	542.56
Insurance renewal matters and client claim notification	1.75	0.00	0.00	0.00	1.75	980.00	560.00
Strategy and liaison with legal advisers in relation to the bond information	9.30	0.00	0.00	0.00	9.30	5,208.00	560.00
Correspondence & review re: OWG (bond reconciliations / coupon payment)	15.50	0.00	0.00	0.00	15.50	8,680.00	560.00
Discussions, strategy and correspondence relating to client money	6.79	2.55	0.00	0.00	9.34	5,077.40	543.62
Discussions, strategy and correspondence relating to custody assets	2.31	0.00	0.00	0.00	2.31	1,293.60	560.00
Correspondence & review re: OWG series D bond - legal matters	16.12	5.95	0.00	0.00	22.07	12,002.20	543.82
Seek & consider legal advice concerning the OWG & JSA responses	10.60	2.5	0.00	0.00	13.10	7,186.00	548.55
Statutory reporting to clients & initial client meeting re: proposals & committee meetings	19.60	3.45	1.50	0.00	30.35	13,113.50	432.08
Total	190.93	58.10	4.00	2.80	255.83	138,403.30	541.01

Explanation of major work activities undertaken

Securing & Establishing Client Data, planning and matters concerning reconciliations

- Considering client data and on-going queries from SIPP providers; liaising with JSA team concerning client correspondence
- Considering client data and queries from SIPP providers
- Position considered regarding the Nominee company as regards the payment due from OWG
- Further consideration concerning Strand Capital Nominees Ltd
- Nominee company position considered and strategising control
- Discussions and correspondence with advisers and major clients concerning reconciliations
- Planning and strategy concerning approach to OWG concerning the bond coupon payment and default
- Client money reconciliation considerations concerning shortfall
- Consideration of the OWG bond position and reconciliation
- Reviews of client data and records, client listings for the proposals
- Strategy in relation to reconciling bonds
- Correspondence with OWG in relation to bonds
- Cash reconciliation considerations

Establishing client assets position / data reconciliation

- Consideration of correspondence to and from OWG concerning the payments due
- Considered the OWG bond terms and instruments & advice sought on whether there is a debt that can be pursued
- Meeting & liaising with the FSCS concerning client assets and client money matters
- Consideration with legal advisers relative to objective 1 of SAR of reconciling the OWG bonds
- Considered the OWG bond terms and instruments
- Engagement with parties in relation to information gathering for the reconciliation purpose.
- Consider client shortfall matters; reconciled client data
- Consideration of the draft progress report concerning client money
- Consideration of the draft progress report concerning client assets
- Internal discussions with regards to updating to the FCA and FSCS

Correspondence, discussions and communications regarding clients' cash and custody assets

- Consider on-going correspondence with SIPP providers and IFAs.
- Consideration of the OWG bond position
- Correspondence with OWG in relation to bonds
- Discussions & meetings with the FCA, FSCS and committee members
- Internal discussions and reviews concerning approach to the OWG position
- Attending and presiding at committee meetings & conference calls
- Consideration of case progression and updates to committee members and internally
- Internal discussions with regards to updating to the FCA and FSCS
- Review and consider correspondence with clients/SIPP providers concerning their cash and custody assets
- Discussion with clients at the initial creditors' meeting
- Proposal work specific to the information provided to clients and the update on reconciliations
- Discussions & meetings with the FCA, FSCS and committee members
- Consideration of hardship cases as priority

Objectives 2 & 3 - Smith & Williamson LLP's time costs from 17th May 2017 to 16th May 2018

Classification of work function	Hours					Total hours	Time cost	Average hourly rate
	Partner / Director	Associate director	Manager/ Assistant Manager	Other professional staff	Assistants & support staff			
Administration and planning								
Statutory returns, reports & meetings	29.50	45.00	40.85	19.55	2.50	137.40	£65,179.50	£474.38
Initial post-appointment notification letters, including creditors	5.30	5.00	5.85	3.40	0.50	20.05	£8,858.50	£441.82
Cashiering general, including bonding	0.00	0.10	0.00	3.55	0.45	4.10	£1,339.00	£326.59
Post-appointment taxation (VAT, PAYE/NIC, Corporation Tax)	1.85	0.00	3.30	10.05	0.00	15.20	£5,452.25	£358.70
Protection of company records (incl electronic)	0.00	0.00	2.90	10.85	0.00	13.75	£4,371.75	£317.95
Insurance & general asset protection	0.40	5.00	7.55	11.65	0.00	24.60	£9,244.50	£375.79
Correspondence with joint special administrator	4.20	5.00	23.35	4.15	0.00	36.70	£16,445.25	£448.10
Filing, file and information management	0.00	2.00	0.95	34.70	0.00	37.65	£8,940.00	£237.45
Case planning, reviews and progression (inc 6 month reviews, checklists & diary)	4.70	2.00	29.25	11.10	0.00	47.05	£20,103.75	£427.28
Travelling	1.00	0.00	2.10	1.05	0.00	4.15	£1,786.00	£430.36
Agents and advisers, general	0.50	0.75	12.35	1.00	0.00	14.60	£6,199.25	£424.61
Investigations								
Directors' correspondence & conduct questionnaires	4.15	0.00	8.75	5.85	0.00	18.75	£7,957.25	£424.39
Statutory books and accounting records review	0.00	0.00	7.00	8.10	0.00	15.10	£5,544.75	£367.20
SIP2 and SIP4 obligations (inc CDDA86 forms)	0.20	0.00	9.75	6.15	0.00	16.10	£6,032.75	£374.70
Enquiries / Interviews of directors & advisers	6.25	6.00	34.85	0.00	0.00	47.10	£21,249.75	£451.16
Realisation of assets								
Other chattel assets	0.70	0.00	0.70	3.35	0.00	4.75	£1,710.75	£360.16
Consideration of sale of business and liaison with interested parties	1.15	2.50	0.75	0.55	0.00	4.95	£2,374.25	£479.65
Other	0.00	0.00	2.00	0.00	0.00	2.00	£910.00	£455.00
Creditors								
Employee claims, including liaison with RPO and ERA	0.00	0.00	1.45	7.00	0.00	8.45	£2,732.25	£323.34
Unsecured creditors	1.00	0.50	3.70	9.50	0.00	14.70	£5,180.00	£352.38
Creditors' committee	9.40	0.00	33.45	15.00	0.00	57.85	£25,369.75	£438.54
Client Correspondence / Communications	4.00	0.50	54.15	143.85	0.00	202.50	£65,689.65	£324.39
Objective 2 activities								
Liaison with and reporting to regulatory bodies (FCA, FSCS, HMRC etc)	2.10	3.00	27.30	23.65	0.25	56.30	£19,345.50	£343.61
Forensics								
Forensics	0.00	0.00	4.40	22.35	0.00	26.75	£5,676.50	£212.21
Total	76.40	77.35	316.70	356.40	3.70	830.55	£317,692.90	£382.51

Explanation of major work activities undertaken

The below provides commentary on the various categories above. Readers should also refer to the body of the report for further explanations for the work undertaken.

Administration and Planning

This section of the analysis encompasses the cost of the joint special administrators and their staff in complying with their statutory obligations, internal compliance requirements, and all tax matters. This work includes the following:

- Preparing the documentation and dealing with the formalities of appointment.
- Statutory notifications and advertising.
- Preparation of joint special administrators' proposals.
- Protection of Company's and clients assets and records (including electronic).
- Dealing with routine correspondence from creditors and clients.
- Dealing with agents and legal advisers on general appointment matters, not relating to correspondence with advisers on investigation matters.
- Maintaining physical case files and electronics case details on IPS (case management software).
- Initial case reviews.
- Case bordereau and reviews.
- Case planning; administration; and general case progression, including adjustments in joint special administrators' strategy.
- Project team meetings, and logistics meetings.
- Liaising including conference calls with FCA and other parties over special administration requirements.
- Preparing reports and update based publications, to stakeholders
- Maintaining and managing the joint special administrators' corporate cash book and bank accounts.
- Overseeing and managing the joint special administrators' client cash book and bank accounts.
- Dealing client identification and internal Smith & Williamson LLP compliance requirements.
- Renewal of Company's insurance policy and 3rd party funding.
- Correspondence with lawyers relating to claims lodged against insurance policy.

Investigations

Investigations include work carried out as a consequence of the obligations placed upon us to investigate the Company's affairs. The work undertaken is that described in SIP2 and SIP4 which govern both the investigations of the Company's failure and also examine the conduct of the directors. This work includes the following:

- Investigating the reasons for the failure of the Company (including enquiries with the company's directors, former directors, senior staff, regulators and other key stakeholders).

- Review and investigation of stakeholders' complaints and responses into the failing of the business and actions of company's directors.
- Review and storage of books and records.
- Initial assessment and preparing a return/report pursuant to the Company Directors' Disqualification Act.
- Review of potential legal claims.
- Interviews with key personnel.
- Legal advice on ongoing investigations, correspondence with key parties and possible s236 requirements.
- Discussions and correspondence with relevant personnel and agents.
- DSAR correspondence and responses.

Realisation of assets

This section is in relation to the realisation of the Company's assets, which is explained in detail through the contents of our report. A number of parties have expressed an interest in acquiring the Company's client book. Therefore some time has been incurred in discussions with these parties and lodging their interest.

- Maintaining client sensitive data and disposal of Company's computers.
- VAT recoveries and legal advice.

Creditors

The Company ceased trading prior to special administration. The Company had a significantly large client base in light of circa 3,500 underlying clients. A notable amount of work was undertaken to manage creditor and client expectations whilst the pursuit of obtaining information for the production of client statements in line with objective 1 of the SAR was being pursued.

Work under this section also includes correspondence and other contact with the creditors of the Company. The work includes the following:

- Dealing with creditor correspondence via email and telephone.
- Establishment and ongoing management of client telephone line, email and web facilities, including FAQ documentation.
- Maintaining creditors' information on IPS.
- Maintaining employee claims and liaising with Redundancy Payments Services etc.
- Management of client communications.
- Discussions with key custodians, SIPP providers and IFAs.
- Monitoring and responding to client queries / concerns relating to security of their funds and investments. This involved the management of the designated telephone line, webpage and email address. Dealing with calls and emails from clients resulted in the majority of the time recorded.

Objective 2 activities

- Discussions with FCA, HMRC and FSCS on the work undertaken relating to the initial reconciliation and establishing client statements.
- Update reports and conference calls in respect of client matters and CASS reconciliations.
- A proportion of the costs in corresponding principally with the FSCS on distribution plan, FSCS determination, client queries and media interest.

Forensics

- Discussions with key custodians, SIPP providers and IFAs.
- Retrieval of Company's electronic records, for joint special administrators' investigations.
- Establishment of an offline version of client data and client holdings.
- Key word interrogations of electronic records.

Objectives 2 & 3 - LA Business Recovery Limited's time costs from 17th May 2017 to 16th May 2018

Classification of work function	HOURS				Total Hours	Time cost	Average Hourly Rate
	IP/Office Holder	IP/Manager	Senior Professional staff	Support Staff			
Administration & Planning							
Administrative Setup	3.20	0.00	0.00	0.00	3.20	1,792.00	560.00
Case Planning	7.80	1.70	0.00	0.00	9.50	5,218.00	549.26
Maintenance of Records, files and correspondence	7.80	2.20	0.10	0.00	10.10	5432.50	530.00
Appointment Notification	0.50	0.00	0.00	0.00	0.50	280.00	560.00
Case reviews	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Investigations							
Reviewing company records	14.05	0.00	0.00	0.00	14.05	7,868.00	560.00
Director interviews, conduct reporting and reviewing responses from directors	7.44	0.00	0.00	0.00	7.44	4,166.40	560.00
Considering and reviewing company data & records	4.10	0.00	0.00	0.00	4.10	2,296.00	560.00
Consideration of pre-appointment transactions; investigations into related parties	1.90	0.00	0.00	0.00	1.90	1,064.00	560.00
Realisation of Assets							
Identifying, Securing & Insuring assets	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Recovery of assets from 3rd parties - Fund Investments	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Recovery of assets from 3rd parties - Bond Investments	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Creditors							
Communications with company creditors	0.70	0.00	0.30	0.00	1.00	474.50	474.50
Statutory progress reports to creditors & initial meeting of creditors	13.05	0.00	1.50	0.00	14.55	7,720.50	530.62
Communications/discussions/meetings with company creditors, FSCS, JSAs	1.60	3.15	0.00	0.00	4.75	2,471.00	520.21
Case specific matters							
On-going correspondence with OWG re: coupon - obj 2 & 3, reviews	12.20	2.80	0.00	0.00	15.00	8,232.00	548.80
VAT queries & legal advice considered	3.00	0.00	0.00	0.00	3.00	1,680.00	560.00
	77.34	9.85	1.90	0.00	89.09	48,694.90	546.58

Explanation of major work activities undertaken

Administration & Planning

- Collate and file all correspondence, maintenance of files
- Planning & strategy on matters related to objectives 2 & 3
- Website & media publications re: proposals
- Joint Administrators' proposal preparations
- JSAs meeting & discussion preparations
- Apportionment of relevant time for travel (travel costs not charged)

Investigations

- Reviewing company records for directors' conduct report
- Directors' conduct reports and review of the information available for submission
- Consider analyses of the bank account movements for 12 months pre-commencement Director interviews, meetings and discussions, follow-up Q&A
- Consider information available on related parties to the company and their profiles
- Consider transactions that occurred in the pre-appointment period

Correspondence, discussions and communications regarding company creditors

- Attend and preside at initial creditors' meeting
- Correspondence with interested creditor members for the proposed creditor committee
- Committee and FSCS meetings, discussions and internal progress updates with JSAs
- On-going correspondence with company creditors & considering claims & proxies
- Discussions with company creditors and FSCS related to objective 2 & 3 matters
- Correspondence with interested creditor members for the proposed creditor committee
- Advice sought and internal discussions concerning objective 2 & 3 matters
- Consideration of progress report, format and content

Case Specific matters

- Correspondence & consideration concerning objectives 2&3 elements regarding the OWG coupon
- Legal advice sought & consideration of the handling of VAT under the Special Administration regime.

VI Staffing and charging policies, and charge out rates

Introduction

Detailed below are policies in relation to staff allocation, the use of professional advisers and disbursement recovery, which are common to both Smith & Williamson LLP and LA Business Recovery Limited.

Also shown are charge out rates for the period applicable to the period of this report for both firms.

Staff allocation

Our general approach to resourcing our assignments is to allocate staff with the skills and experience to meet the specific requirements of the case.

The constitution of the case team will usually consist of a partner and a partner or director or associate director as joint office holders, a manager, and an administrator or assistant. The exact constitution of the case team will depend on the anticipated size and complexity of the assignment and the experience requirements of the assignment. The charge out rate schedule below provides details of all grades of staff and their experience level.

Use of professional advisers

We select professional advisers such as agents and solicitors on the basis of balancing a number of factors including:

- The industry and/or practice area expertise required to perform the required work.
- The complexity and nature of the assignment.
- The availability of resources to meet the critical deadlines in the case.
- The charge out rates or fee structures that would be applicable to the assignment.
- The extent to which we believe that the advisers in question can add value to the assignment.

Disbursements

Category 1 disbursements do not require approval by creditors. The type of disbursements that may be charged as a Category 1 disbursement to a case generally comprise external supplies of incidental services specifically identifiable to the case, such as postage, case advertising, invoiced travel and external printing, room hire and document storage. Also chargeable will be any properly reimbursed expenses incurred by personnel in connection with the case.

Category 2 disbursements do require approval from creditors. These are costs which are directly referable to the appointment in question but are not payments which are made to an independent third party and may include shared or allocated costs that can be allocated to the appointment on a proper and reasonable basis such as internal room hire, document storage or business mileage.

Details of any Category 2 disbursements incurred and/or recovered in the period covered by this report are set out in the body of this report.

S&WFS

S&WEBC is a pensions consultancy firm which specialises in providing advice to Insolvency Practitioners on their appointment in relation to all aspects of pensions. It is a division of S&WFS, a company associated with Smith & Williamson LLP.

S&WEBC may be engaged to deal with the Company's pension affairs. Payments to parties in which the joint special administrators or their firm have an interest must be disclosed to, and approved by, creditors. Fees for their services are accrued on a time costs basis. Consequently, details of the charge out rates for S&WEBC are provided to creditors.

Charge out rates

The rates applicable to this appointment are set out below. There have been no changes to the charge out rates during the period of this report with effect of 1st July 2017.

Smith & Williamson LLP Charge out rates	Restructuring & Recovery Services £/hr	Assurance & Business Services £/hr	Forensic Accounting £/hr	Corporate Tax £/hr
Partner / Director	545-625	550 - 625	700	500 - 600
Associate Director	490-525	-	-	400
Managers	395-500	300	400 - 470	215 - 350
Other professional staff	200-395	295 - 310	180 - 340	180
Support & secretarial staff	100-250	130 - 240	80 - 100	100 - 120

S&WFS Employee Benefits Consultancy Charge out rates to 30 th June 2017	£/hr
Director	442.50
Manager	277.50
Administrator	217.50

LA Business Recovery Limited	£/hr
IP / Office Holder	400 - 625
Managers	350
Senior Professional Staff	275
Other Professional Staff	150
Administrators	90
Support staff	75

Notes:

1. Smith & Williamson LLP records time in units representing 3 minutes or multiples thereof.
2. LA Business Recovery Limited records time in units representing 6 minutes or multiples thereof

www.smithandwilliamson.com

Principal offices: London, Belfast, Birmingham, Bristol, Dublin, Glasgow, Guildford, Jersey, Salisbury and Southampton.

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