

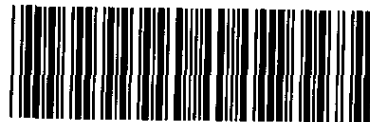
AM10

Notice of administrator's progress report



Companies House

SATURDAY



A18 *A885JDM0* 22/06/2019 #369
COMPANIES HOUSE

1 Company details

Company number 0 2 4 5 4 8 3 0

Company name in full Windward Prospects Limited

→ Filling in this form
Please complete in typescript or in
bold black capitals.

2 Administrator's name

Full forename(s) Finbarr Thomas

Surname O'Connell

3 Administrator's address

Building name/number Smith and Williamson LLP

Street 25 Moorgate

Post town London

County/Region

Postcode E C 2 R 6 A Y

Country United kingdom

4 Administrator's name ①

Full forename(s) Colin

Surname Hardman

① Other administrator
Use this section to tell us about
another administrator.

5 Administrator's address ②

Building name/number Smith and Williamson LLP

Street 25 Moorgate

Post town London

County/Region

Postcode E C 2 R 6 A Y

Country United Kingdom

② Other administrator
Use this section to tell us about
another administrator.

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Notice of administrator's progress report



Presenter information

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Contact name **Cameron Dalrymple-Rockett**

Company name **Smith and Williamson LLP**

Address **25 Moorgate**

Post town **London**

County/Region

Postcode **E C 2 R 6 A Y**

Country **United Kingdom**

DX

Telephone **020 7131 4000**



Checklist

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- ☒ The company name and number match the information held on the public Register.
- ☒ You have attached the required documents.
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Windward Prospects Limited (in administration)

Joint administrators' progress report for the period from 26
October 2018 to 25 April 2019

22 May 2019



Contents

1.	Glossary	1
2.	Introduction & Summary	2
3.	Progress of the administration	2
4.	Investigations	5
5.	Pre-administration costs	5
6.	Administrators' remuneration	6
7.	Administration expenses	7
8.	Estimated outcome for creditors	8
9.	Outstanding matters	9
10.	Privacy and data protection	10
11.	Ending the administration	10
12.	Creditors' rights	11
13.	Next report	12

Appendices

I	Receipts and payments account	17
II	Time analysis for the period	19
III	Fees and costs estimate	22
IV	Staffing, charging, subcontractor and adviser policies and charge out rates	24

1. Glossary

Abbreviation	Description
the Company/Windward	Windward Prospects Limited
the administrators/joint administrators	Finbarr Thomas O'Connell and Colin Hardman
SIP	Statement of Insolvency Practice (England & Wales)
IA86	Insolvency Act 1986 If preceded by S this denotes a section number
Sch B1	Schedule B1 to the Insolvency Act 1986 If preceded by P this denotes a paragraph number
IR16	Insolvency (England and Wales) Rules 2016 If preceded by R this denotes a rule number
SOA	Statement of Affairs
ETR	Estimated to realise
CVA	Company Voluntary Arrangement
CVL	Creditors' Voluntary Liquidation
HMRC	HM Revenue & Customs
QFCH	Qualifying Floating Charge Holder - a secured creditor who has the power to appoint an administrator
RPS	Redundancy Payments Service
S&WEBC	Smith & Williamson Employee Benefit Consultants, a division of Smith & Williamson Financial Services Limited
S&WFS	Smith & Williamson Financial Services Limited
S&WCFL	Smith & Williamson Corporate Finance Limited
FCA	Financial Conduct Authority
The Directors	Christopher Gower, Brian Tauscher and Gerard Barron
BAT	British American Tobacco Inc
BTI	BTI 2014 LLC, a subsidiary of BAT
Sequana	Sequana S.A. - the holder of one preferential share in the Company and the former owner of the Company, prior to its acquisition by TMW Investments and others
TMW Investments	TMW Investments (Luxembourg) Sarl - a former major shareholder of the Company

2. Introduction & Summary

This report provides an update on the progress in the administration of the Company for the six month period ended 25 April 2019. It should be read in conjunction with our proposals and report to creditors issued on 22 December 2018. By way of reminder, we, Finbarr Thomas O'Connell and Colin Hardman, of Smith & Williamson LLP, 25 Moorgate, London, EC2R 6AY, were appointed administrators of the Company on 26 October 2018.

A brief summary of some key points is set out below:

- Due to both the ongoing uncertainty regarding the recoverability of any material value from the Company's investments in various private companies and also Sequana entering into a formal insolvency process, thereby impairing the prospect of any return in relation to the contingent receivable, the prospects of achieving a rescue of the Company as a going concern and thereby achieving the first objective of administration appear highly unlikely;
- The joint administrators are therefore, in accordance with their approved proposals, pursuing the second objective of administration, as in P3(1)(b) Sch B1, namely achieving a better result for the Company's creditors as a whole than would be likely if the Company were wound up (without first being in administration)
- The joint administrators have progressed their review of the Company's investments in various private companies and, in addition to recovering some initial minor receipts from such investments, we are continuing to explore any opportunities to recover value from these investments on behalf of creditors;
- The joint administrators are continuing to work with the Company's major creditors to form a creditors' committee;
- The joint administrators are continuing to assist the Company's principal creditors, BAT/BTI, in relation to claims against Sequana and other parties;
- Asset recoveries remain uncertain and therefore the dividend prospects for unsecured creditors are also uncertain at this time; and
- The joint administrators' fees were approved by unsecured creditors, however, they will be subject to further confirmation by the creditors' committee upon the formation of the creditors' committee.

3. Progress of the administration

Attached at Appendix I is our receipts and payments account for the period from 26 October 2018 to 25 April 2019. The receipts and payments account also includes a comparison with the director's/directors' SOA values. We set out further comments below in relation to any asset recoveries to date and any further potential asset recoveries.

3.1 Cash at Bank

The administrators have recovered £4,904 from the Company's HSBC Bank plc and Coutts bank accounts. This recovery is slightly more than the ETR £3,000 value attributed to this asset in the directors' SOA.

3.2 Repayment of loan

Since entering into administration, the Company has received £4,580 from Aftermath Collections Limited ("Aftermath") in relation to the repayment of a loan that the Company provided to Aftermath. It is anticipated that the Company will continue to receive regular repayments with regard to this loan during the administration period, subject to the joint administrators being able to secure a more commercially advantageous realisation of the Company's investment into Aftermath (please see paragraph 3.3).

3.3 Remaining Investments

As set out in the administrators' proposals, the Company holds investments in various private companies. The directors' SOA attributed a total book value of £12,028,100 to these investments, however, the estimated realisable value of these investments was stated to be "unknown".

We set out a summary of the investments below.

Investment	Invested Sum		
	Debt US\$	Equity US\$	Shareholding %
Direct Nickel Ltd & Direct Nickel Projects Pty Ltd	915,000	5,173,958	13 & 55
DeepGreen Metals Inc	Nil	7,885,113	5.4
idio Limited	Nil	624,609	TBC
Aftermath Collections Limited	218,677	1,236,133	45
Kannuu Pty Ltd	3,716,700	Nil	TBC
Superfolk Limited	Nil	162,232	33.30
High 50 Holdings Limited	1,649,964	422,145	50
Total	6,500,896	15,504,190	

The joint administrators are taking advice from S&WCFL, specialist corporate finance advisors within S&W, in relation to these investments to try to extract as much value as is possible on behalf of creditors, however, creditors will appreciate that shareholdings in private companies are illiquid by their nature and the prospect of any recoveries to creditors from these investments remains very uncertain. Further details in relation to the joint administrators' progress to date in this regard are as follows.

3.3.1 Direct Nickel Limited ("DNI")

The joint administrators have met and corresponded with key management parties of the DNI group (including Direct Nickel Projects Pty Limited) and discussed the Company's investment in this entity. It appears from these discussions that the prospect of a return to the Company in the short and/or medium term is remote. We will continue to monitor the position and seek to recover any value on behalf of creditors wherever commercially possible.

3.3.2 DeepGreen Metals Inc ("DeepGreen")

The joint administrators are currently corresponding with DeepGreen to advance their investigations into this asset and to determine and execute a strategy to recover as much value as is possible on behalf of creditors.

The joint administrators are continuing to investigate the transfer by the Company of a proportion of its shareholding in DeepGreen to the Company's directors in lieu of unpaid amounts owed to the directors by the Company in August 2017 and August 2018.

3.3.3 idio Limited ("idio")

S&WCFL have met and corresponded with key management parties of idio on behalf of the joint administrators in order to explore any opportunities to realise value in the Company's investment on behalf of creditors. Discussions between S&WCFL and idio are ongoing.

3.3.4 Aftermath

The joint administrators have had a number of meetings with interested parties in relation to a potential sale of the Company's investment in Aftermath and we are optimistic that a realisation can be achieved, however, the quantum and timing of this transaction is currently uncertain.

3.3.5 Kannuu Pty Ltd ("Kannuu")

The joint administrators have had productive discussions with key management parties of Kannuu in relation to the Company's investment in Kannuu and also in respect of Kannuu's litigation suit in relation to intellectual property infringement, which may ultimately lead to recoveries on behalf of the Company and therefore its

creditors. Due to the commercial sensitivity of these matters, it is not possible to provide further details of the litigation, however, we will provide updates to creditors as appropriate.

3.3.6 Superfolk Limited ("Superfolk")

The joint administrators are currently corresponding with Superfolk to advance their investigations into this asset and to determine and execute a strategy to recover any value, if possible, on behalf of creditors. It is understood that an offer to acquire the Company's 33.33% shareholding in Superfolk may be forthcoming, however, any such offer will be duly assessed on its commercial merits.

3.3.7 High 50 Holdings Limited ("High 50")

The joint administrators are currently corresponding with High 50 to advance their investigations into this asset and to determine and execute a strategy to recover as much value as is possible on behalf of creditors.

3.4 Contingent receivable

The directors' SOA lists a contingent receivable with a book value and estimated realisable value of £8.33million. This relates to a payment that would be contractually payable to the Company from BAT in the event that BAT is successful in recovering funds from Sequana in relation to claims it has been pursuing against Sequana under s423 IA86 claims (transaction defrauding creditors) however, any such sums would be subject to a right of set-off in respect of amounts owed by Windward to BAT. The claim related to two dividends, of €443million and €135million, which the Company distributed to Sequana in the months prior to its May 2009 acquisition by TMW Investments. As set out in the administrators' previous report to creditors, Sequana entered into *Procédure de Sauvegarde* (a temporary insolvency process in France) in February 2017 and has recently entered into a formal *liquidation judiciaire*, which we understand to be a formal winding up / terminal liquidation insolvency process. In addition, a number of Sequana's trading subsidiaries have also entered into formal insolvency processes in both the UK and France. In view of these issues, the prospects of any funds being recoverable by the Company with regard to this contingent receivable are highly uncertain.

3.5 Office equipment

The directors' SOA listed office equipment with a book value of £600 and an estimated realisable value of £500. These items comprised a small amount of IT equipment which will be retained by the joint administrators as part of the Company's books and records and will therefore not hold any realisable value for creditors.

3.6 Motor vehicle

The directors' SOA listed a motor vehicle subject to finance with a book value of £24,758 and a £0 estimated realisable value. The joint administrators have determined that this vehicle was a company car of one of the directors and, in accordance with advice received from Wyles Hardy, an independent asset valuation and sale agent, the vehicle had no equity value for the Company.

3.7 Wine

The joint administrators are aware that the Company previously made significant investments into a fine wine portfolio which was subsequently sold at a c.£1.5million loss. A very small quantity of wine is retained in this portfolio and the joint administrators have instructed the portfolio manager to place the bottle into auction for sale. The administrators are awaiting a valuation of this item.

3.8 Arjo Wiggins (Bermuda) Holdings Ltd

The joint administrators are aware that Windward owns 100% of the Class A shares of its Bermuda subsidiary, Arjo Wiggins (Bermuda) Holdings Ltd. It is unclear whether there is any value in this company for the creditors of Windward. The joint administrators have made contact with the Bermuda company agent in order to progress enquiries in this regard.

3.9 Administration strategy

The joint administrators are continuing their efforts to achieve a better result for the Company's creditors as a whole than would be likely if the Company were wound up (without first being in administration).

The administrators still believe that a CVA and CVL are not viable due to the value of the assets of Windward, being primarily shares in private companies, would be best preserved in an administration.

4. Investigations

Under the Company Directors Disqualification Act 1986 we have a duty to make a submission to the Secretary of State for Business, Energy & Industrial Strategy on the conduct of all those persons who were directors at the date the Company entered administration or who held office at any time during the three years immediately preceding the administration.

We have complied with our duty in this regard. As all submissions are strictly confidential we are unable to disclose their content.

Additionally, we have a duty to investigate transactions to establish whether there may be any worth pursuing for the creditors' benefit from, for example, legal proceedings. 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 as a response to our request to complete an investigation questionnaire. Our investigations are continuing in this regard.

5. Pre-administration costs

The payment of the unpaid pre-administration costs as an expense of the administration is subject to the approval of creditors, separately from the approval of the joint administrators' proposals. This approval is one of the responsibilities of the creditors' committee if one is appointed or alternatively by resolution of a virtual meeting of creditors, of by electronic or postal voting where there is no committee.

The pre-administration costs incurred by the joint administrators were approved by the unsecured creditors, by way of the creditors' decision procedure, on 4 January 2019, however, this approval will be subject to further confirmation by the creditors' committee, which is in the process of being formed.

The pre-appointment fees charged and expenses incurred by us are detailed below:

Charged by/service(s) provided	Total	Amount	Who made	Amount
	amount	charged	payment	unpaid
	£	£		£
Smith & Williamson LLP	14,620.25	0.00	N/A	14,620.25
KaurMaxwell Limited (legal advice and assistance)	2,265.00	0.00	N/A	2,265.00

All amounts shown are exclusive of VAT. As at the date of this report none of these costs have been paid.

6. Administrators' remuneration

The creditors approved that the basis of the administrators' remuneration be fixed by reference to the time properly spent by them and their staff in attending to matters arising in the administration on 4 January 2019, however, this approval will be subject to further confirmation by the creditors' committee, which is in the process of being formed.

The administrators' time costs to 25 April 2019 are:

Period	Total hours hrs	Total costs £	Average hourly rate £/hr	Fees drawn £
26 October 2018 to 25 April 2019	298.60	119,191.00	399.17	Nil
Total				

Attached as Appendix II, is a time analysis which provides details of the activity costs incurred by staff grade during the period of this report in respect of the costs fixed by reference to time properly spent by the administrators and their staff in attending to matters arising in the administration. Details of work carried out in the period are also included in the body of this report. We also enclose as Appendix III a copy of the fees and costs estimate as previously issued to creditors and approved by creditors, subject to further confirmation from the creditors' committee when formally constituted).

The joint administrators' costs to 25 April 2019 are £119,191.00, as above, compared to our original estimate of £300,000 (for the 12 month administration period) and only the incurred time costs within the approved estimate (subject to further confirmation by the creditors' committee, when formally constituted) will be drawn. Any sum, with regard to specific activities, in excess of the approved estimated time costs will not be recovered by the joint administrators. Appendix II provides a detailed breakdown of the current period's costs, while Appendix III provides a copy of the previously authorised (subject to further approval by the creditors' committee, when formally constituted) time cost estimate breakdown.

During this reporting period the administrators have drawn no fees against the total set fee agreed of £300,000.00 approved by creditors (subject to further approval by the creditors' committee, when formally constituted).

A detailed narrative explanation of these costs can be found in the 'Outstanding matters' section of this report at section 9.

Please note that this estimate is based on present information and may change due to unforeseen circumstances arising. In the event that the fees estimate is likely to be exceeded, the joint administrators will need to provide an update and seek approval from the appropriate creditors before drawing any additional sums. Fee estimates may be given up to a certain milestone or for a designated period if it is not possible to provide an accurate estimate at any given point.

On a general note, creditors should be aware that some of the work is required by statute and may not necessarily provide any financial benefit to creditors. Examples would include dealing with former employees' claims through the Redundancy Payments Service and providing information relating to the company and its former officers as required by the Company Directors' Disqualification Act 1986.

A copy of "A Creditor's Guide to Administrator's Fees", as produced by the ICAEW, is available free on request or can be downloaded from their website as follows:

<http://www.icaew.com/-/media/corporate/files/technical/insolvency/creditors-guides/2017/administration-creditor-fee-guide-6-april-2017.ashx?la=en>

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

6.1 S&WEBC

S&WEBC has assisted the joint administrators to deal with the Company's pension affairs. Payments to parties in which the joint administrators or their firm have an interest must be disclosed to, and approved by, creditors.

S&WEBC's time costs for the reporting period to 25 April 2019 are £11,517.08. This represents 25.55 hours at an average rate of £450.79 per hour. The basis of S&WEBC's remuneration for its work in this matter will be subject to the approval of the creditors' committee, when it is formed. No payments to S&WEBC have been paid to date.

Details of S&WEBC's charge out rates are included at Appendix IV.

6.2 S&WCFL

S&WCFL, a company associated with Smith & Williamson LLP, has been assisting the joint administrators in relation to the Company's investment assets. Payments to parties in which joint administrators or their firm have an interest must be disclosed to, and approved by, creditors in a similar way as approval of the joint administrators' remuneration.

S&WCFL's time costs for the reporting period to 25 April 2019 are £2,092.50. This represents 5 hours at an average rate of £418.50 per hour. The basis of S&WCFL's remuneration for its work in this matter will be subject to the approval of the creditors' committee, when it is formed. No payments to S&WCFL have been paid to date.

Details of S&WCFL's charge out rates are included at Appendix IV.

7. Administration expenses

7.1 Subcontractors

We have utilised the services of the following subcontractors during the current period:

Provider/Service(s)	Basis of fee arrangement	Costs incurred in current period £	Costs paid in current period £	Total costs outstanding at period end £
ERA Solutions – Issue P45 to employee	Rate per employee claim	75	Nil	75
Total		75	Nil	75

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

7.2 Professional advisers

On this assignment 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.

Name of professional adviser/Service(s)	Basis of fee arrangement	Costs incurred in current period £	Costs paid in current period £	Total costs outstanding at period end £
KaurMaxwell Limited (legal advice)	Hourly rate and disbursements	6,845.00	Nil	6,845.00
Total		6,845.00	Nil	6,845.00

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

7.3 Administrators' disbursements

We have paid and/or incurred the following disbursements in the current period:

Description	Incurred in current period £	Paid in current period £	Total costs outstanding at period end £
Court fees	280.00	Nil	280.00
Statutory advertising	81.45	Nil	81.45
Administrators' bonds	140.00	Nil	140.00
Total	501.45	Nil	501.45

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

7.4 Category 2 disbursements

Other than the fees of S&WEBC and S&WCFL, referred to in section 6.1 and 6.2, since our appointment we have incurred no other Category 2.

In accordance with SIP 9, Remuneration of Insolvency Office Holders, the joint administrators will be seeking approval to draw Category 2 disbursements as and when funds are available, in accordance with Smith & Williamson's disbursement recovery policy.

7.5 Policies regarding use of third parties and disbursement recovery

Appendix IV 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 creditors

The estimated outcome for each class of creditors is set out below.

Please note that, where creditors have submitted claims in foreign currency, they have been converted to £Sterling at the date of administration (26 October 2018). If any creditor considers the rate to be unreasonable, they may apply to court for determination.

8.1 Secured creditors

There are no secured creditors.

8.2 Prescribed Part

There will be no prescribed part as there is no floating charge holder.

8.3 Preferential creditors

Preferential claims were estimated to be £35,237 in the directors' SOA. We understand that the RPS has made payments in relation to employee claims received, however, we have yet to receive a claim from the RPS in respect of these payments.

8.4 Unsecured creditors

We have received claims totalling £7,060,158.39 from 19 creditors. Total creditors as per the director's/directors' SOA were £11,776,685.

As set out in our prior report, the joint administrators are aware that the Company has a contractual obligation to meet ongoing contributions towards an unapproved unfunded benefit scheme which is estimated to amount to £3,441,762 in the directors' SOA. It is understood that the Company's liability had always been met by Sequana pursuant to the terms of sale of the Company to TMW Investments in May 2009, however, the joint administrators understand that, following the advancement of Sequana's insolvency process, Sequana has *formally terminated any future payments to these parties and as such it is anticipated that these parties will have unsecured claims against the Company in respect of the unpaid amounts due.* We are continuing to work with pension specialists within S&W and also a number of the pension creditors in respect of this matter.

Creditors will also recall that we received a notice of motion for entry of judgment and final order against the Company in the Brown County Circuit Court (Green Bay, US) in the sum of c.US\$2.4million which was received on 9 November 2018. On 16 November 2018, we issued correspondence to the Brown County Circuit Court giving notice of the Company entering into administration and of the consequences of the resultant moratorium. We are also aware that the directors strongly dispute the Company's liability in respect of this sum on the basis of a prior order which we understand had the effect of meaning that the Company was no longer to be regarded as a defendant in the proceedings. We understand that, notwithstanding our submissions to the court, judgment has now been entered against the Company in the Brown County Circuit Court for the sum of c.US\$2.4million.

A summary of the unsecured claims received to date is set out below:

	SOA claims	Claims received	Claims agreed
Amount of claims (£)	11,776,685	7,060,158.39	Nil
Number of claims	14	19	Nil

Due to the current limited realisations to date from the Company's assets we confirm that the prospects of dividends for unsecured creditors is highly uncertain at this stage.

9. Outstanding matters

The joint administrators' costs to date are £121,588.00, as detailed in Section 6, compared to our original estimate of £300,000.00 and only the incurred time costs within the approved estimate (subject to further confirmation by the creditors' committee, when formally constituted) will be drawn. Any sum in excess of the

approved estimated time costs will not be recovered by the joint administrators without further approval from the creditors and the creditors' committee once formally constituted.

Please note that this estimate is based on present information and may change due to unforeseen circumstances arising. In the event that the fees estimate is likely to be exceeded, the joint administrators will need to provide an update and seek approval from the creditors before drawing any additional sums. Fee estimates may be given up to a certain milestone or for a designated period if it is not possible to provide an accurate estimate at any given point.

On a general note, creditors should be aware that some of the work is required by statute and may not necessarily provide any financial benefit to creditors. Examples would include dealing with former employees' claims through the Redundancy Payments Service and investigating the former officers of the company as required by the Company Directors' Disqualification Act 1986.

In addition to continuing to progress the matters as set out at section 3 above, the remaining actions to be concluded in the administration are as follows:

- Working with creditors to form the creditors' committee;
- Agreeing and making payment of preferential and unsecured claims, subject to availability of funds;
- Filing corporation tax returns and obtaining tax clearance in respect of the administration period;
- Paying all costs and expenses of the administration once any required approval has been obtained;
- Further statutory reporting as required by IA86 and IR16; and
- Closure of the administration, including preparing and issuing the final report

10. Privacy and data protection

As part of our role as joint 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 <https://smithandwilliamson.com/rrsgdpr>

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 of 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.

11. Ending the administration

It is proposed that, at the appropriate time, the joint administrators will use their discretion to exit the administration by way of one of the following means:

- i. If a CVA is approved by the unsecured creditors, the Company will exit administration and return into the control of the Directors. In these circumstances it is proposed that the joint administrators will become the joint nominees and the joint supervisors of the CVA. The acts of the joint nominees and the joint supervisors may be undertaken by either or both of them.
- ii. Creditors have the right to nominate alternative nominees and supervisors of their choice. To do this, creditors must make their nomination in writing to the joint administrators prior to these proposals being approved. Where this occurs, the joint administrators will advise creditors and provide the opportunity to vote. In the absence of a nomination, the joint administrators will automatically become the joint nominees and supervisors, in the subsequent CVA.
- iii. If, having realised the assets of the Company, the joint administrators think that a distribution will be made to the unsecured creditors other than by virtue of the Prescribed Part, they may file a notice with the Registrar of Companies which will have the effect of bringing the appointment of the joint administrators to an end and will move the Company automatically into CVL in order that the distribution can be made, but only if they consider that the associated incremental costs of a CVL are

- justified. In these circumstances, it is proposed that the joint administrators will become the joint liquidators of the CVL. The acts of the joint liquidators may be undertaken by either or both of them.
- iv. Creditors have the right to nominate alternative liquidators of their choice. To do this, creditors must make their nomination in writing to the joint administrators prior to these proposals being approved. Where this occurs, the joint administrators will advise creditors and provide the opportunity to vote. In the absence of a nomination, the joint administrators will automatically become the joint liquidators of the Company in the subsequent CVL.
 - v. If the joint administrators have, with the permission of the court, made a distribution to unsecured creditors in addition to any Prescribed Part distribution, or they think that the Company otherwise has no property which might permit a distribution to its unsecured creditors, subject to there being a need for further investigations as described below, they will file a notice, together with their final progress report, at court and with the Registrar of Companies for the dissolution of the Company. The joint administrators will send copies of these documents to the Company and its creditors. The joint administrators' appointment will end following the registration of the notice by the Registrar of Companies.
 - vi. Administrators have the power to bring claims against former officers of the Company in respect of transactions that may have caused or exacerbated a Company's insolvency. Claims with a good prospect of success may indeed be pursued by administrators but there may be cases where it would be more appropriate if a liquidator brought the claim or where the timeframe would not be long enough, given the maximum extension period available to administrators. The proposed exit route would, in these cases, be liquidation.

If/when a creditors' committee is established, the joint administrators will consult with the members of that committee and agree the most appropriate exit route from administration.

The administrators will be discharged from liability under P98(3) of Sch B1 immediately upon their appointment as administrators ceasing to have effect.

12. Creditors' rights

Within 21 days of the receipt of this report, a secured creditor, or an unsecured creditor (with the concurrence of at least 5% in value of the unsecured creditors or otherwise with the court's permission) may request in writing that the administrators provide further information about their remuneration or expenses which have been itemised in this report.

Any secured creditor, or an unsecured creditor (with the concurrence of at least 10% in value of the unsecured creditors or otherwise with the court's permission) may within 8 weeks of receipt of this report make an application to court on the grounds that, in all the circumstances, the basis fixed for the administrators' remuneration is inappropriate and/or the remuneration charged or the expenses incurred (including any paid) by the administrators, as set out in this 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 Finbarr Thomas O'Connell or Colin Hardman in the first instance. If the matter is not resolved to your satisfaction, you may contact our 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:

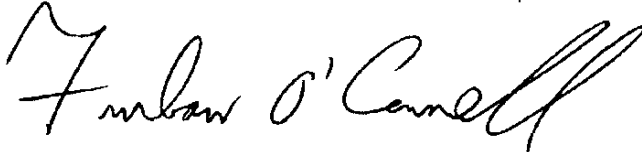
i) Email: insolvency.enquiryline@insolvency.gsi.gov.uk

ii) Telephone number: +44 300 678 0015

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

13. Next report

We are required to provide a further report on the progress of the administration within one month of the end of the next six month period of the administration unless we have concluded matters prior to this, in which case we will write to all creditors with our final report.

A handwritten signature in black ink, appearing to read 'Finbarr O'Connell', with a large, stylized initial 'F'.

Finbarr Thomas O'Connell and Colin Hardman

Joint Administrators

Date: 22 May 2019

I Receipts and payments account

Receipts and payments account to 25 April 2019

Windward Prospects Limited (In Administration)

Joint Administrators' Summary of Receipts & Payments From 26 October 2018 to 25 April 2019

Statement of Affairs £		From 26/10/2018 To 27/04/2019 £
	ASSET REALISATIONS	
(12,028,100)	Repayment of Loans	4,580.57
(3,000)	Cash at Bank	4,904.84
	Bank Interest Gross	5.85
		<u>9,491.26</u>
	PAYMENTS	Nil
	Net Receipts/(Payments)	<u>9,491.26</u>
	MADE UP AS FOLLOWS	
	Balance in hand	<u>9,491.26</u>

Notes and further information required by SIP 7

- The administrators' remuneration has been approved.
- We have not yet drawn any other costs that would require the same approval as our remuneration.
- No payments have been made to us from outside the estate.
- Details of significant expenses paid are provided in the body of our report.
- Details of payments made to sub-contractors are shown in the body of our report.
- Information concerning our remuneration and disbursements incurred is provided in the body of the report.
- Information concerning the ability to challenge remuneration and expenses of the administration is provided in our report.
- The Company is continuing to receive loan repayments from Aftermath Collections Limited.
- All bank accounts are interest bearing.
- There are no foreign currency holdings.
- 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.

Notes and further information required by SIP 9

Payments have not yet been made out of the estate but the administrations disbursements have been included in the report.

It should be noted to creditors that some of these payment may not necessarily be for the benefit of creditors but may be necessary for the progression of the administration or required to be paid under statute.

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			
Pre-Appointment								
Appointment of administrators and registration of the appointment	4.00	0.00	0.00	0.00	0.00	4.00	1,081.25	267.75
Initial meetings	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Obtaining information from the Company	2.00	0.00	0.00	0.00	0.00	2.00	5,250.00	2,625.00
Appointing a liquidator	4.00	0.00	0.00	0.00	0.00	4.00	1,081.25	267.75
Formalising the appointment of the administrators	2.00	0.00	0.00	0.00	0.00	2.00	5,250.00	2,625.00
Total	9.75	0.00	12.75	18.85	0.00	41.35	£14,620.25	£353.57

Notes/reconciliation differences

The following gives a summary of our original estimates, provided in our proposals, and the actual time costs incurred as at 25 April for ease of comparison:

Task	Estimated fees to be incurred	Actual Fees Incurred £
Administration and Planning	66,220.00	35,561.75
Investigations	96,645.00	43,216.75
Realisation of Assets	87,432.50	8,890.50
Creditors	42,602.50	16,987.50
Corporate Finance	0.00	2,092.50
Forensics	7,100.00	12,442.00
Total	300,000.00	119,191.00

Explanation of major work activities undertaken

Administration and Planning

This section shows the total hours and cost incurred carrying out administration and planning in respect of the appointment for the period following the appointment of the joint administrators. This work included the following:

- Setting up the matter in the internal case systems;
- Notifying the Company's creditors of our appointment;
- Organising for the Company's bank account to be frozen and requesting information, such as bank statements, from the Company's bank;
- Drafting and sending initial notices to HMRC and Companies House;
- Organising for the appointment to be advertised in the London Gazette;
- Dealing with routine correspondence;
- Calculating the bonding requirement;
- Maintaining physical case files and electronics case details on IPS (case management software);
- Working with S&W's forensic technology specialists to secure and obtain the Company's electronic records from various sources;
- Securing and uplifting the Company's physical records from various sources;
- Consulting with S&W's tax specialists regarding the Company's tax position;
- Receiving and reviewing Company insurance information;
- Preparing the administrators' proposals and other statutory filings; and

- Dealing with and instructing agents and other professional advisers to assist with the case.

Investigations

This section relates to our statutory obligations to investigate the actions of the directors of the Companies and to review the Companies' records with a view to making to asset recoveries. This work includes the following:

- Complying with our statutory duties in accordance with the Directors' Disqualification Act 1986;
- Investigation the actions of various parties in the lead up to the administration of the Company; and
- Corresponding with the directors regarding our directors' questionnaire.

Realisation of Assets

This section is in relation to the realisation of the Company's assets. The work includes the following:

- Working with S&W's corporate finance specialists to review and assess the Company's investment portfolio and development of a strategy towards recovering value on behalf of creditors;
- Meeting with interested parties in relation to potential disposals of the Company's investments;
- Meeting with key management parties of the private companies in which the Company holds debt and/or equity investments;
- Reviewing the debts owed to the Company;
- *Liaising with agents in respect of the Company's IT equipment and motor vehicle;*
- Liaising with the bank in relation to the cash at bank; and
- Reviewing the position in relation to the contingent receivable.

Creditors

- **Progressing the formation of a creditors' committee;**
- Requesting creditor information from the Directors, reviewing and uploading creditor listing into internal systems;
- Drafting initial creditor notification of the appointment;
- Working with S&W's pension specialists to review and assess the Company's unfunded unapproved pension liability;
- Dealing with creditor proof of debt forms and entering to the case management system; and
- Receiving calls and correspondence from creditors and dealing with the same.

Cashiering and Compliance

- Opening an administration bank account;
- Internal system set up;
- Completing bank reconciliations;
- Compliance with insurance requirements; and
- Compliance with anti-money laundering requirements including requesting further identification documents from the Directors, preparing internal checks and forms to enable the Company and its officers to be identified.

Windward Prospects Limited (In Administration)		
Estimated expenses in accordance with Categories 1 & 2 (SIP 9) and payable to third parties *		
Estimated expenses applicable to all cases		Total
Specific bond		140.00
Statutory advertising costs		159.00
Case specific costs - where applicable		
Agents fees		2,500.00
Legal fees		50,000.00
Storage costs		200.00
JBWFL		10,000.00
SEWFS		10,000.00
Total		72,999.00
Category 1 expenses, in accordance with Statement of Insolvency Practice 9 are specific costs payable to an independent third party and relate directly to the case in question. Category 2 expenses are payable to the office holder's firm and are shared or allocated costs, most notably business mileage.		

Explanation of the above categories

Administration and Planning

This section of the analysis encompasses the cost of the office holders 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.
- Protection of company's assets and records (including electronics).
- Dealing with routine correspondence.
- Dealing with agents on general appointment matters, not relating to the sale of assets or correspondence with advisers on investigation matters.
- Maintaining physical case files and electronics case details on IPS (case management software).
- Case reviews (including 6 month reviews).
- Case bordereau and reviews.
- Case planning; administration; and general case progression, including adjustments in appointment strategy.
- Preparing reports to stakeholders.
- Maintaining and managing the appointment's cash book and bank accounts.
- Ensuring statutory lodgements and tax lodgements obligations are met.
- Submitting VAT returns and Corporation Tax returns (when due).
- Dealing client identification and internal Smith & Williamson LLP compliance requirements.

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 and possible interviews of 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.
- Asset tracing (including land registry and company searches).
- Possible actions (including legal recourse) to restore assets of the company, or compensate the company for the financial losses incurred.
- Preparing a return/report pursuant to the Company Directors' Disqualification Act.
- Discussions and correspondence with relevant personnel and agents.

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 significant amount of time may be spent in relation to the sale of the assets of the Company. The work generally includes the following:

- Pursuing recoveries from the Company's investment portfolio.
- Pursuing recoveries from the Company's contingent receivable.
- Recovering cash at bank sums.
- Miscellaneous asset realisation outlined in the contents of the report.
- Liaising with agents and advisors in relation to ongoing asset recovery matters.

Creditors

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

- Dealing with creditor correspondence via email and telephone.
- Preparing reports to chargeholders.
- Dealing with creditors' committee correspondence via email and telephone. Meetings of the creditors' committee is also recorded within "Administration and Planning" in respect of statutory matters and meetings.
- Maintaining creditors' information on our insolvency database.
- Meetings and discussions with key creditors as appropriate.
- Maintaining employee claims and liaising with Job Centre, Redundancy Payments Services etc.
- Investigating and dealing with the Company's unapproved unfunded pension position.
- Adjudicating of creditor claims including matters of ROT.
- Distributions to various categories of creditors.

Forensic

Work under this section includes securing and maintaining the Company's electronic records.

IV Staffing, charging, subcontractor and adviser policies and charge out rates

Introduction

Detailed below are:

- Smith & Williamson LLP's policies in relation to:
 - Staff allocation and the use of subcontractors
 - Professional advisers Disbursement recovery
- Smith & Williamson LLP's current charge out rates

Staff allocation and the use of subcontractors

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.

We may use subcontractors to perform work which might ordinarily be carried out by us and our staff where it is cost effective to do so and/or where the specific expertise offered by the subcontractor is required.

Details of any subcontractors' services utilised in the period covered by this report are set out in the body of this report.

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.

S&WEBC

S&WEBC is a pension consultancy firm which specialises in providing advice to Insolvency Practitioners (IPs) on their appointment in relation to all aspects of pensions. The service S&WEBC provides is extremely specialised and there are few others in this 'niche' market. Having provided services to IPs for more than 25 years, S&WEBC's experience and expertise ensures that an efficient and concise approach is taken to investigating each case and, as a result, appropriate advice is given.

S&WEBC's fees are considered to compare favourably with others in this specialist sector although it has not been possible to obtain comparable quotes. In providing services, S&WEBC's fees will be accrued on a time costed basis. A summary of S&WEBC charge out rates from July 2018 is detailed below. It should be noted that S&WEBC will always seek to recover its fees from third party funds, wherever possible.

S&WCFL

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

S&WCFL may be engaged to deal with the Company's investment assets. Payments to parties in which the joint 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&WCFL are provided to creditors.

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.

Since 7 July 2012 Smith & Williamson LLP's policy is to recover only one type of Category 2 disbursement, namely business mileage at HMRC's approved mileage rates at the relevant time. Current mileage rates are 45p per mile plus 5p per passenger per mile. Prior to 7 July 2012 approval may have been obtained to recover other types of Category 2 disbursements.

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.

Charge out rates

A schedule of Smith & Williamson LLP's charge out rates was issued to creditors at the time the basis of the administrators' remuneration was approved.

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.

Smith & Williamson LLP Restructuring & Recovery Services Charge out rates as at 1 July 2018	London office £/hr	Regional offices £/hr
Partner / Director	450-520	360-380
Associate Director	420	290-320
Managers	250-365	225-310
Other professional staff	170-320	140-185
Support & secretarial staff	90	60-140

Notes

1. Time is recorded in units representing 3 minutes or multiples thereof.
2. It may be necessary to utilise staff from both regional and London offices, subject to the

requirements of individual cases.

3. The firm's cashiering function is centralised and London rates apply. The cashiering function time is incorporated within "Other professional staff" rates.

S&WEBC	Per hour
Charge out rates from 1 July 2018	£
Director	442.50
Manager	277.50

S&WCFL	Per hour
Charge out rates from 1 July 2018	£
Partner	625.00
Director	409.00

www.smithandwilliamson.com

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

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