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### 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

Surname  
O'Connell

### 3 Administrator's address

Building name/number  
Evelyn Partners LLP

Street  
45 Gresham Street

Post town  
London

County/Region

Postcode  
E C 2 V 7 B G

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  
Evelyn Partners LLP

Street  
45 Gresham Street

Post town  
London

County/Region

Postcode  
E C 2 V 7 B G

Country  
United Kingdom

#### ② Other administrator

Use this section to tell us about  
another administrator.

# AM10

## Notice of administrator's progress report


### 6 Period of progress report

|           |                |                |                |                |                |                |                |                |  |
|-----------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|--|
| From date | <sup>d</sup> 2 | <sup>d</sup> 6 | <sup>m</sup> 0 | <sup>m</sup> 4 | <sup>y</sup> 2 | <sup>y</sup> 0 | <sup>y</sup> 2 | <sup>y</sup> 3 |  |
| To date   | <sup>d</sup> 2 | <sup>d</sup> 5 | <sup>m</sup> 1 | <sup>m</sup> 0 | <sup>y</sup> 2 | <sup>y</sup> 0 | <sup>y</sup> 2 | <sup>y</sup> 3 |  |

### 7 Progress report

☒ I attach a copy of the progress report

### 8 Sign and date

|                           |   |                |                |                |                |                |                |                |  |
|---------------------------|---|----------------|----------------|----------------|----------------|----------------|----------------|----------------|--|
| Administrator's signature | Signature<br><b>X</b>  | <b>X</b>       |                |                |                |                |                |                |  |
| Signature date            | <sup>d</sup> 2  | <sup>d</sup> 4 | <sup>m</sup> 1 | <sup>m</sup> 1 | <sup>y</sup> 2 | <sup>y</sup> 0 | <sup>y</sup> 2 | <sup>y</sup> 3 |  |

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Contact name **Cameron Dalrymple-Rockett**

Company name **Evelyn Partners LLP**

Address **45 Gresham Street**

Post town **London**

County/Region

Postcode **E C 2 V 7 B G**

Country **United Kingdom**

DX

Telephone **020 7131 4000**

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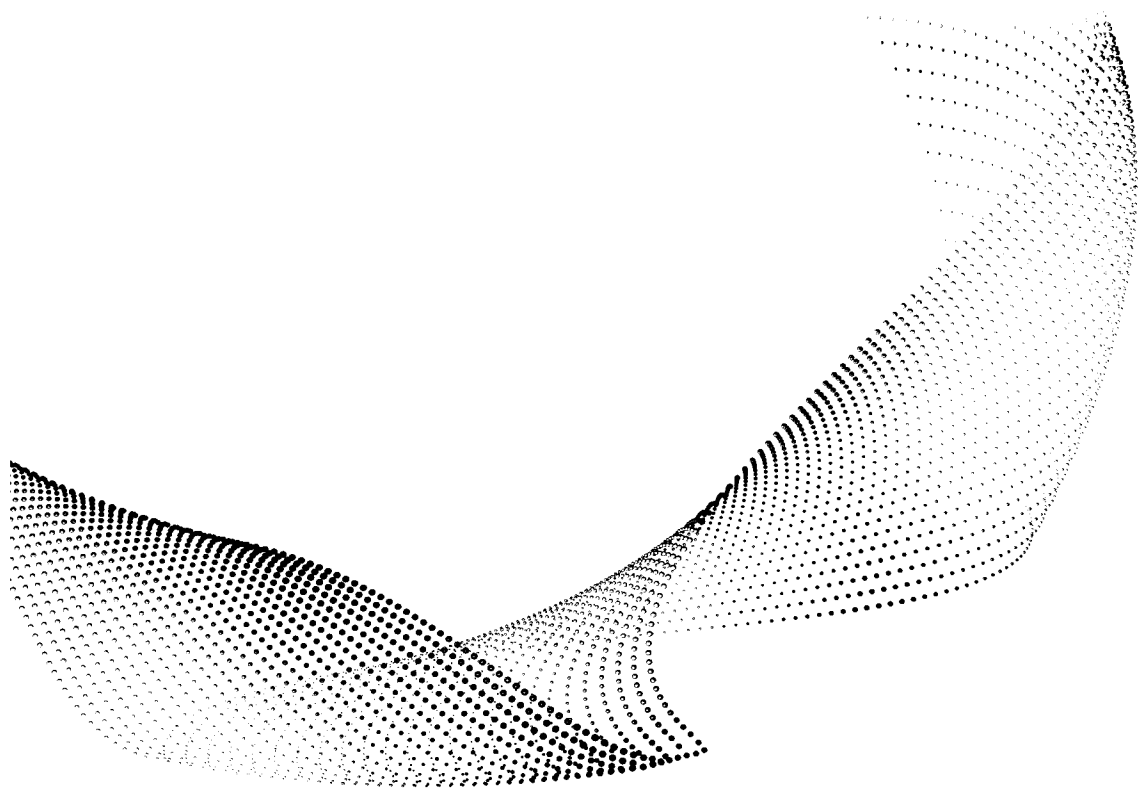
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# Windward Prospects Limited (in administration)

The joint administrators' progress report for the period from 26 April 2023 to 25 October 2023

24 November 2023

# Contents

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

# Appendices

|      |   |    |
|------|---|----|
| I    | Receipts and payments account   | 14 |
| II   | Time analysis for the period  | 16 |
| III  | Cumulative time analysis  | 18 |
| IV   | Fees and costs estimate   | 21 |
| V    | Revised fees and costs estimate   | 23 |
| VI   | Staffing, charging, subcontractor and adviser policies and charge out rates | 24 |
| VII  | Professional advisers   | 27 |
| VIII | The joint administrators' expenses  | 29 |

# 1. Glossary

| Abbreviation                            | Description  |
|---|--|
| the administrators/joint administrators | Finbarr O'Connell and Colin Hardman  |
| B.A.T.                                  | British American Tobacco Inc   |
| BTI                                     | BTI 2014 LLC, a subsidiary of B.A.T.   |
| Cenkos                                  | Cenkos Securities Plc  |
| the Company/Windward                    | Windward Prospects Limited   |
| CVL                                     | Creditors' Voluntary Liquidation   |
| The directors                           | Christopher Gower, Brian Tauscher and Gerard Barron  |
| HMRC                                    | HM Revenue & Customs   |
| RPS                                     | Redundancy Payments Service  |
| EPEBC                                   | Evelyn Partners Employee Benefit Consultants, a division of Evelyn Partners Financial Services Limited   |
| EPFS                                    | Evelyn Partners Financial Services Limited   |
| EPIM                                    | Evelyn Partners Investment Management, a division of Evelyn Partners Financial Services Limited  |
| FCA                                     | Financial Conduct Authority  |
| IA86                                    | Insolvency Act 1986  |
|   | If preceded by S this denotes a section number   |
| IR16                                    | Insolvency (England and Wales) Rules 2016  |
|   | If preceded by R this denotes a rule number  |
| NYSE                                    | New York Stock Exchange  |
| Sequana                                 | Sequana S.A. – the holder of one preference share in the Company and the former owner of the Company, prior to the Company's acquisition by TMW Investments and others |
| SIP                                     | Statement of Insolvency Practice (England & Wales)   |
| Sch B1                                  | Schedule B1 to the Insolvency Act 1986   |
|   | If preceded by P this denotes a paragraph number   |
| SOA                                     | Statement of Affairs   |
| SPAC                                    | Special Purpose Acquisition Company  |
| TMW Investments                         | TMW Investments (Luxembourg) Sarl – a shareholder of the Company   |

## 2. Introduction and Summary

This report provides an update on the progress in the administration of the Company for the six-month period ended 25 October 2023. It should be read in conjunction with our previous reports. By way of reminder, Finbarr O'Connell and Colin Hardman, of Evelyn Partners LLP, 45 Gresham Street, London, EC2V 7BG, were appointed as the joint administrators of the Company on 26 October 2018.

Below is a brief summary of the key points relating to the administration to date.

- The joint administrators continue, in accordance with their approved proposals, to pursue the second objective of administration, as set out 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 was wound up (without first being in administration).
- The joint administrators have continued to monitor the remaining assets of the Company and taken necessary steps in pursuit of such assets, with a view of maximising recoveries for the benefit of the Company's creditors.
- The creditor claims received remain at £471,153,434.46 (just over £471m) from 25 claimants. There have been no new claimants brought to the attention of the administrators. We have continued to review the documentation provided by B.A.T. and BTI in relation to their increased claims and are liaising with our legal advisors in relation to these claims.
- It is further noted that in the director's SOA, the non-B.A.T. and non-BTI unsecured creditors' claims represented 43% of the total unsecured creditor claims but following the receipt of the much-increased B.A.T. claim, those creditors now represent only 2.5% of the total unsecured creditor claims. We will update all creditors when our analysis of the increased BAT claim has been completed.
- The joint administrators continue their work on various investigation matters with a view to maximising any potential recoveries for the benefit of creditors. The obligations to the principal creditors, B.A.T. and BTI, in relation to claims assigned to those parties, have continued to be met during the period. There have been no recoveries to date from the proceedings which bind the Company to these obligations but we will keep all creditors updated on progress in this regard.
- It is the intention of the joint administrators to make an interim dividend payment to the creditors as early as possible and the joint administrators hope to be in a position to set a date for such a payment prior to the next administrators' progress report in six months' time.

## 3. Progress of the administration

Attached at Appendix I is our receipts and payments account for the period from 26 April 2023 to 25 October 2023. This account includes cumulative figures for the period from 26 October 2018 to 25 October 2023.

The receipts and payments account also includes a comparison with the directors' SOA values.

### 3.1 Gross bank interest

The joint liquidators have received £137,762.15 in gross bank interest during the period. As communicated previously, the administrators continue to seek opportunities to maximise interest receivable.

As noted in previous reports, the joint administrators placed £1.6m with a Swiss lender earning interest at a rate of 10% per annum. The interest on these funds will be paid when the deposit is redeemed.

### 3.2 Remaining investments

The joint administrators are continuing to monitor the remaining investments with a view to realising their maximum potential value. An overview of the remaining assets is shown in the table below, followed by a summary of the position with regard to each of them.

| Investment  | Debt<br>US\$ | Equity<br>US\$ | Shareholding<br>% |
|---|--------------|----------------|-------------------|
| Direct Nickel Ltd & Direct Nickel Projects Pty Ltd (now Altium Group Limited) | 915,000      | 5,173,958      | 13 & 55           |
| 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   | 6,500,341    | 6,994,468      |                   |

### 3.2.1 Direct Nickel Limited and Direct Nickel Projects Pty Ltd ('Pty') (together 'DN')

The joint administrators continue to monitor DN. However, there are no further matters to update creditors on at this time.

### 3.2.2 Aftermath Collections Limited ("Aftermath")

The joint administrators are in continuing discussions regarding the sale of the Company's interest in Aftermath. Draft sale documentation has been further amended following subsequent review of the Aftermaths records.

It has been identified that some of Aftermath's book debts are to be written off following a recent reconciliation. Discussions are continuing to establish the final sale terms and conditions in view of the recent reconciliation.

The amended sale plan is to be presented to the creditors' committee for consideration.

### 3.2.3 Kannuu Pty Ltd ("Kannuu")

The litigation regarding Kannuu continues to be ongoing in the US. The administrators have been informed that there have been no significant developments in the period. The joint administrators continue to remain optimistic that a favourable conclusion can be reached which would be beneficial to the estate.

### 3.2.4 Superfolk Limited ("Superfolk")

There have been no further developments during this period. There is no expectation of a material recovery from this source.

### 3.2.5 High 50 Holdings Limited ("High 50 Holdings")

It was noted in the last period that the administrators are seeking to restore High 50 Holdings back on to the register of companies and the joint administrators have continued to take steps to that end during the period of this report and have prepared the necessary application papers, which are yet to be filed.

### 3.2.6 The Rationale and business justification for the Company making the above, and other, investments

As part of the joint administrators' investigations, we are continuing to investigate the rationale for the investments detailed in 3.2 and those already realised so far, both realised pre and post administration. As detailed previously, the potential write-off values of some of these investments has significantly reduced the net assets available to the creditors of the Company.



### 3.3 Other assets

#### 3.3.1 Contingent receivable

The administrators are still monitoring and pursuing ongoing litigations which in turn could yield further recoveries to the estate. The administrators are liaising with the external parties as to these ongoing litigations and are being kept abreast of developments. These matters are confidential, but we will provide an update as they progress to a conclusion.

#### 3.3.2 Arjo Wiggins (Bermuda) Holdings Ltd

There have been no developments to note during this period.

### 3.4 Administration strategy

There have been no changes to the administration strategy since the last report. The joint administrators will continue to pursue the objective 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).

## 4. Investigations

The joint administrators continue to investigate the affairs of the Company in accordance with their statutory duties.

All investigations remain confidential so as not to prejudice the administrators' work.

## 5. The joint administrators' remuneration

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

The administrators' time costs are:

| Period                           | Total hours<br>hrs | Total costs £ | Average hourly<br>rate £/hr | Feed drawn £ |
|----------------------------------|--------------------|---------------|-----------------------------|--------------|
| 26 October 2018 to 25 April 2019 | 295.25             | 93,430.25     | 316.44                      | Nil          |
| 26 April 2019 to 25 October 2019 | 123.90             | 28,749.00     | 232.03                      | Nil          |
| 26 October 2019 to 25 April 2020 | 253.25             | 69,585.00     | 274.77                      | Nil          |
| 26 April 2020 to 25 October 2020 | 222.97             | 71,330.41     | 319.91                      | Nil          |
| 26 October 2020 to 25 April 2021 | 321.99             | 167,012.19    | 518.69                      | Nil          |
| 26 April 2021 to 25 October 2021 | 868.23             | 415,402.05    | 478.45                      | Nil          |
| 26 October 2021 to 25 April 2022 | 472.25             | 328,000.32    | 694.55                      | Nil          |
| 26 April 2022 to 25 October 2022 | 374.93             | 255,170.97    | 680.58                      | Nil          |

|                                  |                 |                     |               |            |
|----------------------------------|-----------------|---------------------|---------------|------------|
| 26 October 2022 to 25 April 2023 | 358.01          | 259,314.85          | 724.32        | Nil        |
| 26 April 2023 to 25 October 2023 | 402.11          | 229,425.12          | 570.55        | Nil        |
| <b>Total</b>                     | <b>3,692.89</b> | <b>1,917,420.16</b> | <b>519.22</b> | <b>Nil</b> |
| S&WEBC (cumulative)              | 114.70          | 39,105.50           | 340.94        | Nil        |
| <b>Total as per Appendix III</b> | <b>3,807.59</b> | <b>1,956,525.66</b> | <b>513.85</b> | <b>Nil</b> |

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 joint 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.

Appendix III provides a cumulative time analysis for the period since the joint administrators' appointment, from 26 October 2018 to 25 October 2023.

Furthermore, the total costs for each period include non-insolvency teams within Evelyn Partners LLP under the instruction of the joint administrators. These teams are Corporate Finance, Corporate Tax and Forensics. A breakdown of their relevant time costs for the period is shown within the table at Appendix II and cumulatively at Appendix III. The costs for EPEBC are recorded separately, as illustrated in the above table, which reconciles to the detailed breakdown provided at Appendix III.

The joint administrators' costs to date are £1,917,420.16, as above, compared to our original estimate of £300,000 (which was for the first 12 months of the administration). This original estimate was put together before the complexities of the administration were known. The joint administrators have been required to deal with a number of complex matters, some of which are ongoing, and the duration of the administration has extended beyond the initial estimate. Consequently, the initial costs estimate has been greatly exceeded. A realistic cost estimate has been produced and this is referred to further below and in the body of this report.

The joint administrators have already received approval from the unsecured creditors to draw fees for time incurred up to the current estimate of £300,000. However, the joint administrators will look to seek ratification of this decision from the creditors' committee along with approval for a revised estimate. This is why the administrators have not drawn any costs in relation to their fees.

Appendix IV provides a copy of the previously authorised time cost estimate breakdown. Appendix V provides a copy of a revised estimate of c.£2,900,000 for which the joint administrators will seek approval in due course. Additionally, a narrative explanation of the matters which remain to be dealt with in the administration can be found in the 'Outstanding matters' section of this report, below at section 8.

Creditors should be aware that some of the work completed by the joint administrators is required by statute and may not necessarily provide any direct financial benefit to creditors. An example of this would be providing information relating to the Company and its former officers as required by the Company Directors' Disqualification Act 1986. Other examples include statutory filing and statutory or internal compliance, or internal compliance required by practice.

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 Evelyn Partner's charge out rates and policies in relation to the use of staff are provided at Appendix VI. The joint administrators elected to change the charge out rates used to record their time from standard rates to complex rates due to the complex nature of this assignment. The joint administrators have concluded that complex rates should have been charged to this case from the commencement of the administration period. This will be brought to the attention of creditors and members of the creditors' committee as part of the fee approval being sought. So far complex rates have been applied and reported in respect of time incurred in the periods 26 October 2021 to 25 October 2023.

Complex rates will continue to be applied for the remainder of the administration due to the nature of ongoing work, adjudication of complex creditor claims and ongoing investigation matters. In any event, no administrators' fees will be drawn until they have been approved by the creditors' committee. On a general note, please be aware that the charge out rates are subject to an annual review.

Following a change to this firm's financial year-end, we have reviewed our charge-out rates on 1 January 2023. In common with other professional firms, our scale rates rise to cover inflationary cost increases (which readers will be aware have been particularly high of late) and accordingly our rates have risen on average by approximately 5% with effect from 1 January 2023. This increase takes into account that only six months have passed since the date of the last increase to avoid prejudice to creditors and stakeholders. Rate reviews will now revert to being annual. We have no business or personal relationships with the parties who approve our fees.

We have no business or personal relationships with any party which provides services to the administration where the relationship could give rise to a conflict of interest.

## 6. The joint administrators' expenses

The tables in Appendices VII and VIII provide details of our expenses. Expenses are amounts properly payable by us as joint administrators from the estate. The tables exclude distributions to creditors. The tables also exclude any potential tax liabilities that we may need to pay as an administration expense because the amounts becoming due will depend on the position at the end of the tax accounting period.

The tables should be read in conjunction with the receipts and payments account at Appendix I which shows expenses actually paid during the period and also the total paid to date.

### 6.1 Subcontractors

We have not utilised the services of any subcontractors during the period. Details of subcontractors used previously can be found in previous reports.

### 6.2 Professional advisers

As you will be aware, our estimated expenses include the cost of instructing professional advisors and the table at Appendix VII discloses the costs incurred and paid, along with the original estimates.

On this assignment we have used the professional advisers listed in the table at Appendix VII. We have also indicated alongside the basis of our fee arrangement with them, which is subject to review on a regular basis. Additional commentary on costs incurred during the period of this report is provided below:

#### **KaurMaxwell**

The joint administrators instructed KaurMaxwell to provide legal advice to the Company. The reasons for the instruction include the following:

- KaurMaxwell has proven experience in this field.
- KaurMaxwell continues to demonstrate their expertise on complex matters within the administration and has provided advice which has assisted the administration and contributed to the progression of the administration.
- Their staff have continued to demonstrate their experience and efficiency by dealing with matters in an effective and commercial manner in order to achieve the desired results.
- They provide competitive rates which, combined with their proven insolvency knowledge, offers the best value for creditors.
- They hold the appropriate regulatory authorisations from the Solicitors Regulation Authority.
- Their rates are subject to review and they will continue to be retained given the historic knowledge and expertise required.

## PDT

The joint administrators instructed PDT Solicitors LLP to provide advice on the short-term investment made by the joint administrators. PDT Solicitors LLP are regulated by the Solicitors Regulation Authority.

### Advice from Counsel

The joint administrators have instructed counsel based at Guildhall Chambers, Erskine Chambers, Selbourne Chambers and Radcliffe Chambers to provide advice on various legal matters arising in the administration. They have also been used to assist in obtaining the necessary court consent for the extension of the administration, applications for restoration and to advise on a series of other legal matters.

- The members of counsel we instructed have proven insolvency experience. The joint administrators are familiar with their work from previous matters.
- They provide competitive rates which, combined with their proven insolvency knowledge, offers the best value for creditors.
- Their expertise, experience and cost-effectiveness make them valuable on this assignment.
- They hold the appropriate regulatory authorisations from the Bar Standards Board.

### Comparison to initial professional advisers' expenses estimate

Creditors may recall that our initial expenses estimate for professional advisers was £50,000; current total expenses are greatly in excess of that estimate as much more substantial and complex work has been required than initially estimated. Further costs will be incurred as the administration progresses and these revised expenses have been estimated in appendix V to this report.

## 6.3 Joint administrators' expenses

The table setting out details of the joint administrators' expenses is at Appendix VIII.

### Comparison to initial expenses estimate

Creditors may recall that our initial expenses estimate for the joint administrators' expenses was £499. We have incurred a much higher level of costs, largely as a result of ongoing costs for the storage of the Company's books and records.

## 6.4 Category 2 expenses (see Appendix VI)

As previously noted, EPEBC has assisted the joint administrators in dealing with the Company's pension affairs.

Appendix III details EPEBC's cumulative costs as an entry within the cumulative time analysis.

## 6.5 Non-restructuring departments

Details of non-restructuring Evelyn Partners ('EP') departments and their costs are detailed below.

### Corporate Tax

The joint administrators have previously instructed EP's Corporate Tax department to provide tax advice regarding (1) the realisation of the TMC shares, (2) completing the necessary tax forms following DeepGreen's combination with SOAC and (3) providing tax advice following the disposal of the TMC shares. Total cumulative costs incurred are £28,842.66, representing 56.52 hours at an average rate of £595.52 per hour.

The joint administrators use EP's Corporate Tax department as they offer competitive rates and as they are in-house there are efficiencies which will benefit creditors by reducing costs.

## EPIM

The joint administrators instructed EPIM to provide preliminary advice regarding the Company's investments within the first period of the administration and later to assist with the sale of the Company's TMC shares. The preliminary advice was charged on a time costs basis and is recorded in the SIP9 reports at Appendix II and Appendix III. Assistance with the sale of the TMC shares was charged on a commission basis and is recorded in the Receipts and Payments account at Appendix I. The joint

administrators used EPIM as their rates are competitive. Also, as they are in-house, we are able to collaborate effectively and there was no reliance on a third party. This provided a benefit to creditors as costs were lowered.

A further advantage of using EPIM is that they had permission to hold stock as a custodian, which is not the case with all brokers.

## Forensics

The joint administrators have instructed EP's Forensics department to assist with the collection, access and provision of the Company's electronic records and files. Forensics have also assisted in providing documentation relevant to B.A.T.'s ongoing litigation. The total costs incurred are £8,994.25, representing 44.58 hours at an average rate of £201.76 per hour.

The joint administrators use the EP Forensics department as they offer competitive rates and as they are in-house there are efficiencies which will benefit creditors by reducing costs.

## EPEBC

As previously mentioned, the joint administrators instructed EPEBC to provide pension advice regarding the claims surrounding the undefined unfunded pensioners.

The total costs incurred are £39,105.50, representing 114.70 hours at an average rate of £340.94 per hour. To draw any funds in relation to these costs the joint administrators will seek specific approval from the administration creditors' committee as this department is under a different Evelyn Partner entity.

The joint administrators retain EPEBC for the following reasons:

- Detailed, specialist pensions advice was required as part of the joint administrators' conduct of this case.
- EPEBC's expertise and experience provides the best service for the administration given the parties involved and EPEBC's contacts in the employee and pension sector.
- As EPEBC are in-house, there are efficiencies which will benefit creditors by reducing costs.
- Given the above, the joint administrators consider that EPEBC offers the best value to creditors.
- EPEBC hold the appropriate regulatory authorisations under the FCA and ICEAW.

## 6.6 Policies regarding use of third parties and expense recovery

Appendix VI provides details of Evelyn Partners LLP's policies in relation to the use of subcontractors and professional advisers, and the recovery of expenses.

# 7. Estimated outcome for creditors

The estimated outcome for each class of creditor is discussed below.

Please note that, where creditors have submitted claims in foreign currencies, they have been converted to £Sterling at the exchange rate applicable on the date of administration (26 October 2018). The applicable exchange rates are detailed in the table below (rounded up to 2 decimal places). If any creditor considers the rate to be unreasonable, they may apply to court for a determination.

| Currency          | Rate (GBP £) |
|-------------------|--------------|
| Euro              | 1.13         |
| US Dollar         | 1.28         |
| Australian Dollar | 1.80         |
| Canadian Dollar   | 1.68         |

## 7.1 Secured creditors

The administrators are not aware of any secured creditors.

## 7.2 Prescribed Part

Given the absence of any known floating charge holders, the prescribed part requirements will not apply.

## 7.3 Ordinary preferential creditors

We set out below a summary of ordinary preferential claims received:

| Ordinary preferential creditor | SQA claims £     | Claims received £ |
|--------------------------------|------------------|-------------------|
| Employee claims (1 claim)      | 35,237.00        | 35,237.00         |
| Redundancy Payments Service    | Nil              | 11,430.00         |
| <b>Total</b>                   | <b>35,237.00</b> | <b>46,667.00</b>  |

The claims received in regard to employees have been settled in part by the RPS up to the available limit. The balance of the claims will be dealt with by the joint administrators.

## 7.4 Secondary preferential creditors

As from 1 December 2020 certain liabilities due to HMRC, that arose after this date, were given secondary preferential status.

This does not apply in this case as the administration appointment was prior to 1 December 2020.

## 7.5 Unsecured creditors

We have received claims totalling £471,153,434.46 (just over £471m) from 25 parties to date. There have been no further claims received in this period. Total claims as per the directors' SOA were £13,977,703.03 (just under £14m) with 14 claims listed. As stated previously, the final adjudicated claims may differ from the submitted claims. The claims are under review by the joint administrators and this adjudication process has not yet been finalised by them.

A summary of unsecured claims received is set out below:

|                      | SOA claims £  | Claims received £ | Claims agreed in current period £ | Total claims agreed £ |
|----------------------|---------------|-------------------|-----------------------------------|-----------------------|
| Amount of claims (£) | 13,977,703.03 | 471,153,434.46    | Nil                               | Nil                   |
| Number of claims     | 13            | 25                | Nil                               | Nil                   |

As noted in the previous report, the claims received include increased claims received from B.A.T and BTI. We have reviewed the documentation received in this regard and are continuing to review these claims with the assistance of our solicitors. These increased claims have delayed the joint administrators' previously stated intention to pay an interim distribution. It is necessary to properly consider the B.A.T. and BTI claims as they are very significant and will have a very material effect and so it is proposed to review the merits and the quantum claimed with the assistance of our solicitors and senior counsel. If the B.A.T. and BTI claims are confirmed at the recent amounts claimed, then the dividend return to other creditors will be reduced very substantially.

**Following on from the previous paragraph, it is very important to highlight here that in the director's SOA the non-B.A.T. and non-BTI unsecured creditors' claims represented 43% of the total unsecured creditor claims but following the receipt of the much-increased B.A.T. claim, those creditors now represent only 2.5% of the total unsecured creditor claims.** Due to the materiality of this increased claim, as mentioned elsewhere in this report, the administrators are taking legal advice, including senior counsel's advice, on the increased BAT claim, and will communicate the results of that to the general body of creditors when a conclusion has been reached.

Given the level of realisations to date and the estimated value of future realisations, unsecured creditors will only receive a small proportion of their claims. This estimated % return will vary widely depending on the amount at which the BAT claim is adjudicated at. The joint administrators intend to pay an interim distribution to the unsecured creditors. This will require converting the administration to a liquidation.

## 8. Outstanding matters

The joint administrators' time costs to date, on the basis of a mixture of complex and non-complex rates, are £1,956,525.66 in total, as detailed in section 5, compared to our original estimate of £300,000. This original estimate was put together before the complexities of the administration were known. New complex matters have arisen during the course of the administration to which the joint administrators and their staff have had to attend to. The administration will be converted to a liquidation, which is the appropriate insolvency process to deal with the remaining matters and with the Company's remaining assets.

In the previous period, it was estimated that our time costs for the end of the administration would be c.£2,900,000. Given the current costs to date that estimate remains unchanged. The revised fee estimate is included at Appendix V. The administrators are in discussion with the major creditors of the Company regarding the revised estimate which is appropriate due to a number of matters which the joint administrators have been investigating to date. The joint administrators will need to obtain approval from the unsecured creditors (as they approved the original basis of the administrators' remuneration) and then the creditors' committee before drawing any fees.

There remains a number of complexities which still require attention and work from the joint administrators, their teams and advisors concerning future asset realisations, investigations and pre-administration Company obligations. The ongoing work is still believed to be necessary as it is likely to yield a better return for creditors, as per the administration objective being pursued. The work will continue in liquidation, when the conversion from administration is completed.

Please note that the estimate of future costs is based on present information and may change due to unforeseen circumstances arising.

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. An example includes investigating the former officers of the company as required by the Company Directors' Disqualification Act 1986.

In addition to the continuing progress of matters as set out at section 2 and remaining realisations in section 3 above, the remaining actions to be concluded in the administration and will continue on in liquidation where necessary are as follows:

- Case maintenance and compliance requirements.
- Continuing investigations into the Company's affairs, with assistance from our legal advisors, as necessary.
- Pursuing various legal actions.
- Continuing to investigate the Company's remaining investments and other assets.
- Monitoring progress and recovering funds from the Company's remaining investments and assets, including potential legal actions.
- Continuing to liaise with the Company directors and legal advisors regarding the Company's liability surrounding the Fox River and Kalamazoo River pollution clean-up operations.

- Continuing to liaise with and to assist B.A.T., where necessary, under the terms of various pre-administration agreements.
- Filing the necessary corporation tax returns and obtaining tax clearance in respect of the administration period which will include the potential tax matters surrounding the disposal of the TMC shares.
- Seeking approval for the joint administrators' remuneration and costs from the creditors and creditors' committee.
- Conducting reviews and adjudication of creditor claims in anticipation for a distribution, following conversion from administration to liquidation.
- Further statutory reporting as required by IA86 and IR16.
- Closure of the administration, including preparing and issuing the final report.
- Preparing for conversion to liquidation.

## 9. 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 [www.evelyn.com/rsgdpr](http://www.evelyn.com/rsgdpr)

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.

## 10. Ending the administration

The joint administrators consider that it is appropriate to convert the administration into a CVL, to enable the payment of an interim distribution. This will also allow for the remaining assets in the estate to be managed and realised. As part of this conversion, creditors will receive a final report for the administration and formal notice of the conversion will be given.

## 11. 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 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 45 Gresham Street, London EC2V 7BG 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.gov.uk](mailto:insolvency.enquiryline@insolvency.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.

## 12. Next report

It is a requirement 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. However as stated in section 10, creditors will receive a final report when matters have been concluded prior to the automatic end of the administration.



Finbarr O'Connell and Colin Hardman

The joint administrators

Date: 24 November

Finbarr O'Connell and Colin Hardman have been appointed as the joint administrators of the Company on 26 October 2018.

The affairs, business and property of the company are being managed by the joint administrators as agents and without personal liability.

Both of the joint office-holders are authorised and licensed in the UK by the Institute of Chartered Accountants in England and Wales and are bound by their code of ethics. Further details of their licensing body along with our complaints and compensation procedure can be accessed at: [www.evelyn.com/insolvency-licensing-bodies](http://www.evelyn.com/insolvency-licensing-bodies)

The joint administrators may act as controllers of personal data, as defined by the UK data protection law, depending upon the specific processing activities undertaken. Evelyn Partners LLP may act as a processor on the instructions of the joint administrators. Personal data will be kept secure and processed only for matters relating to the joint administrators' appointment.

The Fair Processing Notice in relation to the UK General Data Protection Regulation can be accessed at [www.evelyn.com/rsgdpr](http://www.evelyn.com/rsgdpr)

Should you wish to be supplied with a hard copy of any notice, attachment or document relating to a case matter, please contact the staff member dealing with this matter at any time via telephone, email or by post and this will be provided free of charge within five business days of receipt of the request.

The word partner is used to refer to a member of Evelyn Partners LLP. A list of members is available at the registered office

Evelyn Partners LLP is registered in England at Gresham Street, London EC2V 7BG No OC369631

Regulated by the Institute of Chartered Accountants in England and Wales for a range of investment business activities

# Appendices



# I Receipts and payments account

Receipts and payments account to 25 October 2023

**Windward Prospects Limited**  
(In Administration)  
**Joint Administrators' Summary of Receipts & Payments**

| Statement<br>of Affairs<br>£ |  | From 26/04/2023<br>To 25/10/2023<br>£ | From 26/10/2018<br>To 25/10/2023<br>£ |
|------------------------------|--|---------------------------------------|---------------------------------------|
|                              | <b>ASSET REALISATIONS</b>                          |                                       |                                       |
|                              | Bank Interest Gross                                | 137,762.15                            | 242,470.76                            |
| 3,000.00                     | Cash at Bank                                       | NIL                                   | 4,904.84                              |
|                              | Investments/Shareholdings                          | NIL                                   | 755,965.65                            |
| 12,028,100.00                | Repayment of Loans                                 | NIL                                   | 9,460.93                              |
|                              | TMC Shareholding                                   | NIL                                   | 10,635,165.17                         |
|                              | Wine Holdings                                      | NIL                                   | 3,354.60                              |
|                              |  | <u>137,762.15</u>                     | <u>11,651,321.95</u>                  |
|                              | <b>COST OF REALISATIONS</b>                        |                                       |                                       |
|                              | Agents/Valuers Fees                                | 4,650.00                              | 230,577.86                            |
|                              | Bank Charges                                       | 3.60                                  | 66.05                                 |
|                              | Brokerage & Sec Fees                               | NIL                                   | 5,164.97                              |
|                              | Brokers Commission                                 | NIL                                   | 55,479.02                             |
|                              | Data Hosting/Access Fees                           | 4,368.54                              | 30,457.64                             |
|                              | Irrecoverable VAT                                  | NIL                                   | 80.00                                 |
|                              | Legal Expenses                                     | 1,036.75                              | 31,842.71                             |
|                              | Legal Fees   | 269,287.00                            | 1,062,963.77                          |
|                              | Storage Costs                                      | 160.16                                | 468.46                                |
|                              | Transaction Charges                                | NIL                                   | 50.08                                 |
|                              |  | <u>(279,506.05)</u>                   | <u>(1,417,150.56)</u>                 |
| <u>12,031,100.00</u>         |  | <u>(141,743.90)</u>                   | <u>10,234,171.39</u>                  |
|                              | REPRESENTED BY                                     |                                       |                                       |
|                              | Clients Deposit (Int Bearing)                      |                                       | 8,382,980.49                          |
|                              | VAT Receivable                                     |                                       | 251,190.90                            |
|                              | Frontier Financial Partners GMBH (Deposit Account) |                                       | 1,600,000.00                          |
|                              |  |                                       | <u>10,234,171.39</u>                  |

## Notes and further information required by SIP 7

- We have not yet sought approval of or drawn any other costs that would require the same approval as our remuneration.
- 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 expenses 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.
- All bank accounts are interest bearing.
- The Frontier Financial Partners GMBH Deposit Account is subject to interest of 10% p.a. This will be applied at the end of the investment.
- 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.
- Any associated charges/commission or fees of the TMC sale have been converted to GBP Pound Sterling at the relevant transaction date.
- 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.

## II Time analysis for the period

From 26 April 2023 to 25 October 2023

| Period   | Partner<br>Hours | Director & Associate<br>Director<br>Hours | Manager<br>Hours | Other<br>Professionals<br>Hours | Support<br>Hours | Total<br>Hours | Cost<br>£         | Average rate<br>£/hr |
|--|------------------|---|------------------|---------------------------------|------------------|----------------|-------------------|----------------------|
| <b>Administration &amp; planning</b>           |                  |   |                  |                                 |                  |                |                   |                      |
| Statutory & Regulatory                         | 2.00             | 0.00                                      | 69.40            | 0.45                            | 0.00             | 71.85          | 36,976.17         | 514.63               |
| Case administration                            | 38.23            | 0.00                                      | 63.82            | 14.30                           | 0.00             | 116.35         | 70,402.59         | 605.09               |
| Administration & planning - other              | 0.00             | 0.00                                      | 9.81             | 0.00                            | 0.00             | 9.81           | 3,753.48          | 382.62               |
| Sub-total Administration & planning            | 40.23            | 0.00                                      | 143.03           | 14.75                           | 0.00             | 198.01         | 111,132.24        | 561.25               |
| <b>Investigations</b>                          |                  |   |                  |                                 |                  |                |                   |                      |
| Records and investigations                     | 48.33            | 0.00                                      | 63.33            | 0.00                            | 0.00             | 111.66         | 73,129.42         | 654.93               |
| Sub-total Investigations                       | 48.33            | 0.00                                      | 63.33            | 0.00                            | 0.00             | 111.66         | 73,129.42         | 654.93               |
| <b>Realisation of assets</b>                   |                  |   |                  |                                 |                  |                |                   |                      |
| Other assets                                   | 0.00             | 0.00                                      | 25.07            | 0.00                            | 0.00             | 25.07          | 12,962.19         | 517.04               |
| Sub-total Realisation of assets                | 0.00             | 0.00                                      | 25.07            | 0.00                            | 0.00             | 25.07          | 12,962.19         | 517.04               |
| <b>Creditors</b>                               |                  |   |                  |                                 |                  |                |                   |                      |
| Employees, Pensions & RPS                      | 0.00             | 0.00                                      | 0.22             | 0.00                            | 0.00             | 0.22           | 122.74            | 557.91               |
| Unsecured creditors (exc. Staff)               | 13.25            | 0.00                                      | 2.93             | 0.00                            | 0.00             | 16.18          | 12,936.45         | 799.53               |
| Creditors, other                               | 0.00             | 0.00                                      | 7.44             | 0.00                            | 0.00             | 7.44           | 4,124.90          | 554.42               |
| Sub-total Creditors                            | 13.25            | 0.00                                      | 10.59            | 0.00                            | 0.00             | 23.84          | 17,184.09         | 720.81               |
| <b>Total (insolvency team)</b>                 | <b>101.81</b>    | <b>0.00</b>                               | <b>242.02</b>    | <b>14.75</b>                    | <b>0.00</b>      | <b>358.58</b>  | <b>214,407.94</b> | <b>597.94</b>        |
| <b>Time undertaken by non insolvency teams</b> |                  |   |                  |                                 |                  |                |                   |                      |
| Corporation Tax                                | 1.00             | 0.00                                      | 14.74            | 5.29                            | 0.00             | 21.03          | 9,182.18          | 436.62               |
| EPEBC  | 0.65             | 0.00                                      | 0.00             | 0.00                            | 0.00             | 0.65           | 238.55            | 367.00               |
| Forensics                                      | 0.00             | 0.00                                      | 13.00            | 9.50                            | 0.00             | 22.50          | 5,835.00          | 259.33               |
| <b>Total (non insolvency teams)</b>            | <b>1.65</b>      | <b>0.00</b>                               | <b>27.74</b>     | <b>14.79</b>                    | <b>0.00</b>      | <b>44.18</b>   | <b>15,255.73</b>  | <b>345.31</b>        |
| <b>Grand total hours</b>                       | <b>103.46</b>    | <b>0.00</b>                               | <b>269.76</b>    | <b>29.54</b>                    | <b>0.00</b>      | <b>402.76</b>  | <b>229,663.67</b> | <b>570.22</b>        |

### Explanation of major work activities undertaken

#### Administration and Planning

This section relates to work carrying out administration and planning in respect of the appointment for the period. This work included the following:

- Production and filing of statutory reports.
- Dealing with routine correspondence.
- Ensuring the Company complied with its obligations to share records and information with various parties.
- Maintaining physical case files and electronic case details on IPS (case management software).

- Internal and external strategy meetings regarding the progression of the administration and reviewing the outcome for creditors.
- General engagement with legal advisors and discussion with them regarding statutory or general matters.
- Completing bank reconciliations.
- Making payments to various advisors and paying other administration expenses.
- Compliance with insurance requirements.
- Review of case progress and holding regular update meetings internally, with advisors and with other stakeholders, including creditors.

## Investigations

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

- Further investigations of the actions of various parties in the lead up to the administration of the Company.
- Continued review and investigation regarding the substantive liability surrounding the Company's obligation to meet remedial costs for US river pollution. This is including communications with the parties involved along with legal advice to better understand the position and how it would affect the estate and any potential dividend.
- Ongoing assistance provided to B.A.T., regarding their ongoing litigation under the terms of certain pre-administration agreements.
- Further review into the investment strategy and dispositions of assets in connection to ongoing investigations and realisations.

## Realisation of Assets

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

- Continued correspondence with directors of Aftermath and negotiation of sale price of the Company's interest in Aftermath.
- Monitoring the Company's other investments and keeping abreast of various developments.
- Group investigations in connection with High 50 Holdings and its subsidiaries.
- Undertaking reconstitution application for High 50 Holdings.
- Researching and reviewing potential legal actions in conjunction with the investigation into the affairs of the Company and disposals made.
- Liaising with advisors and communication with third parties regarding the contingent receivable and theoretical returns.

## Creditors

- Dealing with creditor communications.
- Review of creditor position and updates where necessary.
- Initial review of the updated claims received from B.A.T. and BTI.
- Issuing updates and creditor specific communications.
- Update calls with creditors.
- Investigation and review of the unfunded pensioners arrangement amounts to determine the estimated liability due.
- Considering complex creditor claims and work on adjudicating the same.

# III Cumulative time analysis

From 26 October 2018 to 25 October 2023

| Cumulative                                     | Partner         | Director & Associate Director | Manager       | Other Professionals | Support     | Total           | Cost                | Average rate  |
|--|-----------------|-------------------------------|---------------|---------------------|-------------|-----------------|---------------------|---------------|
|  | Hours           | Hours                         | Hours         | Hours               | Hours       | Hours           | £                   | £/hr          |
| <b>Administration &amp; planning</b>           |                 |                               |               |                     |             |                 |                     |               |
| Statutory & Regulatory                         | 10.66           | 0.85                          | 163.99        | 103.41              | 0.00        | 278.91          | 126,085.26          | 452.07        |
| Case administration                            | 1,219.49        | 5.00                          | 182.33        | 126.80              | 0.00        | 1,533.61        | 1,013,980.53        | 661.17        |
| Post appointment AML/Compliance                | 0.00            | 3.05                          | 0.00          | 18.95               | 0.00        | 22.00           | 5,138.50            | 233.57        |
| Administration & planning - other (legacy)     | 49.00           | 16.35                         | 35.41         | 244.84              | 0.00        | 345.60          | 103,215.98          | 298.66        |
| Sub-total Administration & planning            | 1,279.15        | 25.25                         | 381.72        | 494.00              | 0.00        | 2,180.12        | 1,248,420.28        | 572.64        |
| <b>Investigations</b>                          |                 |                               |               |                     |             |                 |                     |               |
| Directors                                      | 0.00            | 0.00                          | 0.45          | 0.00                | 0.00        | 0.45            | 141.75              | 315.00        |
| Records and investigations                     | 142.90          | 5.20                          | 152.35        | 112.96              | 0.00        | 413.41          | 240,326.90          | 581.33        |
| Investigations, other (legacy)                 | 72.44           | 0.75                          | 4.45          | 54.50               | 0.00        | 132.14          | 44,461.75           | 336.47        |
| Sub-total Investigations                       | 215.34          | 5.95                          | 157.25        | 167.46              | 0.00        | 546.00          | 284,930.40          | 521.85        |
| <b>Realisation of assets</b>                   |                 |                               |               |                     |             |                 |                     |               |
| Investment properties                          | 0.25            | 0.00                          | 52.10         | 38.95               | 0.00        | 91.30           | 45,077.04           | 493.72        |
| Other assets                                   | 24.42           | 2.60                          | 92.89         | 39.32               | 0.00        | 159.22          | 69,698.12           | 437.74        |
| Legal actions (civil recoveries)               | 25.50           | 44.60                         | 57.47         | 49.82               | 0.00        | 177.38          | 63,198.33           | 356.28        |
| Realisation of assets, other (legacy)          | 28.25           | 2.05                          | 31.55         | 34.90               | 0.00        | 96.75           | 34,989.50           | 361.65        |
| Sub-total Realisation of assets                | 78.42           | 49.25                         | 234.00        | 162.98              | 0.00        | 524.66          | 212,962.99          | 405.91        |
| <b>Creditors</b>                               |                 |                               |               |                     |             |                 |                     |               |
| Employees, Pensions & RPS                      | 3.33            | 0.30                          | 25.83         | 9.88                | 0.00        | 39.34           | 21,438.06           | 544.94        |
| Unsecured creditors (exc. Staff)               | 36.16           | 2.80                          | 32.93         | 5.93                | 0.00        | 77.82           | 47,650.38           | 612.29        |
| Creditors, other (legacy)                      | 16.40           | 1.65                          | 63.14         | 142.66              | 0.00        | 223.85          | 64,181.15           | 286.71        |
| Sub-total Creditors                            | 55.89           | 4.75                          | 121.90        | 158.47              | 0.00        | 341.01          | 133,269.59          | 390.80        |
| <b>Total (insolvency teams)</b>                | <b>1,628.80</b> | <b>85.20</b>                  | <b>894.87</b> | <b>982.92</b>       | <b>0.00</b> | <b>3,591.79</b> | <b>1,879,583.25</b> | <b>523.30</b> |
| <b>Time undertaken by non insolvency teams</b> |                 |                               |               |                     |             |                 |                     |               |
| Corporate Tax                                  | 14.75           | 0.00                          | 29.34         | 12.43               | 0.00        | 56.52           | 28,842.66           | 595.52        |
| EPEBC  | 87.15           | 4.85                          | 9.40          | 13.30               | 0.00        | 114.70          | 39,105.50           | 340.94        |
| Forensics                                      | 0.00            | 0.00                          | 15.00         | 29.58               | 0.00        | 44.58           | 8,994.25            | 201.76        |
| <b>Total (non insolvency teams)</b>            | <b>101.90</b>   | <b>4.85</b>                   | <b>53.74</b>  | <b>55.31</b>        | <b>0.00</b> | <b>215.80</b>   | <b>76,942.41</b>    | <b>356.55</b> |
| <b>Grand total</b>                             | <b>1,730.70</b> | <b>90.05</b>                  | <b>948.62</b> | <b>1038.23</b>      | <b>0.00</b> | <b>3,807.59</b> | <b>1,956,525.66</b> | <b>513.85</b> |

## Notes

The joint administrators and their team have incurred costs of £1,917,420.16 This includes the joint administrators' direct costs and the non-insolvency departments of Corporate Tax and Forensic. It does not include the costs of EPEBC which are noted in the above table at £39,105.50, as illustrated above and in the table at section 5 of this report. The table at section 5 also provides a reconciliation to the detailed information set out above. The total costs of all relevant departments in Evelyn Partners are £1,956,525.66 representing 3,807.59 hours equating to an average rate of 513.85 per hour.

## Comparison to previously approved estimate

The following gives a summary of our original estimates, provided in our proposals, and the actual time costs incurred as at 25 April 2023 for ease of comparison:

| Task                        | Estimated fees to be incurred | Actual Fees Incurred £ | Variance £          |
|-----------------------------|-------------------------------|------------------------|---------------------|
| Administration and Planning | 66,220.00                     | 1,248,420.28           | 1,182,200.28        |
| Investigations              | 96,645.00                     | 264,930.40             | 168,285.40          |
| Realisation of Assets       | 87,432.50                     | 212,962.99             | 125,530.49          |
| Creditors                   | 42,602.50                     | 133,269.59             | 90,667.09           |
| Corporate Tax               | Nil                           | 28,842.66              | 28,842.66           |
| Forensics                   | 7,100.00                      | 8,994.25               | 1,894.25            |
| <b>Total</b>                | <b>300,000.00</b>             | <b>1,917,420.16</b>    | <b>1,617,420.16</b> |

The material differences between our original estimates and what has actually been incurred as at 25 October 2023 can be explained as follows:

For reference, the previously approved fees estimate (by unsecured creditors following the issue of the Joint Administrators' Report and Statement of Proposals) can be found at Appendix IV.

### Administration and planning

Time incurred in relation to administration and planning exceeds our earlier estimates due to the following reasons:

- More statutory matters to be attended to which was not foreseen in the original estimate.
- More periods of statutory reporting have been completed, given the extension of the administration.
- Increased information gathering, management and provision to third parties.
- Continuing and extensive strategy calls and meetings with the appointed advisors and the administration team.
- Further considerations for the administration strategy in respect of ascertaining and maximising the value of the shares, theoretical scenarios, and estimated outcomes to creditors.

### Investigations

Time incurred in relation to investigations exceeds our estimates due to the following reasons:

- Increased investigation into the actions of various parties in the lead up to the administration of the Company.
- The joint administrators continue to meet their obligations to assist B.A.T. with the provision of information.
- Further work has been undertaken regarding the substantive liability surrounding the Company's obligation to meet remedial costs for US river pollution.
- Communications with the parties involved regarding the river clean-up along with legal advice to better understand the position and how it would affect the creditor pool and any potential dividend.
- Group investigations regarding High 50 Holdings.
- Review into the investment strategy and dispositions of assets in connection to ongoing investigations and realisations.



## **Realisation of Assets**

Time incurred in relation to realisation of assets exceeds our earlier estimates due to the following reasons:

- Complexity of the assets under the joint administrators' control.
- Additional work was needed regarding the review of investments changing given their liquidity.
- Continuing communication with third parties regarding sale and future sale of the Company's investments.
- Undertaking work regarding to the reconstitution of High 50 Holdings.

## **Creditors**

Time incurred in relation to creditors is above our estimate due to the following reasons below. It is anticipated that further costs will be incurred in this regard.

- More time has been expended dealing with communication with creditors as we are required to assist the Company's majority creditors on various matters and therefore more in-depth and frequent communication was needed.
- Given the complexity and dynamic nature of some of the Company's assets further communication has been required on this front also.
- The joint administrators have spent time over the course of administration dealing with the unfunded pensioners and the joint administrators have continued throughout the periods trying to ascertain their liability and calculating their current liability for claim purposes.
- Increased review of substantial claims received during the administration and attending to the appropriately which included liaising with legal advisors.

## **Corporate Finance**

We did not provide an estimate of time we anticipated would be incurred by colleagues from our Corporate Finance department. Their time incurred in the initial period of the administration has been recorded under the legacy section in realisation of assets in the time analysis above.

## **Corporate Tax**

We did not provide an estimate of time we anticipated would be incurred by colleagues from our Corporate Finance department.

## **Forensics**

Time incurred by colleagues from our Forensics department exceeds the amount we initially estimated, due to the complexity of matters that have been dealt with.

# IV Fees and costs estimate

| Windward Prospects Limited (In Administration)<br>Fees estimate according to number of hours, grade of staff and expected work to be undertaken for the period<br>26 October 2018 to 25 October 2019 |                      |               |               |                               |                |   |                        |
|--|----------------------|---------------|---------------|-------------------------------|----------------|---|------------------------|
| Anticipated case duration  | 1                    | Year          |               |                               |                |   |                        |
|  | Partner/<br>Director | Manager       | Administrator | Assistants &<br>support staff |                |   |                        |
| Hourly rate (£)  | 625                  | 455           | 285           | 250                           |                |   |                        |
|  | Hours                |               |               |                               | Total<br>hours | Total<br>estimated<br>time costs<br>(£) | Average<br>hourly rate |
| Classification of work function  |                      |               |               |                               |                |   |                        |
| <b>Administration and planning</b>   |                      |               |               |                               |                |   |                        |
| Statutory returns, reports & meetings  | 10.00                | 25.00         | 15.00         | 2.00                          | 52.00          | 22,400.00                               | 430.77                 |
| Initial proposal/first meeting letters, including creditors  | 1.00                 | 3.00          | 5.00          | 2.00                          | 11.00          | 3,915.00                                | 355.91                 |
| Offering general, including bonding  | 1.00                 | 2.00          | 5.00          | 10.00                         | 18.00          | 5,460.00                                | 303.33                 |
| Job planning, review and progression, including monthly reviews and planning meetings, checklists and diary and any costs of extending the end of information  | 15.00                | 25.00         | 25.00         | -                             | 65.00          | 27,875.00                               | 428.85                 |
| Insurance & general asset protection   | -                    | 1.00          | 2.00          | -                             | 3.00           | 1,025.00                                | 341.67                 |
| Policy file and information management   | -                    | 0.50          | 2.00          | -                             | 2.50           | 797.50                                  | 319.00                 |
| Agents and advisors' charges   | 2.00                 | 2.00          | 1.50          | -                             | 5.50           | 2,587.50                                | 470.45                 |
| Director's charges for fee approval and signing  | 2.00                 | 2.00          | -             | -                             | 4.00           | 2,160.00                                | 540.00                 |
| <b>Investigations</b>  |                      |               |               |                               |                |   |                        |
| Director's correspondence & conduct questionnaires   | 1.00                 | 5.00          | 5.00          | -                             | 11.00          | 4,325.00                                | 393.18                 |
| Statutory books and accounting records review  | 5.00                 | 25.00         | 25.00         | -                             | 55.00          | 21,625.00                               | 393.18                 |
| Reportage to The Liquidation Unit  | 1.00                 | 5.00          | 5.00          | -                             | 11.00          | 4,325.00                                | 393.18                 |
| Investigation of liabilities and routes to asset recovery  | 35.00                | 50.00         | 25.00         | -                             | 110.00         | 51,750.00                               | 470.45                 |
| Asset tracing  | 5.00                 | 10.00         | 10.00         | -                             | 25.00          | 10,525.00                               | 421.00                 |
| Engagement of advisors and experts with relevant information and for verification  | 2.00                 | 5.00          | 2.00          | -                             | 9.00           | 4,095.00                                | 455.00                 |
| <b>Realisation of assets</b>   |                      |               |               |                               |                |   |                        |
| Commercial and recovery  | 1.00                 | 10.00         | 5.00          | -                             | 16.00          | 6,600.00                                | 412.50                 |
| Chartered assets   | 0.50                 | 2.00          | 1.00          | -                             | 3.50           | 1,507.50                                | 430.71                 |
| On estimates   | 35.00                | 50.00         | 15.00         | -                             | 100.00         | 48,900.00                               | 489.00                 |
| Contingent liabilities   | 10.00                | 15.00         | 10.00         | -                             | 35.00          | 15,925.00                               |                        |
| Unclaimed assets and advisors  | 10.00                | 15.00         | 5.00          | -                             | 30.00          | 14,500.00                               | 483.33                 |
| <b>Creditors</b>   |                      |               |               |                               |                |   |                        |
| Employees' claims, including with Redundancy Payments Service & tribunals  | 2.00                 | 3.00          | 5.00          | -                             | 10.00          | 4,040.00                                | 404.00                 |
| Employees' pension   | 5.00                 | 8.00          | 6.00          | -                             | 19.00          | 8,475.00                                | 446.05                 |
| Unsecured creditors  | 19.46                | 30.00         | 15.00         | -                             | 64.46          | 30,087.50                               | 466.76                 |
| <b>Forensics</b>   |                      |               |               |                               |                |   |                        |
| Forensic   | 5.00                 | 10.00         | 5.00          | -                             | 20.00          | 7,100.00                                | 355.00                 |
| <b>Total</b>   | <b>162.96</b>        | <b>293.50</b> | <b>189.50</b> | <b>14.00</b>                  | <b>659.96</b>  | <b>300,000.00</b>                       | <b>454.57</b>          |

| Windward Prospects Limited (In Administration)<br>Estimated expenses in accordance with Categories 1 & 2 (SIP 9) and payable to third parties *  |  |                  |
|--|--|------------------|
| Estimated expenses applicable to all cases   |  | Total            |
| Smallfile bond   |  | 140.00           |
| Statutory advertising costs  |  | 159.00           |
| <b>Case specific costs - where applicable</b>  |  |                  |
| Agents' fees   |  | 2,500.00         |
| Legal fees   |  | 50,000.00        |
| Storage costs  |  | 200.00           |
| SWAIFL   |  | 10,000.00        |
| SWAPP  |  | 10,000.00        |
| <b>Total</b>   |  | <b>72,999.00</b> |
| 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 electronic).
- 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

# V Revised fees and costs estimate

| Fee Estimate                                   | Partner             | Director/Associate Director | Manager           | Other Professionals | Support     | Total           | Cost                | Ave rate      |
|--|---------------------|-----------------------------|-------------------|---------------------|-------------|-----------------|---------------------|---------------|
|  | Hours               | Hours                       | Hours             | Hours               | Hours       | Hours           | £                   | £/hr          |
| <b>Administration &amp; planning</b>           |                     |                             |                   |                     |             |                 |                     |               |
| Statutory & Regulatory                         | 45.00               | 0.85                        | 175.00            | 288.01              | 0.00        | 508.86          | 227,989.10          | 448.04        |
| Case administration                            | 1400.00             | 4.67                        | 180.00            | 200.00              | 0.00        | 1,784.67        | 1,291,222.30        | 723.51        |
| Post appointment AML                           | 0.00                | 3.05                        | 0.00              | 18.95               | 0.00        | 22.00           | 7,789.50            | 354.07        |
| Administration & planning - other (legacy)     | 49.00               | 16.35                       | 25.60             | 178.85              | 0.00        | 269.80          | 119,496.50          | 442.91        |
| <b>Sub-total Administration &amp; planning</b> | <b>1494.00</b>      | <b>24.92</b>                | <b>380.60</b>     | <b>685.81</b>       | <b>0.00</b> | <b>2,585.33</b> | <b>1,646,497.40</b> | <b>636.86</b> |
| <b>Investigations</b>                          |                     |                             |                   |                     |             |                 |                     |               |
| Directors                                      | 75.00               | 3.00                        | 85.00             | 218.99              | 0.00        | 381.99          | 178,768.00          | 467.99        |
| Records and investigations                     | 55.00               | 5.20                        | 125.00            | 175.00              | 0.00        | 360.20          | 175,088.00          | 486.09        |
| Investigations, other (legacy)                 | 55.20               | 0.75                        | 4.45              | 28.15               | 0.00        | 88.55           | 55,792.50           | 630.07        |
| <b>Sub-total Investigations</b>                | <b>185.20</b>       | <b>8.95</b>                 | <b>214.45</b>     | <b>422.14</b>       | <b>0.00</b> | <b>830.74</b>   | <b>409,648.50</b>   | <b>493.11</b> |
| <b>Realisation of assets</b>                   |                     |                             |                   |                     |             |                 |                     |               |
| Investment properties                          | 26.00               | 6.00                        | 125.00            | 225.00              | 0.00        | 382.00          | 167,440.00          | 438.32        |
| Other assets                                   | 26.00               | 5.00                        | 106.96            | 175.00              | 0.00        | 312.96          | 140,923.91          | 450.30        |
| Legal actions (civil recoveries)               | 75.00               | 50.00                       | 76.50             | 110.00              | 0.00        | 311.50          | 173,400.00          | 556.66        |
| Realisation of assets, other (legacy)          | 28.25               | 2.05                        | 31.55             | 11.25               | 0.00        | 73.10           | 46,319.50           | 633.65        |
| <b>Sub-total Realisation of assets</b>         | <b>155.25</b>       | <b>63.05</b>                | <b>340.01</b>     | <b>521.25</b>       | <b>0.00</b> | <b>1,079.56</b> | <b>528,083.41</b>   | <b>489.17</b> |
| <b>Creditors</b>                               |                     |                             |                   |                     |             |                 |                     |               |
| Employees, Pensions & RPS                      | 40.00               | 0.30                        | 55.00             | 130.00              | 0.00        | 225.30          | 104,207.00          | 462.53        |
| Unsecured creditors (exc. Staff)               | 43.00               | 2.80                        | 125.00            | 152.27              | 0.00        | 323.07          | 157,012.00          | 486.00        |
| Creditors, other (legacy)                      | 16.40               | 1.65                        | 55.70             | 114.60              | 0.00        | 188.35          | 82,058.50           | 435.67        |
| <b>Sub-total Creditors</b>                     | <b>99.40</b>        | <b>4.75</b>                 | <b>235.70</b>     | <b>396.87</b>       | <b>0.00</b> | <b>736.72</b>   | <b>343,277.50</b>   | <b>465.96</b> |
| <b>Total hours</b>                             | <b>1,933.85</b>     | <b>101.67</b>               | <b>1,170.76</b>   | <b>2,026.07</b>     | <b>0.00</b> | <b>5,232.35</b> |                     |               |
| <b>Total £</b>                                 | <b>1,547,080.00</b> | <b>70,152.30</b>            | <b>702,453.91</b> | <b>607,820.60</b>   | <b>0.00</b> |                 | <b>2,927,506.81</b> |               |
| <b>Average rate</b>                            | <b>800.00</b>       | <b>690.00</b>               | <b>600.00</b>     | <b>300.00</b>       | <b>0.00</b> |                 |                     | <b>559.50</b> |

## Windward Prospects Limited - In Administration Estimated future expenses in accordance with Categories 1 & 2 expenses (SIP9 and payable to third parties)

| Case specific costs - where applicable   | Total £             |
|--|---------------------|
| Bonding  | 140.00              |
| Statutory advertising  | 300.00              |
| Legal fees   | 1,750,000.00        |
| Agents fees  | 300,000.00          |
| Storage costs  | 3,000.00            |
| Corporate Tax (internal)   | 60,000.00           |
| Forensics (internal)   | 40,000.00           |
| <b>Subtotal</b>  | <b>2,153,440.00</b> |
| <b>Category 2 expenses</b>   |                     |
| Employment Benefits Consultants  | 55,000.00           |
| Corporate Finance/ EPIM  | 80,000.00           |
| <b>Subtotal</b>  | <b>135,000.00</b>   |
| <b>Grand Total</b>   | <b>2,288,440.00</b> |
| 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. |                     |

# VI Staffing, charging, subcontractor and adviser policies and charge out rates

## Introduction

Detailed below are:

- Evelyn Partner LLP's policies in relation to:
  - Staff allocation and the use of subcontractors
  - Professional advisers including Evelyn Partners Financial Services Limited
  - Expense recovery
- Evelyn Partner LLP's and Evelyn Partners Financial Services Limited 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 or consultant as the 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 delegate tasks to suitable grades of staff, taking into account their experience and any specialist knowledge that is needed, and we supervise them properly to maximise the cost effectiveness of the work done. Anything complex or important matters of exceptional responsibility are handled by our senior staff or us.

All of our staff who work on the case (including our cashiers (which is centralised in London), support and secretarial staff) charge time directly to the assignment and are included in any analysis of time charged. Each grade of staff has an hourly charge-out rate which is reviewed from time to time. Time up to 31 July 2020 is recorded in units representing 3 minutes or multiples thereof. From 1 August 2020 time is recorded in 1-minute units or multiples thereof. The minimum time chargeable is one minute. We do not charge general or overhead costs.

This case is predominantly being conducted from the London office.

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. Any such arrangements will be reviewed periodically to ensure that best value and service continue to be obtained.

## 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 best value and service to the assignment.
- The expertise and experience of the service provider;
- The provider holds appropriate regulatory authorisations; and
- The professional and ethical standards applicable to the service provider.

Arrangements will be reviewed periodically to ensure that best value and service continue to be obtained.

External professional advisers are third party entities. The insolvency practitioners and their firm do not have any association with any external provider of services and therefore they do not fall within the definition of an associate as defined in Section 435 of the Insolvency Act 1986 and in Statement of Insolvency Practice 9. Payments to external professional advisers for the services they provide are therefore not a category 2 expense as defined in Statement of Insolvency Practice 9 and therefore do not require prior approval from the committee or creditors.

## **Payments to associates**

### **Evelyn Partners Employee Benefit Consultants a division of Evelyn Partners Financial Services Limited**

Evelyn Partners Financial Services Limited, through its Employee Benefits Consultancy division, provides specialist advice to insolvency practitioners on their appointment as the joint office-holders of insolvent estates in relation to all aspects of pensions. Evelyn Partners Financial Services Limited is a company associated with Evelyn Partners LLP and may be engaged to deal with the pension affairs of insolvent estates of which insolvency practitioners from Evelyn Partners LLP are appointed as the joint office-holders.

Payments to parties in which the joint office-holders or their firm have an interest must be disclosed to, and approved by, the committee or the creditors as a category 2 expense pursuant to Statement of Insolvency Practice 9. Consequently, details of the charge out rates for Evelyn Partners Financial Services Limited are set out below. Fees for their services are accrued on a time costs basis.

The unsecured creditors then rectified by creditors' committee approved EPFS's remuneration on a time costs basis under the joint administrators and their team's time costs at the onset of the administration. EPFS's time costs for the reporting period to 25 October 2023, are £39,105.50. This represents 114.70 hours at an average rate of £340.94 per hour. In the period covered by this report no funds have been paid to EPEBC.

## **EPIM**

EPIM were engaged to assist in the sale of the Company's TMC shares in the previous period. Their fees were drawn on a commission basis as part of the share sales, as disclosed in the Receipts and Payments account at Appendix I and as noted in the previous report. EPIM were also engaged in the early stages of the administration to provide very light internal advice on the realisation of the idio investment. As shown in Appendix III, their involvement was very minimal.

## **Expenses**

Category 1 expenses do not require approval by creditors. The type of expenses that may be charged as a Category 1 expense 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 Evelyn Partners LLP personnel in connection with the case.

Category 2 expenses 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 Evelyn Partners LLP's policy is to recover only one type of Category 2 expense, 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 expenses.

Details of any Category 2 expenses 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 Evelyn Partners LLP's charge out rates was issued to creditors at the time the basis of the administrators' remuneration was approved.

The rates applicable to the administration are set out below. Changes to the charge out rates during the period of this report were applied with effect from 1 January 2023.

| Evelyn Partners LLP<br>Restructuring & Recovery Services<br>Charge out rates | 1 July 2018<br>Rates<br>£/hr | 1 July 2019<br>Rates<br>£/hr | 1 July 2020<br>Rates<br>£/hr | 1 July 2021<br>Rates<br>£/hr | 26 October 2021<br>Complex Rates<br>£/hr | 1 July 2022<br>Complex Rates<br>£/hr | 1 January 2023<br>Complex Rates<br>£/hr |
|--|------------------------------|------------------------------|------------------------------|------------------------------|--|--------------------------------------|---|
| Partner / Director   | 450-520                      | 470-540                      | 495-570                      | 590-610                      | 944-976                                  | 1,040-1072                           | 1120-1,400                              |
| Associate Director   | 420                          | 440                          | 380-465                      | 395-530                      | 632-848                                  | 672-912                              | 704-976                                 |
| Managers   | 250-365                      | 270-380                      | 285-400                      | 290-430                      | 464-688                                  | 448-736                              | 544-900                                 |
| Other professional staff   | 170-320                      | 180-380                      | 125-465                      | 130-280                      | 208-448                                  | 328-480                              | 256-464                                 |
| Support & secretarial staff  | 90                           | 100                          | 105                          | 100-120                      | 160-192                                  | 160-192                              | 160-192                                 |

As per section 5, the rates above reflect the standard and complex rates charged throughout the administration.

### Notes

- Up to 31 July 2020 time is recorded in units representing 3 minutes or multiples thereof. From 1 August 2020 time is recorded in 1-minute units or multiples thereof.
- It may be necessary to utilise staff from both regional and London offices, subject to the requirements of individual cases.
- The firm's cashiering function is centralised and London rates apply. Up to 31 July 2020 the cashiering function time is incorporated within 'Other professional staff' rates. Following a change to our time reporting software, from 1 August 2020 the cashiering function time continues to be reported according to the seniority of staff undertaking the work in our time analyses and is split between 'Other professional staff', 'Managers' and 'Associate Director'.
- Partner includes a Consultant acting as an office-holder or in an equivalent role.

## VII Professional advisers

| Name of professional advisor               | Basis of fee arrangement | Initial estimate £ | B/F from previous period | Costs incurred in current period | Cumulative total £ | Estimate for future £ | Anticipated future total £ | Variance – initial to anticipated £ | Costs paid in current period £ | Total costs outstanding at period end £ |
|--|--------------------------|--------------------|--------------------------|----------------------------------|--------------------|-----------------------|----------------------------|-------------------------------------|--------------------------------|---|
| Kaur Maxwell Limited (legal advice)        | Hourly rate and expenses | 50,000.00          | 69,157.50                | 156,211.75                       | 1,088,904.43       | 411,095.57            | 1,500,000.00               | 1,450,000.00                        | 225,369.25                     | Nil                                     |
| Selborne Chambers (Counsel)                | Hourly rate and expenses | Nil                | Nil                      | Nil                              | 4,725.00           | 5,275.00              | 10,000.00                  | 10,000.00                           | Nil                            | Nil                                     |
| Guildhall Chambers (Counsel)               | Hourly rate and expenses | Nil                | 3,570.00                 | 18,180.00                        | 75,005.00          | 49,995.00             | 125,000.00                 | 125,000.00                          | 21,750.00                      | Nil                                     |
| Dentons Canada LLP (Legal advice)          | Hourly rate and expenses | Nil                | Nil                      | Nil                              | 1,164.68           | 8,835.32              | 10,000.00                  | 10,000.00                           | Nil                            | Nil                                     |
| Erskine Chambers (Counsel)                 | Hourly rate and expenses | Nil                | Nil                      | 2,760.00                         | 3,160.00           | 21,840.00             | 25,000.00                  | 25,000.00                           | 2,760.00                       | Nil                                     |
| Radcliffe Chambers (Counsel)               | Hourly rate and expenses | Nil                | Nil                      | 450.00                           | 450.00             | 9,550.00              | 10,000.00                  | 10,000.00                           | 450.00                         | Nil                                     |
| Cenkos (valuation and stock market advice) | Hourly rate and expenses | Nil                | Nil                      | Nil                              | 165,000.00         | 20,000.00             | 185,000.00                 | 185,000.00                          | Nil                            | Nil                                     |
| Capital Alliance Corporation               | Hourly rate and expenses | 1,250.00           | Nil                      | Nil                              | 5,137.86           | 9,862.14              | 15,000.00                  | 13,750.00                           | Nil                            | Nil                                     |
| Alton Alexander Ltd                        | Hourly rate and expenses | 1,250.00           | Nil                      | Nil                              | 8,290.00           | 6,710.00              | 15,000.00                  | 13,750.00                           | Nil                            | Nil                                     |



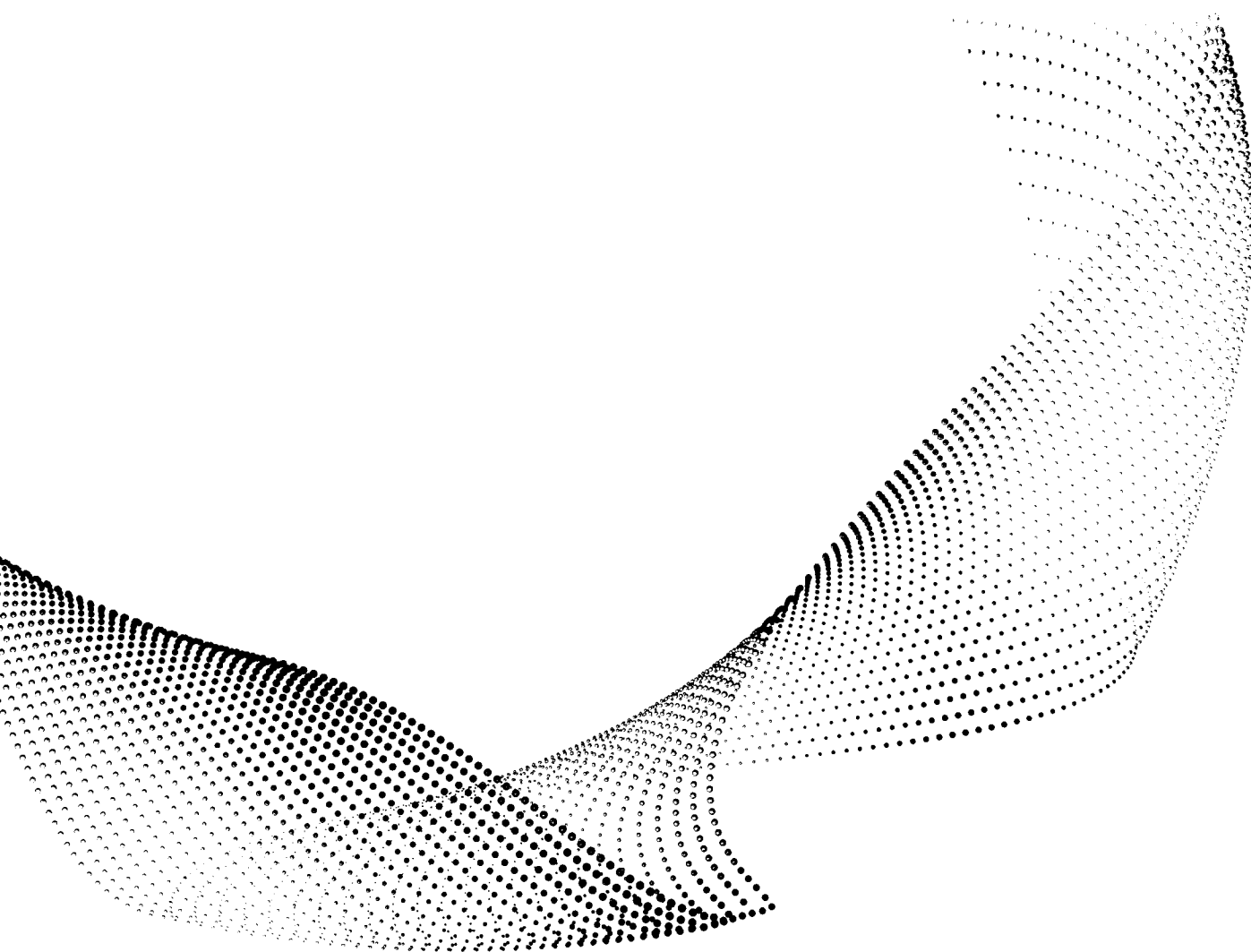
| Name of professional advisor  | Basis of fee arrangement | Initial estimate £ | B/F from previous period | Costs incurred in current period | Cumulative total<br>£ | Estimate for future £ | Anticipated future total £ | Variance – initial to anticipated £ | Costs paid in current period £ | Total costs outstanding at period end<br>£ |
|-------------------------------|--------------------------|--------------------|--------------------------|----------------------------------|-----------------------|-----------------------|----------------------------|-------------------------------------|--------------------------------|--|
| PDT Solicitors (legal advice) | Hourly rate and expenses | Nil                | Nil                      | 19,995.00                        | 39,989.50             | 5,010.50              | 45,000.00                  | 45,000.00                           | 19,995.00                      | Nil  |
| Greyhawk Intelligence Group   | Fixed rate and expenses  | Nil                | Nil                      | 12,000.00                        | 12,000.00             | 8,000.00              | 20,000.00                  | 20,000.00                           | Nil                            | 12,000.00                                  |
| Hoskins Associates Ltd        | Fixed rate and expenses  | Nil                | Nil                      | 4,650.00                         | 4,650.00              | 5,350.00              | 10,000.00                  | 10,000.00                           | 4,650.00                       | Nil  |
| <b>Total</b>                  |                          | <b>52,500.00</b>   | <b>72,727.50</b>         | <b>214,246.75</b>                | <b>1,408,476.47</b>   | <b>561,523.53</b>     | <b>1,970,000.00</b>        | <b>1,917,500.00</b>                 | <b>256,974.25</b>              | <b>12,000.00</b>                           |

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

## VIII The joint administrators' expenses

| Description  | Initial /<br>revised<br>estimate £ | B/F from<br>previous<br>period | Costs incurred<br>in current<br>period | Cumulative<br>total<br>£ | Estimate<br>for future<br>£ | Anticipated<br>future total £ | Variance –<br>initial to<br>anticipated £ | Costs paid in<br>current<br>period £ | Total costs<br>outstanding at<br>period end £ |
|--|------------------------------------|--------------------------------|--|--------------------------|-----------------------------|-------------------------------|---|--------------------------------------|---|
| Statutory Advertising  | 159.00                             | 81.45                          | Nil                                    | 81.45                    | 150.00                      | 231.45                        | 72.45                                     | Nil                                  | 81.45   |
| Administrators' bonds  | 140.00                             | 140.00                         | Nil                                    | 140.00                   | Nil                         | 140.00                        | Nil                                       | Nil                                  | 140.00  |
| Court Fees   | Nil                                | 280.00                         | Nil                                    | 280.00                   | Nil                         | 280.00                        | 280.00                                    | Nil                                  | 280.00  |
| 'Storage costs   | 200.00                             | Nil                            | Nil                                    | 468.46                   | 4,691.70                    | 5,000.00                      | 4,800.00                                  | 160.16                               | Nil   |
| Control Risks Group<br>(Data Hosting)                        | Nil                                | Nil                            | 5,824.72                               | 37,631.07                | 6,368.93                    | 44,000.00                     | 44,000.00                                 | 4,368.54                             | 1,456.18                                      |
| Frontier Financial<br>Partners GmbH<br>(Investment facility) | Nil                                | Nil                            | 5,824.72                               | 47,500.00                | Nil                         | 47,500.00                     | 47,500.00                                 | Nil                                  | Nil   |
| <b>Total</b>   | <b>499.00</b>                      | <b>501.45</b>                  | <b>53,324.72</b>                       | <b>86,100.98</b>         | <b>11,210.63</b>            | <b>97,151.45</b>              | <b>96,652.45</b>                          | <b>4,528.70</b>                      | <b>1,957.63</b>                               |

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



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