

The Insolvency Act 1986
The Investment Bank Special
Administration Regulations
2011

Joint Special Administrator's progress report

Name of Company

Strand Capital Limited

Company number

03747386

In the
High Court of Justice, Chancery Division,
Companies Court

(full name of court)

Court case number
CR-2017-003691

(a) Insert full
name(s) and
address(es) of
administrator(s)

We (a)
Adam Henry Stephens
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25 Moorgate
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Joint Special Administrator(s) of the above company attach a progress report for the period

From

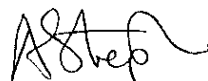
To

(b) Insert date

(b) 17 December 2018

(b) 16 May 2019

Signed



Joint Special Administrators

Dated

14 June 2019

TUESDAY



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Strand Capital Limited (in special administration)

Joint special administrators' progress report
for the period 17 November 2018 to 16 May 2019

14 June 2019



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1. Glossary

Abbreviation	Description
Company / Strand	Strand Capital Limited (in special administration)
JSAs / we	The joint special administrators, being Adam Henry Stephens and Henry Anthony Shinnars of Smith & Williamson LLP and Virgil Harsham Levy of LA Business Recovery Limited
Bar Date	31 October 2018, being the date by which all Client's were required to agree their Client Statement, i.e. their claim in the special administration for Client assets
CASS	FCA "Client Assets Sourcebook" rules
Client(s)	Strand has two categories of Client: <ul style="list-style-type: none"> i. 65 individuals or corporate entities; and ii. 11 trustees, managers, operators or administrators of SIPPs or other pension schemes, also known as scheme claimants.
Client assets	Both Client Custody Assets and Client Monies
Client Custody Assets	Assets which Strand has undertaken to hold for a Client within the meaning of section 232(4) of the Banking Act 2009, and which does not include Client Monies
Client Money Pool	Pool of Client Monies that was formed when the special administration of Strand triggered a primary pooling event, pursuant to CASS
Client Monies	Money, of any currency, that Strand has received or holds for or on behalf of a Client, in accordance with CASS
Client Statement	A statement of Client Custody Assets and/or Client Monies that form the basis of each Client's claim for Client assets
Committee	Client and Creditors' Committee of Strand
Distribution Plan	Distribution Plan prepared pursuant to Part 5 of the Rules, as approved by the Court under Rule 146(5)
FCA	Financial Conduct Authority
FSCS	Financial Services Compensation Scheme
HMRC	HM Revenue & Customs
IA86	Insolvency Act 1986 If preceded by S this denotes a section number
IFA	Independent Financial Advisor
OWG	Optima Worldwide Group Plc
Regulations	The Investment Bank Special Administration Regulations 2011 as amended by The Investment Bank (Amendment of Definition) and Special Administration (Amendment) Regulations 2017
Rules	The Investment Bank Special Administration (England and Wales) Rules 2011
Scheme Members	The underlying beneficiaries of schemes, being SIPPs or other pension schemes. The total number of Scheme Members for whom Client Custody Assets are held by Scheme Claimants is 2,106.
SIP	Statement of Insolvency Practice (England & Wales)
SIPP	Self-Invested Personal Pension

2. Introduction

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

This report provides an update on the progress in the special administration for the Company for the six month period ending 16 May 2019 and should be read in conjunction with the JSAs' proposals dated 6 July 2017 and our previous six monthly progress reports.

Appendix I contains information in respect of the Company and the JSAs that is required under the Rules.

2.1 Key points to note

This is the six monthly progress report of the special administration of the Company. The key developments within the period are as follows:

- The JSAs paid a first interim distribution of all Client Monies claims of 65 pence in the pound (i.e. 65% of Clients' Client Monies claim balances) at the beginning of April 2019. This distribution was paid from the Client Money Pool automatically created as a result of the special administration of Strand. The distribution is calculated on each Client's total Client Monies claim balance, which is the first balance on Clients' Statements of Claim. For those Clients holding OWG bonds, the balance used excludes the December 2016 OWG coupon interest.
- Following the expiration of the Bar Date of 31 October 2018, the JSAs, in consultation with our advisors, drafted a Distribution Plan. This document details how Client Custody Assets will be returned to Clients and how the costs arising in relation to the Client Custody Assets will be settled. A copy of the Distribution Plan can be found at <https://smithandwilliamson.com/strand-capital-limited>.
- The Committee approved the Distribution Plan on 28 February 2019.
- A letter dated 5 March 2019 was sent to all of Strand's Clients with Client Custody Assets to advise them that the Distribution Plan was available on our website. This letter also sought details from all Clients for where they would like their Client Custody Assets to be sent. To date, 68% of all Clients, by number, have provided details of where their Client Custody Assets should be sent.
- A court hearing took place on 2 April 2019 at which Mr Justice Henry Carr approved the Distribution Plan.
- A key part of the Distribution Plan was to resolve how the costs arising in relation to Client Custody Assets would be settled. It was determined that the most equitable way to apportion costs was as a fixed cost per Client, or Scheme Member, capped at the lesser of either the value of each Client's Custody Assets (valued at 17 May 2017) or £2,250.
- As almost all Clients are eligible to receive compensation from the FSCS, an agreement has been put in place between the FSCS and the JSAs whereby the FSCS will settle the costs for eligible Clients and Scheme Members arising in relation to each Client's Client Custody Assets claim directly with the JSAs. These costs will be paid by the FSCS once the JSAs have returned each Client's, or Scheme Member's, Client Custody Assets to them. This means that the JSAs can return Client Custody Assets in full.
- Following formal approval of the Distribution Plan, the JSAs have now commenced the return of Client Custody Assets. Instructions for the first tranches of distributions have been issued. The first distributions have focused on Client Custody Assets held with FNZ (UK) Limited ("FNZ") and Global Prime Partners Limited ("GPP").
- The JSAs are currently working to return all Client Custody Assets as soon as reasonably possible.
- We have also responded to a very large number of Client and Scheme Member telephone calls and emails during the period of this report.

3. Progress of the special administration

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

3.1 Objective 1- To ensure the return of Client assets

3.1.1 Overview of current Client position

As noted in our previous progress reports, at the date of appointment the Company's own reconciliation (last undertaken on 22 March 2017) showed that Strand had responsibility for:

- 134 million units of investments; and
- Client Monies of circa £12 million.

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

In September 2018 the JSAs set a Bar Date of 31 October 2018 and issued all of Strand's Clients with Statements of Claim. The Statements of Claim set out the Client Monies and Client Custody Assets that we believed each Client was entitled to claim. Clients were asked to either approve their Statement of Claim or provide details of why they believed it was incorrect.

All of Strand's Clients, bar one corporate Client, approved their Statement of Claim by 31 October 2018.

The Rules then require that the JSAs let a period of 3 months elapse before they could distribute Client Custody Assets. The Distribution Plan is a formal document that details how Client Custody Assets will be returned to Clients, as well as how the costs arising since the special administration in relation to those assets will be settled.

As the Distribution Plan is a formal legal document, the JSAs also provided an Explanatory Statement. This gives an explanation of the structure and terms of the Distribution Plan in a more accessible format. Both of these documents can be found on our website <https://smithandwilliamson.com/strand-capital-limited> where they were first made available in draft format on 5 March 2019

On 28 February 2019 the Committee approved the Distribution Plan.

An application to court was made for formal approval of the Distribution Plan, and a hearing date of 2 April 2019 was obtained.

At the hearing Mr Justice Henry Carr heard the submissions of the JSAs legal counsel, and subsequently approved the Distribution Plan.

As previously noted, since the commencement of the special administration various costs have arisen in relation to the reconciliation, maintenance and distribution of Client Custody Assets. It has been determined that the most equitable way to apportion these costs is as a fixed fee per Client, or underlying Scheme Member, as applicable. This fixed fee is capped at the lesser of either:

- the value of each Client's, or Scheme Member's, Client Custody Assets at 17 May 2017; or
- £2,250.

The JSAs have put in place an agreement with the FSCS ("Funding Agreement") whereby the FSCS will pay compensation to cover these costs for all Client's, or Scheme Member's, who are eligible to receive compensation. This comprises over 99.5% of Client's and/or Scheme Member's. This means that almost all Clients are eligible to receive their Client Custody Assets back in full.

3.2 Return of Client assets

Client Custody Assets

In March 2019 the JSAs wrote to all Clients who have a claim for Client Custody Assets to provide details of the Distribution Plan and a form to be completed to provide instructions for where their Client Custody Assets should be sent. 68% of Clients have provided their instructions to date.

The JSAs have now commenced the process of returning Client Custody Assets. This process is ongoing, and the JSAs are working to return Client Custody Assets as soon as possible.

Client Monies

At the beginning of April 2019 the JSAs paid a first interim distribution of 65 pence in the pound (i.e. 65%) of Client Monies claim balances from the Client Money Pool automatically created as a result of the special administration of Strand.

The distribution is calculated on each Client's total Client Monies claim balance, which is the first balance on Clients' Statements of Claim. For those Clients holding OWG bonds, the balance being used excludes the December 2016 OWG coupon interest.

The JSAs believe that OWG owes bondholders £491,836.24 in relation to the December 2016 bond coupon interest. The JSAs continue to pursue resolution to this matter so that each Client's Monies claim balance can be finally determined.

As nearly all of Strand's Clients have received compensation from the FSCS in respect of their Client Monies claim, most of this interim distribution was paid directly to the FSCS. For those Clients who have not already been compensated in full for their Client Monies claim balance by the FSCS, the FSCS made a further payment to the Client following payment of this distribution.

The JSAs anticipate that there will be a further distribution to Clients in relation to their Client Monies claim. However, it is not possible to predict the quantum and timing of this distribution at this stage.

3.2.1 Insurance

As stated in our previous report, the Company maintained an Investment Managers Insurance Policy, which provided a range of covers. This policy expired on 28 June 2017, but an extension to the policy was funded by a third party.

The policy was extended to potentially provide an alternative source of recovery to creditors and/or Clients.

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

3.2.2 Monies owed to the Company from Client assets

Management fees of £121,911 are owed to the Company for the period 1 January to 22 March 2017. Fees have not been charged after this date as Strand effectively ceased to provide services to Clients at that time.

Should the December 2016 OWG coupon shortfall be found to be Strand's liability as claimed by OWG, then the Client Monies shortfall will exceed the management fees. In this event the management fees will not be paid to the Company. However, should the JSAs position be validated, these management fees may be drawn.

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

Since appointment we have liaised closely with the FCA and FSCS, and both bodies receive regular updates from the JSAs.

The Company remains an FCA regulated entity, albeit with no current authority to trade.

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

The JSAs concluded that a sale of the company as a going concern is not possible, and are winding it up in the best interests of creditors.

3.5 Receipts and payments account

A summary of our receipts and payments accounts for the period 17 November 2018 to 16 May 2019 is attached at Appendix II. These accounts include cumulative figures from 17 May 2017 to 16 May 2019.

Company assets and Client assets have been shown separately.

3.5.1 Company/house receipts

The sole receipt during the period is in relation VAT refunds. This total is received in relation to VAT suffered on the payments from the company/house account, Client Monies costs and Client Custody Assets costs.

3.5.2 Client Monies receipts

Whilst there have been certain post pooling receipts received in the period in relation to Client Custody Assets, these have been maintained and dealt with separately from the Client Money Pool. Therefore, no additional receipts are shown on the Client Monies receipts and payments account.

3.5.3 Client Custody Assets receipts

During the period funding was received from the FSCS in relation to costs arising from reconciling, maintaining and distributing Client Custody Assets, per the terms of the Funding Agreement and the Distribution Plan. This initial funding was an advance to settle initial costs already incurred and anticipated costs.

4. Investigations

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

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

Investigations into matters brought to our attention and more generally in relation to the demise of the Company continue. Should any creditor, Client or other interested party have any additional information that might assist us with our investigations, please provide that information to us as soon as possible.

5. Pre-special administration costs and expenses

Detailed below is a schedule of the JSAs' unpaid pre-special administration time costs, and our advisers' costs, in relation to the pursuit of objectives 2 & 3.

Unpaid pre-special administration costs in pursuit of objectives 2 & 3	
Charged by/service(s) provided	£
Smith & Williamson LLP - Time Costs	43,769.25
LA Business Recovery Limited - Time Costs	16,510.54
Foot Anstey LLP - Legal Advice	-
Pinsent Masons LLP - Legal Advice	13,543.50
Total	73,823.29

Details of how these costs were incurred were provided in our JSAs' proposals.

The creditors' committee approved a resolution to enable the JSAs to draw these costs, as and when funds permit. However, to date these costs remain unpaid as there are insufficient Company/house assets to settle all outstanding costs and expenses.

6. Joint special administrators' remuneration

The JSAs are entitled to receive remuneration for work undertaken in respect of:

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

The basis of the JSAs' remuneration has been approved, by the Committee, for their time properly incurred in attending to matters in the special administration.

The Committee approved this basis on 6 September 2017.

Further information about the JSAs' time costs incurred in the period of this report can be found at appendix IV. You should note that both Smith & Williamson's (S&W) and LA Business Recovery's (LABR) time costs have been shown separately. Both firms' time costs have also been analysed by whether the time spent was in pursuit of objective 1 or objectives 2&3.

Also provided at appendix V are cumulative time costs analyses for all time spent from 17 May 2017 to 16 May 2019. The JSAs' time costs are summarised as follows:

Objective	Firm	Period	Hours	Total cost £	Average hourly rate £	Fees drawn £
1	S&W	17 May 2017 - 16 November 2017	1,253.55	473,833.75	377.99	-
1	S&W	17 November 2017 - 16 May 2018	489.10	199,218.75	407.32	344,735.25
1	S&W	17 May 2018 - 16 November 2018	1,363.70	621,026.50	455.40	-
1	S&W	17 November 2018 - 16 May 2019	831.55	383,491.50	461.18	734,148.25
			3,937.90	1,677,570.50		1,078,883.50
1	LABR	17 May 2017 - 16 November 2017	124.06	67,276.10	542.29	-
1	LABR	17 November 2017 - 16 May 2018	131.77	71,127.20	539.78	39,214.50
1	LABR	17 May 2018 - 16 November 2018	2.60	1,456.00	560.00	-
1	LABR	17 November 2018 - 16 May 2019	25.20	14,112.00	560.00	69,463.29
			283.63	153,971.30		108,677.79
Objective 1 total			4,221.53	1,831,541.80		1,187,561.29
2&3	S&W	17 May 2017 - 16 November 2017	435.15	172,818.38	397.15	-
2&3	S&W	17 November 2017 - 16 May 2018	395.40	144,874.52	366.40	-
2&3	S&W	17 May 2018 - 16 November 2018	421.75	159,520.75	378.24	-
2&3	S&W	17 November 2018 - 16 May 2019	150.45	69,172.75	459.77	50,000.00
			1,402.75	546,386.40		50,000.00
2&3	LABR	17 May 2017 - 16 November 2017	50.19	27,296.40	543.86	-
2&3	LABR	17 November 2017 - 16 May 2018	38.90	21,398.50	550.09	-
2&3	LABR	17 May 2018 - 16 November 2018	2.90	1,588.00	547.59	-
2&3	LABR	17 November 2018 - 16 May 2019	12.50	5,646.25	451.70	18,932.15
			104.49	55,929.15		18,932.15
Objective 2 total			1,507.24	602,315.55		68,932.15
Total time costs incurred			5,728.77	2,433,857.35		1,256,493.44

Note: costs incurred are shown net of VAT

In February 2019 the Committee provided approval for the JSAs and their advisors to draw remuneration for their time costs incurred to 16 November 2018. These time costs have been partially drawn, as shown above.

The JSAs have drawn £1,187,561.29 plus VAT against their objective 1 time costs to date. These are further broken down as:

- £539,996.60 in relation to the Client Monies; and
- £647,564.69 in relation to Client Custody Assets.

The costs drawn in relation to Client Monies have been drawn from the Client Money Pool in accordance with the relevant provisions of CASS.

The costs drawn in relation to Client Custody Assets have been drawn against funding from the FSCS, in line with the Funding Agreement and the terms of the Distribution Plan, as detailed in section 3.1 above.

The JSAs have also drawn remuneration from the company/house estate of £68,932.15.

A creditors' and Clients' guide to special administrators' fees can be found on the website www.ips-docs.com. Should you require a paper copy please email strandcapital@smithandwilliamson.com or telephone 020 7131 4452 and it will be sent to you at no cost.

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

6.1 Details of the reapportionment of costs between objectives and the split of objective 1 costs between Client Monies and Client Custody Assets

As previously outlined in our progress reports, the JSAs and our advisors have split our costs incurred between Objective 1 tasks and Objectives 2 & 3 tasks.

It is our intention that:

- i. Objective 1 costs will be settled from Client assets; and
- ii. Objectives 2 & 3 costs will be settled from company/house assets.

However, some of the tasks that were described in previous Progress Reports as Objectives 2 & 3 tasks were undertaken solely to further the return of Client assets, i.e. Objective 1.

Therefore, we have undertaken an exercise to analyse the costs incurred by both the JSAs and our advisors and reapportion Objectives 2 & 3 costs to Objective 1 as appropriate, depending on the task undertaken.

We have then undertaken a further analysis of Objective 1 costs incurred to split these between costs incurred in relation to Client Monies and costs incurred in relation to Client Custody Assets.

It is our intention that:

- i. Objective 1 costs incurred in relation to Client Monies will be settled from the Client Money Pool; and
- ii. Objective 1 costs incurred in relation to Client Custody Assets will be settled from Client Custody Assets (which for almost all Clients will be paid as compensation from the FSCS).

An analysis of this reapportionment of time costs can be seen below.

	Smith & Williamson LLP £	LA Business Recovery Limited £	Foot Anstey LLP £	Pinsent Masons LLP £
Time costs incurred - as previously reported				
Objective 1 time costs incurred - 17 May 2017 - 16 May 2019	1,677,570.50	153,971.30	294,683.09	14,535.00
Objectives 2 & 3 time costs incurred - 17 May 2017 - 16 May 2019	546,386.40	55,929.15	14,094.00	118,017.60
Total costs incurred - 17 May 2017 - 16 May 2019	2,223,956.90	209,900.45	308,777.09	132,552.60
<i>Objectives 2 & 3 costs reapportioned to Objective 1</i>	286,519.56	19,939.33	-	85,059.00
Restated time costs incurred				
Objective 1 time costs incurred - 17 May 2017 - 16 May 2019	1,964,090.06	173,910.63	294,683.09	99,594.00
Objectives 2 & 3 time costs incurred - 17 May 2017 - 16 May 2019	259,866.84	35,989.82	14,094.00	32,958.60
	2,223,956.90	209,900.45	308,777.09	132,552.60
Objective 1 time costs apportioned between Client Monies & Client Custody Assets				
Objective 1 - Client Monies	553,440.56	61,533.79	138,361.59	18,833.23
Objective 1 - Client Custody Assets	1,410,649.50	112,376.83	156,321.50	80,760.78
	1,964,090.06	173,910.62	294,683.09	99,594.01

Note: the above figures exclude disbursements and VAT

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

The tasks undertaken by the joint administrators' respective firms' can be broadly outlined as follows:

S&W have undertaken the following functions in regard to the special administration:

- Taking control of all Client and Company assets, maintaining Client and Company monies in bank accounts and custodian services for the OWG bonds. Reviewing and arranging renewal of key Company services to be maintained post special administration, including insurance;
- A specialist Assurance & Business Services team undertaking the reconciliation of all Client Monies and assets and responsible for preparing Client CASS statements;
- A specialist forensic team have ensured all identified Company and Client data is captured and stored, as required;
- Liaison with Clients, creditors and other stakeholders of the Company in regard to notification of appointment and all other matters such as Client Monies and Client Custody Asset reconciliation and the return of Client Monies and Client Custody Assets, including the Bar Date notices and drafting of the Distribution Plan;
- Arranging and attending meetings with key Company personnel and stakeholders, including the Committee the FCA and FSCS;
- 3rd party verification of underlying Clients data and Client statements for the Client Monies and Client Custody Assets Bar Dates;
- Establishing compensation payment process with the FSCS;
- Liaising with Strand's Clients to establish claim balances for Client Monies and Client Custody Assets, and then to obtain details for where distributions should be paid;
- Liaising with legal advisors and counsel to produce the Distribution Plan, Explanatory Statement and accompanying schedules, and further attendance with the Committee and Court to obtain approval of it;
- Principal point of contact relating to Client queries, information requests and DSARs; and
- All administrative tasks required by statute, including statutory filing and liaison with regulatory bodies. Including statutory HMRC filings in respect of the Company.

LABR have undertaken the following functions in regard to the special administration:

- Notifying HMRC of appointment;
- Liaison with certain Clients and creditors of the Company;
- Liaison with certain of the Company's former professional advisers;
- Attending meeting with former key Company personnel and stakeholders, including the Committee the FCA and FSCS; and
- In respect of the majority of matters above, consulted, considered and made decisions alongside the S&W JSAs, as appropriate for the progression of this case.

7. Special administration expenses

7.1 Professional advisors

Foot Anstey LLP and Pinsent Masons LLP have both been engaged to provide legal advice. Both legal advisors are remunerated on a time incurred basis.

In the six month period of this report, Foot Anstey LLP provided advice and assistance to the JSAs in relation to drafting the Distribution Plan, preparing submissions to court and counsel and dealing with the ongoing OWG bond coupon dispute in order to resolve the final Client Money Pool balance.

Pinsent Masons LLP have provided advice and assistance to the JSAs in relation to the ongoing insurance claim.

Their costs incurred in the six month period, and to date during the special administration, are shown below.

Please note that the disbursements incurred in the period by Foot Anstey LLP include counsel's fees incurred in relation to drafting the Distribution Plan, preparing court submissions and attending court of £68,465.

Firm	Expense type	Objective	Costs incurred from 17/11/18 to 16/05/19 £	Total costs £	Costs paid to date £	Costs outstanding £
Foot Anstey LLP	Legal advice	1	152,807.00	294,683.09	141,876.09	152,807.00
Foot Anstey LLP	Disbursements	1	69,501.53	70,443.23	774.70	69,668.53
Pinsent Masons LLP	Legal advice	1	-	14,535.00	99,594.00	(85,059.00) *
Pinsent Masons LLP	Disbursements	1	-	14,670.01	14,670.01	-
Foot Anstey LLP	Legal advice	2&3	1,070.00	14,094.00	7,814.40	6,279.60
Foot Anstey LLP	Disbursements	2&3	-	68.40	68.40	-
Pinsent Masons LLP	Legal advice	2&3	11,430.00	118,017.60	12,916.80	105,100.80 *
Pinsent Masons LLP	Disbursements	2&3	-	6.20	6.20	-
Total			234,808.53	526,517.53	277,720.60	248,796.93

Note: costs incurred are shown net of VAT

** See section 6.1 of this progress report for further information about reapportionment of costs*

7.2 Joint special administrators' disbursements

To date the JSAs have incurred total disbursements of £37,953.83. Of these costs, £17,771.65 have been settled to date and £20,182.18 remain outstanding.

In our proposals we sought approval of our category 2 disbursements for custodian services provided Smith & Williamson Investment Services Limited ("SWISL") in relation to the OWG Bonds. However, SWISL have confirmed they will not levy charges for this service.

To retrieve some of the Company's electronic records we have enlisted the services of our forensic technologies department. As we frequently need to search this data we have had to maintain it on a live system. The software and data usage is incurring a monthly charge to the special administration.

The use of Smith & Williamson's forensic systems and software are classified as category 2 disbursements, so the JSAs have sought approval from the Committee prior to paying these disbursements.

To date the following fees have been incurred, both of which are in relation to objective 1 (Client Monies) and objectives 2 & 3:

- Data Processor fees of £820, which has been paid in full;
- Data hosting fees of £6,150 of which £3,690 has been paid; and
- User fees of £750 of which £450 has been paid.

Prior to drawing any category 2 disbursements we sought approval from the Committee.

The following table shows the disbursements already incurred, and those incurred and paid in the period of this report. These have been apportioned by objective.

Description	Category 1 or 2	Already incurred £	Incurred in period £	Paid in period £	Outstanding at period end £
Objective 1 - Client Monies					
Postage	1	22.80	-	(22.57)	0.23
Travel and subsistence	1	357.09	-	(357.09)	-
Forensics - Data Process	2	820.00	-	(820.00)	-
Forensics - Data Hosting	2	1,845.00	-	(1,845.00)	-
Forensics - User Fees	2	225.00	-	(225.00)	-
Total disbursements		3,269.89	-	(3,269.66)	0.23
Objective 1 - Client Custody Assets					
Statutory advertising	1	4,470.45	-	(4,470.45)	-
Postage	1	1.50	252.55	(1.50)	252.55
Travel and subsistence	1	-	17.00	-	17.00
Forensics - Data Hosting	2	-	1,230.00	-	1,230.00
Forensics - User Fees	2	-	150.00	-	150.00
Strand Nominee Costs	1	2,673.00	227.00	(2,673.00)	227.00
Total disbursements		7,144.95	1,876.55	(7,144.95)	1,876.55
Objectives 2 & 3					
Statutory advertising	1	509.00	-	(509.00)	-
Storage	1	667.23	10.40	(667.23)	10.40
Postage	1	1,981.90	-	(1,981.90)	-
Bonding	1	858.34	-	(93.34)	765.00
Travel and subsistence	1	837.57	-	(837.57)	-
Insurance Fee - FSCS	1	16,150.00	-	-	16,150.00
Hall Hire	1	620.00	-	(620.00)	-
Postal Redirect	1	578.00	-	(578.00)	-
Forensics - Data Hosting	2	1,845.00	1,230.00	(1,845.00)	1,230.00
Forensics - User Fees	2	225.00	150.00	(225.00)	150.00
Total disbursements		24,272.04	1,390.40	(7,357.04)	18,305.40
Total Disbursements		34,686.88	3,266.95	(17,771.65)	20,182.18
Total Category 1 disbursements		29,726.88	506.95	(12,811.65)	17,422.18
Total Category 2 disbursements		4,960.00	1,380.00	(4,960.00)	1,380.00

Notes: Costs incurred are shown net of VAT

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

7.3 Policies regarding use of third parties and disbursement recovery

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

8. Estimated outcome for Clients and creditors

8.1 Clients

Based on the claims agreed by Clients on their Statements of Claim, the Client Money and Client Custody Assets position is as follows:

8.1.1 Return of Client Custody Assets (excluding Client Monies)

As outlined in section 3.2, the JSAs are returning Client Custody Assets, in full, to all Clients eligible to receive FSCS compensation.

For Client's not eligible to receive FSCS compensation, their Client Custody Assets are being returned to them, less the fixed costs apportioned to their holding.

8.1.2 Return of Client Money

As outlined in section 3.2, the JSAs have paid a first interim distribution from the Client Money Pool of 65 pence in the pound (i.e. 65%) of Client Monies claims.

By way of a combination of compensation from the FSCS and payment of this first interim distribution, 98.77% of Clients with a Client Monies claim have received their claim balance in full.

A further distribution is expected, although the quantum and timing of the distribution is not yet known.

8.1.3 FSCS claims

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

For eligible claims, the FSCS can pay up to £50,000 in compensation per Client. Once compensation has been paid by the FSCS, the FSCS assumes the benefit of the Client's claims in respect of Client Monies against the Company. This is done by way of an assignment (or subrogation) of rights in respect of Client Monies to the FSCS.

Almost all of Strand's Clients have received compensation from the FSCS.

8.2 Secured creditors

There are no secured creditors of the Company.

8.3 Preferential creditors

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

Based upon current information, it is uncertain whether there will be sufficient monies to settle the preferential claim in full.

8.4 Unsecured creditors

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

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

At present the JSAs consider it unlikely there will be sufficient asset realisations to enable a dividend to be paid to unsecured creditors of the Company and to Clients in respect of any shortfall in Client Custody Assets and Client Monies.

9. Outstanding matters

The following tasks remain outstanding, alongside other tasks to be undertaken, as required by statute and best practice. The JSAs will:

- continue to return Client Custody Assets to Clients who have provided details of where their assets should be transferred;
- contact Clients who have not yet provided details of where their Client Custody Assets should be transferred to obtain their instructions;
- pay a second and/or final distribution of Client Monies;
- continue to work with the FSCS to ensure that the remaining eligible Clients receive compensation from the FSCS;
- continue to try to resolve the position regarding the OWG bond coupon that was due in December 2016. Once this matter is resolved the JSAs will be in a position to pay a final distribution of Client Monies; and
- continue their investigations into matters brought to our attention and more generally in relation to the demise of the Company.

10. Privacy and data protection

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

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

11. Creditors' rights

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

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

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

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

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

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

Telephone: +44 300 678 0015

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

12. Next report

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

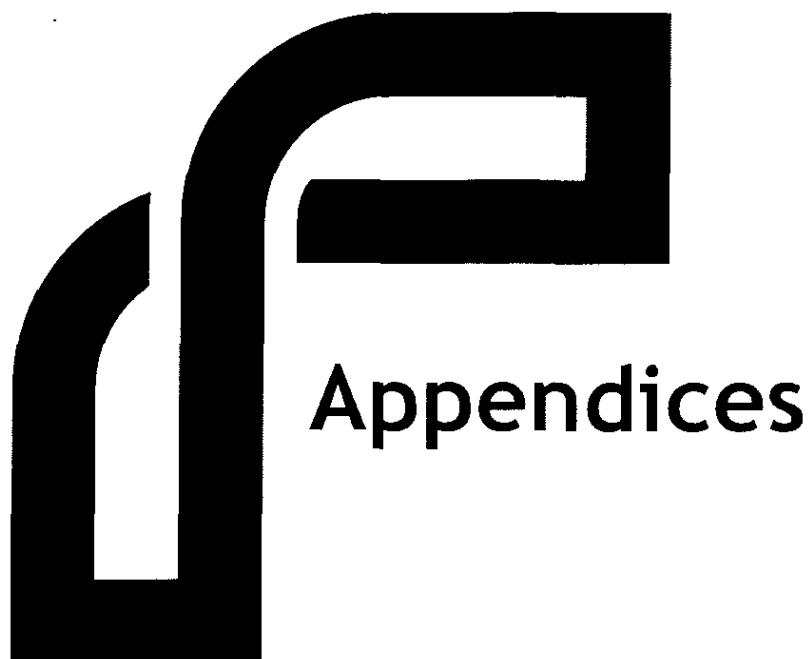
As detailed above, the JSAs will continue to distribute Client Custody Assets and Client Monies.

Updates to Clients will be provided, as and when appropriate, and uploaded to our webpage:
<https://smithandwilliamson.com/strand-capital-limited>.

Adam Stephens

On behalf of the Joint Special Administrators

Date: 14 June 2019



I Statutory information

Relevant Court	High Court of Justice, Chancery Division, Companies Court
Court Reference	CR-2017-003691
Trading Name(s)	Strand Capital or Strand
Trading Addresses	1 Tudor Street, London, EC4Y 0AH
Former Name(s)	London Capital Trading Limited (from June 2004 to February 2011) Curvalue Trading Limited (from June 2001 to June 2004) Interactive Clearing Services Limited (from April 1999 to June 2001)
Registered Office	25 Moorgate, London, EC2R 6AY (formerly: 1 Tudor Street, London, EC4Y 0AH)
Registered Number	03747386
Joint special administrators	Adam Henry Stephens and Henry Anthony Shinnars both of Smith & Williamson LLP, 25 Moorgate, London, EC2R 6AY and Virgil Harsham Levy of LA Business Recovery Limited, 1 Beasley Yard, 126 High Street, Uxbridge, Middlesex UB8 1JT (IP Nos. 9748, 9280 and 19090 respectively) In accordance with paragraph 100 (2) Schedule B1 of the Insolvency Act 1986 the Court order authorises the joint special administrators to act jointly and severally.
Date of Appointment	17 May 2017
Appointor	High Court of Justice upon the application of the Company acting by its sole director, Joseph Reginald Salisbury Egerton
Director	Joseph Reginald Salisbury Egerton
Company Secretary	Joseph Reginald Salisbury Egerton
Shareholder	Optima Worldwide Group Plc
Director's shareholding	N/A

II Receipts and payments account

Company/house receipts and payments account to 16 May 2019

Statement of Affairs £	From 17/11/2018 To 16/05/2019 £	From 17/05/2017 To 16/05/2019 £
ASSET REALISATIONS		
	Computer Equipment	250.00
Uncertain	Book Debts	-
Uncertain	VAT Refund	-
7,441.14	Cash at Bank	7,441.14
Uncertain	Management Fees	-
	VAT Recovery - Client Fund Payments	325,200.80
	Bank Interest Gross	69.38
	<u>192,691.27</u>	<u>332,961.32</u>
COST OF REALISATIONS		
	Specific Bond	93.34
	Special Administrators Fees - S&W	50,000.00
	Special Administrators Expenses - S&W - Category 2	2,070.00
	Special Admin' Fees - LABR	18,932.15
	Legal Expenses	74.60
	Legal Fees	20,731.20
	Special Administrators Expenses	1,457.57
	Postage	1,981.90
	Re-Direction of Mail	578.00
	Statutory Advertising	509.00
	Storage Costs	667.23
	<u>97,094.99</u>	<u>97,094.99</u>
PREFERENTIAL CREDITORS		
(84.50)	Employees Wage Arrears	-
UNSECURED CREDITORS		
(4,731.76)	Employees	-
(220,177.78)	Trade & Expense Creditors	-
(387,600.00)	Ordinary Shareholders	-
<u>(605,152.90)</u>	<u>95,596.28</u>	<u>235,866.33</u>
REPRESENTED BY		
	VAT Control Account	55,144.89
	VAT Receivable	156,965.38
	Interest Bear - NIB 17.10.18	23,756.06
		<u>235,866.33</u>

Notes and further information required by SIP 7

- Company bank accounts became non-interest bearing on 17 October 2018, due to a Bank decision.
- 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.

Client Monies receipts and payments account to 16 May 2019

Statement of Affairs	From 17/11/2018 To 16/05/2019	From 17/05/2017 To 16/05/2019
£	£	£
CLIENT MONEY POOL		
Primary Pool - Natwest Bank Plc	-	3,944,469.66
Primary Pool - Natwest Bank Plc Interest	-	476.43
Primary Pool - Funds Held at Gallium	-	8,579,286.36
Primary Pool - Funds Held at Gallium Interest	-	775.66
12,484,175.74	-	12,525,008.11
ASSET REALISATIONS		
Bank Interest Gross	-	37.88
	-	37.88
COSTS ARISING IN RELATION TO CLIENT MONIES		
Pre-appointment Fees and Expenses:		
S&W	-	16,781.00
LABR	-	9,225.80
Pinsent Masons	-	89,334.00
Pinsent Masons - Disbursements	-	53,031.65
Foot Anstey	-	3,020.83
Post-appointment Fees and Expenses:		
Joint Administrators' Fees - S&W	136,583.56	481,318.81
Joint Administrators' Fees - LABR	19,463.29	58,677.79
Joint Administrators' Disbursements - Category 1 - S&W	379.66	379.66
Joint Administrators' Disbursements - Category 2 - S&W	2,890.00	2,890.00
Legal Fees	19,242.23	111,352.82
Legal Disbursements	70.70	15,444.71
VAT Recovery - Transfer to Company Account	35,725.89	168,235.42
	214,355.33	1,009,692.49
1st Distribution of Client Monies	8,141,442.16	8,141,442.16
12,484,175.74		3,373,911.34
REPRESENTED BY		
Metro Client Trust (Interest Bear) NIB - 17/10/18		37.88
Natwest Client CASS A/c		3,373,873.46
		3,373,911.34

Notes and further information required by SIP 7

- The JSAs' pre appointment costs and post appointment remuneration and costs have been drawn from the primary pool or Company accounts, in line with the approval obtained by the creditors' committee.
- Client Monies are held on a designated client account.
- Any post pooling receipts are not reported in the Client Monies accounts detailed above, but are maintained in a separate account.
- All client bank accounts are interest bearing, although interest is allocated to the account holding post pooling receipts.
- No foreign currency holdings are detailed above, although there is a further amount €6,158.08 held in a Company account.
- 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.

Client Custody Assets receipts and payments account to 16 May 2019

	From 17/11/2018 To 16/05/2019 £	From 17/05/2017 To 16/05/2019 £
COSTS LEVIED / FUNDED BY THE FSCS		
Advance from the FSCS	1,425,000.00	1,425,000.00
Bank Interest Gross	214.95	214.95
	<u>1,425,214.95</u>	<u>1,425,214.95</u>
COST ARISING IN RELATION TO CLIENT CUSTODY ASSETS		
Joint Administrators' Fees - S&W	597,564.69	597,564.69
Joint Administrators' Fees - LABR	50,000.00	50,000.00
Joint Administrators' Disbursements - Category 1 - S&W	7,144.95	7,144.95
Custodians' Fees & Costs	40,175.09	40,175.09
Legal Fees	130,117.27	130,117.27
Bank charges	16.80	16.80
VAT Recovery - Transfer to Company Account	156,965.38	156,965.38
	<u>981,984.18</u>	<u>981,984.18</u>
		<u><u>443,230.77</u></u>
REPRESENTED BY		
RBS Trust Account		<u><u>443,230.77</u></u>

Notes and further information required by SIP 7

- None of the investments held for Clients have been shown on the Client Custody Assets receipts and payments account.
- The JSAs' post appointment remuneration and costs have been drawn from the primary pool or Company accounts, in line with the approval obtained by the Committee.
- Funding received for costs arising in relation to Client Custody Assets are held in an interest bearing trust account with RBS.
- All amounts in the receipts and payments account are shown exclusive of any attributable VAT. Where VAT is not recoverable it is shown as irrecoverable VAT.

III Summary of Client Custody Assets

Clients' assets at 17 May 2017:

Asset Name	ISIN	Company records	Final reconciled and agreed holdings
Salpho Adventurous UCITS	IE00BYX95950	256,642.906	256,642.906
Salpho Conservative UCITS	IE00BYX95K61	235,267.816	235,267.816
BlackRock Gbl PrpSecEqTrk D Inc	GB00B848DD97	14,959.672	14,959.672
BlackRock GF IEmMkLCBd D3RFH £	LU0995345831	3,049.910	3,049.910
BlackRock Idx LnkD Gilt Trckr D Acc	GB00B83RVT96	17,197.254	17,197.254
BlackRock NthAmrcn EqTrk D Acc	GB00B7QK1Y37	9,592.346	9,592.346
BlackRock NURS II Global Equity D	GB00B8BTNJ16	11,332.897	11,332.897
Blueprint Industrial Engineering PLC	GB00BVYY5H66	994,981.000	994,981.000
Cherry Homes (Class A)	GB00BYQ65R15	47,722,473.000	47,722,473.000
Cherry Homes (Class B)	GB00BYQ66013	63,661,234.000	63,661,234.000
Elaine Securities PLC	GB00BWHC5D02	2,820,174.000	2,820,174.000
Euler	GB00BYP4YT17	1,058,983.000	1,058,983.000
Fidelity I Stg Cr + Bd Gr	GB00B19CHJ19	9,941.840	9,941.840
Invesco Perp Corporate Bd NT Gr Acc	GB00B8N46Z18	104,404.770	104,404.770
Investec Short Dtd Bd I Gr Acc GBP	GB00B94GN522	18,255.368	18,255.368
Kames Abslut Rtrn Bd C Acc GBP	IE00B6SLQ646	23,766.120	23,766.120
Lazard Emerging Markets S Acc	GB00B8QHFR21	23,936.254	23,936.254
M&G Short Dated Corp Bd I GBP	GB00B8JXBQ82	24,999.518	24,999.518
Minerva Lending	XS1481211412	2,097,000.000	2,097,000.000
Optima Worldwide Group PLC 8.0% (Series A)	GB00BCLYDR27	1,263.000	1,251.000
Optima Worldwide Group PLC 8.0% (Series C)	GB00BNY8CJ32	1,124.000	1,124.000
Optima Worldwide Group PLC 8.0% (Series D)	GB00BY7S2204	9,982,050.000	10,042,050.000
The Meredith Property Group PLC	GB00BY4K3J36	3,373,011.000	3,373,011.000
Vanguard Gbl Bd Index Hdg A £	IE00B50W2R13	1,782.910	1,782.910
Vanguard UK ST Inv Grd Bd Idx AE	IE00B9M1BB17	2,371.020	2,371.020
Vernon Property PLC	GB00BWHC5G33	1,608,835.000	1,608,835.000
Menasat Gulf Group Holdings PLC	Unlisted	-	37,509,586.000
Total Units:		134,078,628.601	171,648,202.601
Client money requirement (as calculated under CASS rules)		£12,643,295.75	£12,525,301.55

The above schedule is a breakdown of the total number of units held of each class of Client Custody Asset, it is not an indication of the current value of any holdings.

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

IV Time analysis for the period

Overview

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

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

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

Objective	Firm	Hours	Total Costs £	Average hourly rate £
1	Smith & Williamson LLP	831.55	383,491.50	461.18
1	LA Business Recovery Limited	25.20	14,112.00	560.00
Total		856.75	397,603.50	
2&3	Smith & Williamson LLP	150.45	69,172.75	459.77
2&3	LA Business Recovery Limited	12.50	5,646.25	451.70
Total		162.95	74,819.00	

Please note that, as detailed in section 6.1, some of the time costs recorded as Objectives 2 & 3 costs have been reapportioned to Objective 1. This is to ensure that the correct class of assets bears the costs arising in relation to those assets.

Objective 1 - Smith & Williamson LLP's time costs from 17 November 2018 to 16 May 2019

Classification of work function	Hours					Total hours	Time cost	Average hourly rate
	Partner / Director	Associate director	Manager/ Assistant Manager	Other professional staff	Assistants & support staff			
Reconciliation work for the establishment of client assets data for individual client statement and pursuit of objective 1								
Work undertaken relating to CASS audit / reconciliation to establish client asset schedules and information for client statements	1.80	0.00	21.85	7.20	0.00	30.85	£12,687.00	£411.25
Identification of asset holdings								
Identification of assets, including liaising with custodians and financial institutions	0.00	0.00	0.75	0.00	0.00	0.75	£345.00	£460.00
Recovery and realisation of client assets								
Recovery and safeguarding of client assets	0.00	0.00	38.70	0.95	0.00	39.65	£16,521.50	£416.68
Reconciling post pooling client receipts	0.00	0.00	29.30	0.00	0.00	29.30	£11,710.50	£399.68
Client Specific matters								
Objective 2 tasks necessary to achieve objective 1	4.00	9.50	28.50	6.25	0.00	48.25	£22,609.00	£468.58
Agreeing claims and liaising with clients regarding their claim	0.00	0.00	6.25	104.40	0.00	110.65	£35,029.00	£316.57
Distribution of client assets / funds - Bar Date, client monies distribution & FSCS compensation	65.70	331.50	82.75	56.85	0.00	536.80	£271,621.50	£506.00
Liaising on client claims with instructed 3rd parties	0.00	0.00	13.70	20.25	0.00	33.95	£12,579.50	£370.53
Preparing statement to each client to agree their position	0.00	0.00	0.00	0.40	0.00	0.40	£124.00	£310.00
AML/Compliance								
AML - if done post appointment	0.00	0.00	0.30	0.00	0.00	0.30	£135.00	£450.00
Forensics								
Forensics	0.00	0.00	0.00	0.50	0.15	0.65	£129.50	£199.23
Total	71.50	341.00	222.10	196.80	0.15	831.55	£383,491.50	£461.18

Explanation of major work activities undertaken

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

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

- Review and assess guidance on statutory requirements relating to the reconciliation and impact on client statement reports.
- Protection of client's assets and records (including electronic) and the production of a workable client database and their holdings, including liaising with 3rd party custodians and SIPP providers to verify client holdings and details.
- Interrogation of data and systems, to identify individual client holdings and further information relating to ongoing correspondence with OWG on interest positions.
- Dealing with routine correspondence from Clients and custodians on queries raised on investment positions.

- Project team meetings, including JSAs' teams update meetings in respect of working points on information requirements for client statements and external verification of work undertaken.
- Review of physical books and records relating to client records.

Identification of asset holdings

- Correspondence with custodians establishing external verification of client data, and investigations in to additional client custody asset positions.

Recovery and realisation of client assets

- Liaising with known custodians and RBS in respect of the return of Client Custody Assets and Client Monies.
- Liaising with known custodians to ascertain their costs arising in relation to holding Client Custody Assets.
- Contact with relevant parties of reporting of post pooling transactions / receipts.
- Discussions with our legal advisors in relation to the OWG bond coupon shortfall.
- Ensuring regulatory reporting requirements are maintained.

Client specific matters

- Time spent liaising with Clients, Scheme Members and IFAs to provide information and updates by telephone and email.
- Providing updates for clients via our website, including FAQ documentation.
- Monitoring and responding to custodian, broker and banker queries and concerns relating to ongoing security and maintenance of funds and investments.
- Some of the costs incurred in relation to claims under the Company's insurance policy relating to the protection of client positions, professional indemnity and run off cover, and notification of existing claims and claims received post appointment under policies as required.
- Some of the costs involved in the responding to client specific DSAR correspondence.
- Work with legal advisors to draft the Distribution Plan, Explanatory Statement and other associated documents.
- Working with Clients and the FSCS to ensure all clients eligible to receive compensation have been notified to the FSCS to enable the claim process to commence.
- Writing to all Clients to notify them that the Distribution Plan is available on the website and seeking their instructions in relation to the return of Client Custody Assets.
- Recording all Client's responses for details of where Client Custody Assets should be sent.
- Calculating and paying a first interim Client Monies distribution, which included seeking payment details for Clients paid directly by the JSAs and remitting instructions to RBS.
- Attending Court hearing at which Distribution Plan was formally approved.
- Working with the Committee and other stakeholders to agree an equitable solution for apportioning costs associated with returning both Client Monies and Client Custody Assets.



- Working with FSCS to finalise a funding arrangement relating to the settlement of costs arising from returning Client Custody Assets.
- Issuing instructions to designated brokers to commence return of Client Custody Assets, where applicable.
- Engaging with Clients in relation to the completion and return of the respective Client Options Form

Objective 1 - LA Business Recovery Limited's time costs from 17 November 2018 to 16 May 2019

Client Monies

Distribution Plan

Consider the drafts of the distribution plan

Committee Meeting to approve Distribution Plan (apportioned 50/50)

3.75	-	-	-	3.75	2,100.00	560.00
0.35	-	-	-	0.35	196.00	560.00

General

Discussion with JSAs & updates concerning the distribution plan

Consideration of the FSCS' compensation deed (apportioned to Client Monies)

-	-	-	-	-	-	560.00
1.00	-	-	-	1.00	560.00	560.00

Client Assets

Distribution Plan

Consider the drafts of the distribution plan / comparison amendments

Committee Meeting to approve Distribution Plan (apportioned 50/50)

15.55	-	-	-	15.55	8,708.00	560.00
0.35	-	-	-	0.35	196.00	560.00

General

Discussion with JSAs & updates concerning the distribution plan

Consideration of the FSCS' compensation deed (apportioned to Client Assets)

0.60	-	-	-	0.60	336.00	560.00
3.60	-	-	-	3.60	2,016.00	560.00

Total Client Assets and Client Monies Time Costs

25.20	-	-	-	25.20	14,112.00	560.00
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Explanation of major work activities undertaken

Objective 1- Client Monies and Custody Assets

- Discussion with JSAs concerning draft communications to clients regarding assets and monies

Strand Capital Limited (in special administration)

- Consideration of draft communications to clients re: assets and monies and the process by which their claims may be agreed
- Consideration of the proposed distribution plan
- Consideration of correspondence between the key parties



Objectives 2 & 3 - Smith & Williamson LLP's time costs from 17 November 2018 to 16 May 2019

Classification of work function	Hours					Total hours	Time cost	Average hourly rate
	Partner / Director	Associate director	Manager/ Assistant Manager	Other professional staff	Assistants & support staff			
Administration and planning								
Statutory returns, reports & meetings	2.40	27.50	18.25	14.90	0.00	63.05	£28,958.50	£459.29
Initial post-appointment notification letters, including creditors	0.20	0.00	3.20	0.00	0.00	3.40	£1,602.00	£471.18
Cashiering general, including bonding	0.00	0.00	1.80	0.30	0.00	2.10	£795.00	£378.57
Post-appointment taxation (VAT, PAYE/NIC, Corporation Tax)	0.00	0.00	4.15	3.25	0.00	7.40	£2,916.50	£394.12
Protection of company records (incl electronic)	0.00	0.00	0.60	0.00	0.00	0.60	£276.00	£460.00
Insurance & general asset protection	0.00	0.00	10.40	0.65	0.00	11.05	£4,985.50	£451.18
Correspondence with joint special administrator	0.00	0.50	0.35	0.00	0.00	0.85	£423.50	£498.24
Case planning, reviews and progression (inc 6 month reviews, checklists & diary)	1.70	0.00	0.05	5.60	0.00	7.35	£2,861.00	£389.25
Agents and advisers, general	0.00	0.00	0.85	0.00	0.00	0.85	£391.00	£460.00
Investigations								
Directors' correspondence & conduct questionnaires	0.00	1.50	0.00	0.00	0.00	1.50	£787.50	£525.00
Creditor & shareholder complaints	0.80	1.00	0.00	0.00	0.00	1.80	£1,045.00	£580.56
Enquiries / Interviews of directors & advisers	0.20	0.00	1.25	0.00	0.00	1.45	£705.00	£486.21
Realisation of assets								
Cash at Bank	0.00	0.00	0.00	1.20	0.00	1.20	£372.00	£310.00
Creditors								
Unsecured creditors	3.60	0.00	4.65	0.40	0.00	8.65	£4,588.75	£530.49
Creditors' committee	0.00	4.00	0.00	0.00	0.00	4.00	£2,100.00	£525.00
Distributions for prefs and unsecured	0.40	0.00	0.00	0.00	0.00	0.40	£260.00	£650.00
Client Correspondence / Communications	0.00	0.00	3.45	0.00	0.00	3.45	£1,587.00	£460.00
Objective 2 activities								
Liaison with and reporting to regulatory bodies (FCA, FSCS, HMRC etc)	0.00	1.00	29.50	0.00	0.00	30.50	£14,095.00	£462.13
Other	0.00	0.00	0.35	0.00	0.00	0.35	£161.00	£460.00
Shareholders								
Shareholder general communications	0.00	0.50	0.00	0.00	0.00	0.50	£262.50	£525.00
Total	9.30	36.00	78.85	26.30	0.00	150.45	£69,172.75	£459.77

Explanation of major work activities undertaken

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

Administration and Planning

This section of the analysis encompasses the cost of the JSAs and their staff in complying with their statutory obligations, internal compliance requirements, and all tax matters. This work is required by statute and/or best practice and is unlikely to provide any financial benefit for Clients and creditors.

- Protection of Company's and Clients assets and records (including electronic).
- Dealing with routine correspondence from creditors and Clients.
- Dealing with agents and legal advisers on general appointment matters, not relating to correspondence with advisers on investigation matters.
- Maintaining physical case files and electronic insolvency case details on IPS (case management software).
- Case reviews.
- Case bordereau and reviews.
- Case planning; administration; and general case progression, including adjustments in JSAs' strategy.
- Project strategy meetings.
- Liaising with FCA and other key parties over special administration requirements.
- Preparing progress reports and updates on the progress of the special administration to stakeholders.
- Maintaining and managing the JSAs' corporate cash book and bank accounts.
- Overseeing and managing the JSAs' Client cash book and bank accounts.
- Dealing client identification and internal Smith & Williamson LLP anti money laundering compliance requirements.
- Some of the costs arising in relation to correspondence with lawyers and insurers relating to claims lodged against insurance policy.
- Some of the costs arising in relation to production of information for response on DSAR requests.

Investigations

- Investigating the reasons for the failure of the Company (including enquiries with the company's directors, former directors, senior staff, regulators and other key stakeholders).
- Review and investigation of stakeholders' complaints and responses into the failing of the business and actions of company's directors.
- Review and storage of books and records.
- Ongoing review of potential legal claims.
- Interviews with key personnel.
- Legal advice on ongoing investigations, correspondence with key parties and possible s236 requirements.

Strand Capital Limited (in special administration)

Realisation of assets

- VAT recoveries and legal advice.

Creditors

The Company ceased trading prior to special administration. A notable amount of work has been undertaken to manage creditor and Client expectations and queries. The work includes the following:

- Some of the costs arising in relation to dealing with creditor and Client correspondence via email and telephone.
- Some of the costs arising in relation to providing updates and information to Clients and creditors, such as the FAQs provided on the website.
- Maintaining creditors' information on IPS.
- Meeting and liaising with the Committee.

Objective 2 activities

- Discussions with FCA, FSCS, HMRC and the Pensions Regulator, as required, to ensure the reconciliation and return of Client Monies and Client Custody Assets.
- Update reports, conference calls and liaison with the FCA and FSCS about the Distribution Plan and putting a funding agreement in place.
- Dealing with media interest.

Forensics

- Interrogation of the Company's electronic records, for the JSAs' investigations.
- Maintenance of an offline version of client data and client holdings and key word interrogations.

Objectives 2 & 3 - LA Business Recovery Limited's time costs from 17 November 2018 to 16 May 2019

Objective 2 - FCA - in support of Objective 1									
Objective 2 - FCA - in support of Objective 1									
Objective 2 - FCS - In support of Objective 1									
Company work re: Client Assets - in support of Objective 1									
Company Work re: Client Monies									
Company Work re: Client Assets									
Objective 2 & 3 - General Insolvency Matters									
Case reviews / internal conference call updates - next steps and bar date	2.40	-	-	-	2.40	1,344.00	560.00		
Consider draft progress reports to creditors (apportioned to company)	4.70	-	-	-	4.70	2,632.00	560.00		
Committee Meeting	0.35	-	-	-	0.35	196.00	560.00		
JSAs' internal updates	0.30	-	0.35	-	0.65	264.25	406.54		
Objective 2 - FCA - in support of Objective 1									
Objective 2 - FCS - In support of Objective 1									
Company work re: Client Assets - in support of Objective 1									
Company Work re: Client Monies									
Company Work re: Client Assets									
Total Company-related work pertaining to Objectives 2 & 3 under SAR									
	7.75	-	0.35	4.40	12.50	5,646.25	451.70		

Explanation of major work activities undertaken

Objectives 2&3 - General Insolvency Matters

- Case reviews & next step considerations
- Consider the draft progress report to creditors
- Internal USA case progression and updates
- Committee meeting administration

Objective 2 - FSCS in support of Objective 1

- Consider the Compensation Deed

General work re: Client Assets - in support of Objective 1

- Printing, categorising and filing

V Cumulative time analysis

Overview

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

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

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

Objective	Firm	Period	Hours	Total cost £	Average hourly rate £	Fees drawn £
1	S&W	17 May 2017 - 16 November 2017	1,253.55	473,833.75	377.99	-
1	S&W	17 November 2017 - 16 May 2018	489.10	199,218.75	407.32	344,735.25
1	S&W	17 May 2018 - 16 November 2018	1,363.70	621,026.50	455.40	-
1	S&W	17 November 2018 - 16 May 2019	831.55	383,491.50	461.18	734,148.25
			3,937.90	1,677,570.50		1,078,883.50
1	LABR	17 May 2017 - 16 November 2017	124.06	67,276.10	542.29	-
1	LABR	17 November 2017 - 16 May 2018	131.77	71,127.20	539.78	39,214.50
1	LABR	17 May 2018 - 16 November 2018	2.60	1,456.00	560.00	-
1	LABR	17 November 2018 - 16 May 2019	25.20	14,112.00	560.00	69,463.29
			283.63	153,971.30		108,677.79
Objective 1 total			4,221.53	1,831,541.80		1,187,561.29
2&3	S&W	17 May 2017 - 16 November 2017	435.15	172,818.38	397.15	-
2&3	S&W	17 November 2017 - 16 May 2018	395.40	144,874.52	366.40	-
2&3	S&W	17 May 2018 - 16 November 2018	421.75	159,520.75	378.24	-
2&3	S&W	17 November 2018 - 16 May 2019	150.45	69,172.75	459.77	50,000.00
			1,402.75	546,386.40		50,000.00
2&3	LABR	17 May 2017 - 16 November 2017	50.19	27,296.40	543.86	-
2&3	LABR	17 November 2017 - 16 May 2018	38.90	21,398.50	550.09	-
2&3	LABR	17 May 2018 - 16 November 2018	2.90	1,588.00	547.59	-
2&3	LABR	17 November 2018 - 16 May 2019	12.50	5,646.25	451.70	18,932.15
			104.49	55,929.15		18,932.15
Objective 2 total			1,507.24	602,315.55		68,932.15
Total time costs incurred			5,728.77	2,433,857.35		1,256,493.44

Note: costs incurred are shown net of VAT

Please note that, as detailed in section 6.1, some of the time costs recorded as Objectives 2 & 3 costs have been reapportioned to Objective 1. This is to ensure that the correct class of assets bears the costs arising in relation to those assets.

Objective 1 - Smith & Williamson LLP's time costs from 17 May 2017 to 16 May 2019

Classification of work function	Partner / Director	Associate director	Hours			Total hours	Time cost	Average hourly rate
			Manager/ Assistant Manager	Other professional staff	Assistant support staff			
Reconciliation work for the establishment of client assets data for individual client statement and pursuit of objective 1								
Work undertaken relating to CASS audit / reconciliation to establish client asset schedules and information for client statements	189.35	23.55	286.85	162.65	4.00	666.40	£269,080.00	£814.67
Identification of asset holdings								
Identification of assets, including liaising with custodians and financial institutions	39.90	6.00	170.80	47.45	0.00	264.15	£96,752.75	£826.01
Reconciling 3rd party records to company records of client assets	1.90	0.00	31.35	6.65	0.00	39.90	£13,490.00	£338.10
Ascertaining shortfalls in client assets on an investment by investment basis	8.00	0.50	8.10	2.45	0.00	19.05	£8,708.50	£457.14
Attributing shortfalls in client assets on an investment by investment basis	0.00	0.00	10.50	0.00	0.00	10.50	£4,777.50	£455.00
Recovery and realisation of client assets								
Recovery and safeguarding of client assets	35.65	7.50	223.90	30.45	0.00	297.50	£126,853.75	£844.58
Reconciling post pooling client receipts	0.20	0.00	78.15	28.95	0.00	107.30	£37,954.00	£736.13
Reconciling and verifying asset holdings	5.80	0.00	11.10	5.35	0.00	22.25	£9,259.50	£416.16
Client Specific matters								
Objective 2 tasks necessary to achieve objective 1	39.20	29.00	175.90	22.30	0.00	266.40	£123,060.75	£929.05
Agreeing claims and liaising with clients regarding their claim	47.30	52.25	145.30	287.40	1.00	533.25	£198,847.75	£704.22
Distribution of client assets / funds - Bar Date, client monies distribution & FSCS compensation	179.50	462.00	213.55	89.20	0.00	944.25	£471,379.50	£996.27
Liasing on client claims with instructed 3rd parties	8.30	0.00	87.45	172.35	0.00	268.10	£94,712.00	£721.30
Preparing statement to each client to agree their position	101.95	108.75	252.15	23.90	3.50	490.25	£220,498.00	£759.88
AML/Compliance								
AML - if done post appointment	0.00	0.00	0.30	0.00	0.00	0.30	£135.00	£450.00
Forensics								
Forensics	0.00	0.00	0.20	7.95	0.15	8.30	£2,061.50	£451.78
Total	657.05	689.55	1,695.60	887.05	8.65	3,937.90	£1,677,570.50	£9,900.27

Objective 1 - LA Business Recovery Limited's time costs from 17 May 2017 to 16 May 2019

Classification of work function	Office Holder	HOURS				Rate per hour	Average hourly rate
		W / Mr	Team Staff	Part Staff	Total hours		
Client monies							
Client money data access & queries - as part of the CASS reconciliation consideration	10.50	7.20	-	-	17.70	9,480.00	535.59
Job planning re: objective 1 matters, reviews & update progress of client money reconciliations	24.11	-	-	2.80	26.91	14,271.60	530.35
Reviewing books & records (including electronic data) in relation to client monies	15.60	-	-	-	15.60	8,736.00	560.00
Update concerning CASS reconciliations of client monies	1.20	-	-	-	1.20	672.00	560.00
Considerations of potential shortfalls to client monies, reviews of progress of reconciliation	1.05	0.50	-	-	1.55	838.00	540.65
Consider data extracted following reconciliations by CASS team on client monies	3.60	1.00	-	-	4.60	2,516.00	546.96
Strategy in relation to client money & consider SAR provisions re: client monies	8.70	8.10	-	-	16.80	8,922.00	531.07
Discussion with JSAs concerning communication to clients re: assets & monies (app. 50/50)	0.70	-	-	-	0.70	392.00	560.00
Consideration of draft correspondence to clients re: assets & monies (apportioned 50/50)	0.40	-	-	-	0.40	224.00	560.00
Consideration of the distribution plan and proposed handling of agreement of claims (app. 50/50)	0.20	-	-	-	0.20	112.00	560.00
Interaction with government bodies & clients re: client money	2.20	-	-	-	2.20	1,232.00	560.00
Discussions, strategy and correspondence relating to client money	6.79	2.55	-	-	9.34	5,077.40	543.62
Considered Gallium correspondence concerning the return of client monies	1.40	-	-	-	1.40	784.00	560.00
Stat. meetings & prep. re: proposals & committee meetings - apportioned to client monies	9.80	-	-	-	9.80	5,488.00	560.00
Consider correspondence re: client claim notification	1.75	-	-	-	1.75	980.00	560.00
Consider client money schedules & the agreement of claims (apportioned 50/50)	3.05	-	1.25	-	4.30	2,333.00	542.56
Consider the drafts of the distribution plan	3.75	-	-	-	3.75	2,100.00	560.00
Committee Meeting to approve Distribution Plan (apportioned 50/50)	0.35	-	-	-	0.35	196.00	560.00
Consideration of the FSCS' compensation deed (apportioned to Client Monies)	1.00	-	-	-	1.00	560.00	560.00
Client assets							
Bond Investments / Instruments - considering identity on how held	5.00	4.50	-	-	9.50	5,050.00	531.58
Fund Investments - consideration of how held	0.10	2.00	-	-	2.10	1,056.00	502.86
Meetings with former officers & FSCS re: custody assets, identifying, reviewing	3.00	2.00	-	-	5.00	2,680.00	536.00
Internal JSA strategy discussions & correspondence concerning custody assets	2.61	0.35	-	-	2.96	1,636.60	2,517.85
Strategy in relation to distributions & consider SAR provisions	7.72	5.60	-	-	13.32	7,123.20	534.77
Client interaction & handling correspondence re: custody assets	0.70	-	-	-	0.70	392.00	560.00
Consider recovery of assets of Fund Investments from 3rd Parties	0.20	-	-	-	0.20	112.00	560.00
Consider recovery of Bond Investments from 3rd Parties	0.20	-	-	-	0.20	112.00	560.00
Discussions & meetings with key personnel & FSCS re: custody assets	11.68	11.40	-	-	23.08	12,240.80	530.36
Consideration of the draft updates given to the FSCS & the FCA - apportioned to client assets	5.60	1.00	-	-	6.60	3,636.00	550.91
Consider client asset schedules & the agreement of claims (apportioned 50/50)	3.05	-	1.25	-	4.30	2,333.00	542.56
Strategy and liaison with legal advisers in relation to the bond information	9.30	-	-	-	9.30	5,208.00	560.00
Correspondence & review re: OWG bond reconciliations & coupon matters	15.50	-	-	-	15.50	8,680.00	560.00
Correspondence & consideration re: OWG series D bond position - legal matters	16.12	5.95	-	-	22.07	12,002.20	543.82
Consider legal advice & correspondence concerning the OWG & JSA responses	10.60	2.50	-	-	13.10	7,186.00	548.55
Stat. meetings & prep. re: proposals & committee meetings - apportioned to custody assets	9.80	3.45	1.50	-	14.75	7,625.50	516.98
Discussion with JSAs concerning communication to clients re: assets & monies (apportioned 50/50)	0.70	-	-	-	0.70	392.00	560.00
Consideration of draft correspondence to clients re: assets & monies (apportioned 50/50)	0.40	-	-	-	0.40	224.00	560.00
Consideration of the distribution plan and proposed handling of agreement of claims (app. 50/50)	0.20	-	-	-	0.20	112.00	560.00
Consider the drafts of the distribution plan / comparison amendments	15.55	-	-	-	15.55	8,708.00	560.00
Committee Meeting to approve Distribution Plan (apportioned 50/50)	0.35	-	-	-	0.35	196.00	560.00
Discussion with JSAs & updates concerning the distribution plan	0.60	-	-	-	0.60	336.00	560.00
Consideration of the FSCS' compensation deed (apportioned to Client Assets)	3.60	-	-	-	3.60	2,016.00	560.00
Total Client Assets and Client Monies Time Costs	218.73	58.10	4.00	2.80	283.63	153,971.30	542.87

Objectives 2 & 3 - Smith & Williamson LLP's time costs from 17 May 2017 to 16 May 2019

Classification of work function	Hours					Total hours	Time cost	Average hourly support rate
	Partner / Director	Associate director	Manager/ Assistant Manager	Other professional staff	Assistants & support staff			
Administration and planning								
Statutory returns, reports & meetings	36.90	75.00	71.25	41.55	2.50	227.20	£106,031.75	£466.69
Initial post-appointment notification letters, including creditors	5.50	5.00	9.05	3.40	0.50	23.45	£10,460.50	£446.08
Cashiering general, including bonding	0.00	0.10	2.15	4.25	0.45	6.95	£2,368.25	£340.76
Post-appointment taxation (VAT, PAYE/NIC, Corporation Tax)	2.85	0.00	7.45	13.30	0.00	23.60	£8,933.75	£378.55
Protection of company records (incl electronic)	0.00	0.00	8.50	12.45	0.00	20.95	£7,408.25	£353.62
Insurance & general asset protection	0.70	5.00	17.95	12.75	0.00	36.40	£14,548.00	£399.67
Correspondence with joint special administrator	6.80	5.50	33.45	4.15	0.00	49.90	£23,020.25	£461.33
Filing, file and information management	0.00	2.00	0.95	48.05	0.00	51.00	£11,818.50	£231.74
Case planning, reviews and progression (inc 6 month reviews, checklists & diary)	11.70	5.00	38.15	30.15	0.00	85.00	£35,877.25	£422.09
Travelling	1.00	0.00	3.10	1.05	0.00	5.15	£2,241.00	£435.15
Agents and advisers, general	0.50	0.75	13.20	1.00	0.00	15.45	£6,590.25	£428.55
Investigations								
Directors' correspondence & conduct questionnaires	4.15	1.50	8.75	5.85	0.00	20.25	£8,744.75	£431.84
Creditor & shareholder complaints	1.70	3.00	0.00	0.00	0.00	4.70	£2,680.00	£570.21
Statutory books and accounting records review	0.00	0.00	17.30	11.95	0.00	29.25	£11,425.50	£390.62
SIP2 and SIP4 obligations (inc CDDA86 forms)	0.20	0.00	16.85	6.15	0.00	23.20	£9,295.00	£400.65
Asset tracing (e.g. Land Registry and Company Searches)	0.00	0.00	0.00	0.30	0.00	0.30	£87.00	£290.00
Enquiries / Interviews of directors & advisers	8.15	6.00	41.60	0.00	0.00	55.75	£25,554.75	£458.38
Realisation of assets								
Other chattel assets	0.70	0.00	0.70	3.35	0.00	4.75	£1,710.75	£360.16
Consideration of sale of business and liaison with interested parties	1.15	2.50	0.75	0.55	0.00	4.95	£2,374.25	£479.65
Cash at Bank	0.00	0.00	0.00	1.75	0.00	1.75	£542.50	£310.00
Other	0.00	0.00	2.55	0.00	0.00	2.55	£1,160.25	£455.00
Creditors								
Employee claims, including liaison with RPO and ERA	0.00	0.00	1.45	7.00	0.00	8.45	£2,732.25	£323.34
Unsecured creditors	9.80	0.50	34.45	16.10	0.00	60.85	£26,912.25	£442.27
Creditors' committee	12.00	4.00	33.45	15.00	0.00	64.45	£29,154.75	£452.36
Distributions for prefs and unsecured	0.40	0.00	0.00	0.00	0.00	0.40	£260.00	£650.00
Client Correspondence / Communications	4.00	0.50	80.85	293.55	0.00	378.90	£122,808.15	£324.12
Objective 2 activities								
Liaison with and reporting to regulatory bodies (FCA, FSCS, HMRC etc)	2.10	4.00	67.50	45.65	0.25	119.50	£44,762.00	£374.58
Pursuing insurance claims for the benefit of clients	0.80	0.00	29.70	15.70	0.00	46.20	£18,933.50	£409.82
Other	0.00	0.00	3.95	0.00	0.00	3.95	£1,817.00	£460.00
Shareholders								
Shareholder general communications	0.30	0.50	0.00	0.00	0.00	0.80	£457.50	£571.88
Forensics								
Forensics	0.00	0.00	4.40	22.35	0.00	26.75	£5,676.50	£212.21
Total	111.40	120.85	549.45	617.35	3.70	1,402.75	£546,386.40	£389.51

Strand Capital Limited (in special administration)

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

Classification of work function	HOURS						
	By Office Holder	By Reg.	By Prof. staff	By Sup. Staff	Total Hours	Value work	Residual Liability Value
Objectives 2&3 - General Insolvency Matters							
Administration & Planning							
Administrative Setup	3.20	0.00	0.00	0.00	3.20	1,792.00	560.00
Case Planning & bordereau preparation, consideration and submission	7.80	1.70	0.00	0.00	9.50	5,218.00	549.26
Maintenance of Records, files and correspondence	7.80	2.20	0.10	0.00	10.10	5432.50	537.87
Appointment Notification	0.50	0.00	0.00	0.00	0.50	280.00	560.00
Case reviews / internal conference call updates - general	2.40	0.60	0.00	0.00	3.00	1,644.00	548.00
VAT queries & legal advice considered	3.00	0.00	0.00	0.00	3.00	1,680.00	560.00
Committee Meeting	0.35	0.00	0.00	0.00	0.35	196.00	560.00
JSAs' internal updates	0.30	0.00	0.35	0.00	0.65	264.25	406.54
Investigations							
Reviewing company records	14.05	0.00	0.00	0.00	14.05	7,868.00	560.00
Director interviews, conduct reporting and reviewing responses from directors	7.44	0.00	0.00	0.00	7.44	4,166.40	560.00
Considering and reviewing company data & records	4.10	0.00	0.00	0.00	4.10	2,296.00	560.00
Consideration of pre-appointment transactions; investigations into related parties	1.90	0.00	0.00	0.00	1.90	1,064.00	560.00
Creditors							
Communications with company creditors	0.70	0.00	0.30	0.00	1.00	474.50	474.50
Consider draft progress reports to creditors (apportioned to company)	7.00	0.00	0.00	0.00	7.00	3,920.00	560.00
Statutory progress reports to creditors & initial meeting of creditors	13.05	0.00	1.50	0.00	14.55	7,720.50	530.62
Objective 2 - FCA - in support of Objective 1							
Communications/discussions with FCA	0.60	1.15	0.00	0.00	1.75	911.00	520.57
Objective 2 - FSCS - in support of Objective 1							
Communications/discussions/meetings with company creditors, FSCS, JSAs	1.00	2.00	0.00	0.00	3.00	1,560.00	520.00
Compensation Deed organisation	0.00	0.00	0.00	0.30	0.30	82.50	275.00
Company work re: Client Assets in support of Objective 1							
On-going correspondence with OWG re: coupon - obj 2 & 3, reviews	12.20	2.80	0.00	0.00	15.00	8,232.00	548.80
General file administration	0.00	0.00	0.00	4.10	4.10	1,127.50	275.00
	87.39	10.45	2.25	4.40	104.49	55,929.15	535.26

VI Staffing and charging policies, and charge out rates

Introduction

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

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

Staff allocation

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

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

Use of professional advisers

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

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

Disbursements

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

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

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

S&WFS

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

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

Charge out rates

The rates applicable to this appointment are set out below. There have been changes to the charge out rates during the period of this report, with effect of 1st July 2018. The adjusted rates are detailed below:

Smith & Williamson LLP Charge out rates	Restructuring & Recovery Services		Assurance & Business Services	
	From 1/7/17	From 1/7/18	From 1/7/17	From 1/7/18
	£/hr	£/hr	£/hr	£/hr

Partner / Director	545-625	650	550 - 625	650
Associate Director	490-525	525	480	480
Managers	395-500	315-460	300	220-450
Other professional staff	200-395	215-310	295 - 310	130-250
Support & secretarial staff	100-250	115-400	130 - 240	130-240

Smith & Williamson LLP Charge out rates	Forensic Accounting		Corporate Tax	
	From 1/7/17	From 1/7/18	From 1/7/17	From 1/7/18
	£/hr	£/hr	£/hr	£/hr

Partner / Director	700	610	500 - 600	525 - 660
Associate Director	-	-	400	420 - 440
Managers	400-470	470-515	215 - 350	225 - 365
Other professional staff	180-340	220-340	180	190
Support & secretarial staff	80-100	80-100	100 - 120	100 - 120

S&WFS Employee Benefits Consultancy			
Charge out rates	From 1/7/17		From 1/7/18
	£/hr		£/hr

Director	442.50	442.50
Manager	277.50	277.50
Administrator	217.50	232.50

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

Notes:

1. Smith & Williamson LLP records time in units representing 3 minutes or multiples thereof.
2. The Smith & Williamson LLP cashiering function time for this case is incorporated within "Other professional staff" rates.
3. LA Business Recovery Limited records time in units representing 6 minutes or multiples thereof

www.smithandwilliamson.com

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

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